THE ANNUAL CONVENTION
+ HALL OF FAME ISSUE

THE SECURED Lender

NOVEMBER 2021 WWW.SFNET.COM

Putting Capital To Work

TSL INTERVIEW WITH

Peter B. York

SFNET'S NEW PRESIDENT DISCUSSES THE ASSOCIATION'S DIRECTION FOR THE COMING YEAR

A publication of: Secured Finance Network

TOUCHING BASE

ADAPT. RENEW. GROW.

SFNet 77th Annual Convention is a Springboard to Growth

Adapt. Renew. Grow. The SFNet 77th Annual Convention in Phoenix is a testament to our industry's *adaptability* to the challenges of the last 20 months, an opportunity for renewal in the beautiful Sonoran Desert and a springboard to continued growth. As I said several months back, when I announced the Annual Convention would be our first large in-person event since February 2020, there's no real substitute for live interaction. And although we aren't all rushing back into handshakes and hugs, it will be exciting to interact with many of you in three dimensions again! Yes, we managed to stay connected through virtual events and many (many!) Zoom meetings, but this industry thrives on personal interactions, whether it be with our clients or colleagues, even our competitors, we rely on these connections that can be tough to replicate in a virtual world. It's those relationships that galvanize us and inspire the creativity and vitality for which this industry is known.

Speaking of inspiration, this issue features profiles of SFNet's 2021 Hall of Fame inductees, beginning on page 48. During the Annual Convention, we will honor these industry icons to whom we are forever indebted. Through their vision, determination and dedication, they've had a profound effect on generations of professionals, shaping our industry as we know it and deploying the capital that has helped build and sustain our economies. As you read their profiles, you will be struck by the immense talent, hard work and creativity the inductees have expended not only for the good of their respective businesses, but to better our SFNet community locally, nationally, and globally.

On page 20, we welcome SFNet's new president, Peter B. York. Pete is managing director and head of the Asset Based Lending (ABL) practice for the Corporate & Investment Bank of J.P. Morgan. In this interview, he discusses his career trajectory, his main priorities as SFNet president and how being an avid endurance athlete has affected his professional life.

Some turnaround and M&A leaders are predicting the second quarter of 2022 could be when the "default boom" hits. Asset-based lenders, factors, and other secured lenders will need to be at the ready to handle this possibility. Turn to page 24 for *Is a Corporate Default Wave Ahead in 2022?* by Ann Anderson.

From concerns around damaging flaws in the Economic Injury Disaster Loan ("EIDL") program to the ongoing saga of state financial disclosure bills, the SFNet Advocacy team has been fully mobilized over the past year and a half. Turn to page 28 to read about the legislative and regulatory issues affecting the secured finance industry and the steps SFNet's Advocacy Committee members have taken over the past year in their efforts to achieve the best possible outcomes for the industry as a whole.

RICHARD D. GUMBRECHT
SFNet Chief Executive Officer

Turn to page 32 for an interview with Steven Tanzi, managing director, Hilco Performance Solutions, focused on Hilco Global's purchase of Getzler Henrich.

In *The Perfect Storm: Liquidity and COVID are Driving Major Industry Changes* on page 36, Charlie Perer of SG Credit Partners discusses the unique reshaping of the ABL industry.

The details of a personal guaranty agreement are often glossed over in loan transactions, leading to major, unforeseen losses to both lenders and individuals. On page 44, Matthew Roberts of Troutman Pepper and Brian Resutek of Rosenthal & Rosenthal look at key overlooked, and often misunderstood, parts of this important agreement to ensure all parties understand exactly the importance and specific obligations required.

I look forward to seeing many of you in Phoenix, and virtually. And stay tuned for details about everything SFNet has in store for 2022!

THE SECURED Lender
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Secured Finance Network

An association of professionals putting capital to work

The Secured Finance Network is the trade group for the asset-based lending arms of domestic and foreign commercial banks, small and large independent finance companies, floor plan financing organizations, factoring organizations and financing subsidiaries of major industrial corporations.

The objectives of the Association are to provide, through discussion and publication, a forum for the consideration of inter- and intra-industry ideas and opportunities; to make available current information on legislation and court decisions relating to asset-based financial services; to improve legal and operational procedures employed by the industry; to furnish to the general public information on the function and significance of the industry in the credit structure of the country; to encourage the Association's members, and their personnel, in the performance of their social and community responsibilities; and to promote, through education, the sound development of asset-based financial services.

