

# RIW Guides inTerra Innovation Through Chapter 11 Reorganization

By RIW on February 23, 2021

On December 11, 2020, the United States Bankruptcy Court for the District of Massachusetts entered an order confirming the chapter 11 plan of reorganization in the bankruptcy case of inTerra Innovation, Inc. (“**inTerra**”). Ruberto, Israel & Weiner’s **Bankruptcy, Workout & Insolvency** attorneys **James C. Fox**, **Christopher J. Lhulier**, and **Rion M. Vaughan** represented inTerra as Debtor-in-Possession.

inTerra is a specialty construction materials company focused on providing innovative solutions for the design, manufacture, delivery, and installation of products for the construction industry throughout New England. inTerra filed its chapter 11 case on October 11, 2019. After weathering a slow start to the 2019 construction season, inTerra’s secured creditors refused to extend the maturity date on inTerra’s line of credit and instead began the process of foreclosing on inTerra’s assets. Prior to filing for chapter 11 protection, inTerra had consistently grown its revenue by over twenty-five percent (25%) yearly since its founding in 2011. According to lead counsel Rion Vaughan, “this was a case where the Debtor’s business was fundamentally strong, but the cash flow cycle expected by its Lenders didn’t match up with business reality. Fortunately, inTerra is tough as nails and was able to survive the chapter 11 process while we righted the ship.”

On the petition date, inTerra owed approximately \$6.5 million in secured debt, \$350,000 in priority pension and tax debt, and \$3.2 million in unsecured trade debt. After difficult negotiations made even more challenging by the COVID-19 pandemic, inTerra and the RIW team successfully formulated a Plan which allows inTerra to emerge from bankruptcy having shed approximately \$1.25 million in secured obligations and \$2 million in unsecured debt while restructuring its remaining obligations to sustainably align with its anticipated cash flow. Angelo Scola, Vice President and Head of National Operations of inTerra, stated:

*“RIW created a clear path for inTerra’s survival through very difficult and uncharted waters. We were facing the brutal reality of having to look our employees in the eye and telling them that they would no longer be employed in an unprecedented job market and telling our vendors, many of whom stood by inTerra through our dark days, that they would be paid nothing. Jim and Rion told us to keep making concrete and to let them do the rest. They did just that; with their guidance, the inTerra team and its fearless employees were able to step up to the challenge with true grit. Together we survived with aplomb. RIW negotiated a hard fought and reasonable deal that keeps 30 families supported in challenging times and allows our vendors to receive significant payments that would not have existed without RIW’s efforts.”*

## PROFESSIONALS

**James Fox**

**Christopher J. Lhulier**

## PRACTICES

**Corporate Restructuring & Distressed Assets**

## INDUSTRIES

**Financial Services**

On December 11, 2020, the Plan was confirmed with 100% support of voting secured and unsecured claimants, allowing Frederick P. Hooper, President and 100% stockholder of inTerra, to retain complete ownership of the company without the need for a significant capital contribution and despite the fact that unsecured creditors will not be paid in full. Mr. Hooper reflected on the process:

*"Before filing for chapter 11, my team and I built inTerra up from 'two guys and a truck' into a multi-million dollar company over the course of nine years; our work paid off and we consistently grew the company by over 25% each year. We were prepared for 2019 to be similar but we hit a slow patch, cash flow got tighter and tighter, and our bank was unwilling to make any accommodations. The hits kept coming and it felt like the company was crashing down all around us. We felt like we had let down our families, employees, vendors and customers.*

*We viewed Chapter 11 as akin to giving up, and we wanted no part of it. By Fall of 2019 however, we were out of options – it was either file or close the doors. By filing for bankruptcy protection, we were given a second chance to stabilize our cash flow and to demonstrate the strength of our company. We were shocked when most of our vendors and customers did not turn their backs, but rather reached out in support. We were blessed to have a team of employees at all levels who, despite the stress, believed in the company, stuck with us, and refused to let inTerra die.*

*The bankruptcy process was challenging, but RIW's advice and guidance enabled inTerra to prove itself to its creditors and establish a sustainable plan for the future. Now that we have emerged from bankruptcy, inTerra is even more committed to our long-term success so that we can stick to the plan, keep our employees working, and strengthen our vendor relationships while providing superior products and services to our customers.*

*We are forever grateful to the United States of America for having this system in place to provide the opportunity for a second chance to companies like ours who get into trouble."*

**Rion M. Vaughan** is a member of the firm's **Banking, Finance and Lending Department** and **Bankruptcy, Workout and Insolvency Group**. He can be reached at 617-742-4200 or [rmv@riw.com](mailto:rmv@riw.com).

POSTED IN: **CORPORATE RESTRUCTURING & DISTRESSED ASSETS, NEWS**