The Secured Lender, magazine of the asset-based financial services industry (ISSN 0888-255X), is published 8 times per year (Jan/Feb, March, April, May, June, September, October and November) $65 per year non-member rate, and $105 for two years non-member rate. SFNet members are complimentary.

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Partner Erin Edelman to Lead Armstrong Teasdale's Restructuring, Insolvency and Bankruptcy Practice

Erin Edelman succeeds partner Richard Engel, who was named Armstrong Teasdale General Counsel earlier this year. In the role, Edelman will oversee a robust team of more than 30 attorneys in offices throughout the U.S.

Bank of America Announces Senior Leadership Changes

Bank of America announced senior leadership changes to position the company for long-term success. The company is adding five new members, including three women, to the senior management team, further strengthening diversity at the most senior levels of the company. When all of the changes are complete, Bank of America's senior management team will include individuals with an average of 21 years of service in the company and 31 years in the financial services industry, with increased global and international expertise and more diversity of gender and race than ever before in the company's history.

Jim DeMare, president of Global Markets, will continue to lead this business, inclusive of equity and fixed income sales and trading and client coverage on a global basis, as well as Global Commercial Real Estate.

Matthew Koder, president of Global Corporate & Investment Banking (GCIB), will continue to lead this business, inclusive of Global Transaction Services. **Purna Saggurti** will become a vice chair of the bank, reporting to Koder.

Bernie Mensah, president of International and CEO of Merrill Lynch International, will lead its extensive business across the United Kingdom, the European Union, Central and Eastern Europe, Middle East, Africa, Asia Pacific and Latin America.

Holly O'Neill has been appointed president of Retail Banking, reporting to Dean Athanasia and joining the management team.

Wendy Stewart has been appointed president of Global Commercial Banking, reporting to Athanasia and joining the management team. Stewart is also president of Atlanta for the company.

Sanaz Zaimi, head of Fixed Income, Currencies and Commodities (FICC) Sales, CEO of BofA Securities Europe SA (BofASE) and country executive for France, has left the bank to pursue other interests.

The Bank of America Management Team will include the following leaders in corporate-wide roles:

Cathy Bessant will become vice chair, Global Strategy, working with the bank's European boards and focused on global integrated strategy, governance, and client and regulator engagement.

Aditya Bhasin has been named chief technology and information officer.

Tom Scrivener has been named chief operations executive and will be responsible for delivering integrated operations solutions for all lines of business

Paul Donofrio will become vice chair and oversee Sustainable Finance and chair the Sustainable Markets Committee.

Alastair Borthwick has been named chief financial officer. He will also continue as a vice chair of the bank's Global Diversity & Inclusion Council.

David Leitch, global general counsel, is planning to retire in 2022 and will serve as vice chair, providing expert stewardship on key issues and priorities on the management team in the interim.

Lauren Mogensen will become global general counsel for the company, succeeding Leitch at the end of this year.

Andrea Smith, chief administrative officer, will retire at the end of 2021to shift her primary focus to philanthropic and issues-based efforts that are deeply important to her and to spend more time with her family.

D. Steve Boland has been named chief administrative officer, overseeing local markets including all Bank of America market presidents and teams, Public Policy, Environment, Social & Governance efforts, Corporate & Internal Communications, External Communications, Global Sports Sponsorships, Corporate Security, and other related functions.

Dean Athanasia will maintain his current responsibilities and assume additional responsibility for oversight of Global Commercial Banking and Business Banking, as president of Regional Banking. **David Tyrie**, reporting to Athanasia, will become chief digital officer and will also add global marketing to his responsibilities.

Sheri Bronstein continues as chief human resources officer and will assume additional responsibility for The Academy, Enterprise Services, and other related functions going forward.

Geoff Greener continues as chief risk officer and has announced **Amy Littman** will become head of Global Compliance & Operational Risk, reporting to him.

Christine Katziff continues as chief audit executive, overseeing Corporate Audit & Credit Review.

Thong Nguyen continues as vice chair and head of Global Strategy & Enterprise Platforms including Enterprise Data Management, and will assume additional responsibility for Global Real Estate, Business Continuity, and other related functions.

Bruce Thompson continues as vice chair and head of Wholesale Credit, including Wholesale Credit Strategy, which will move to his organization.

Blank Rome Welcomes Leading Finance Partners in Houston

Blank Rome LLP is pleased to announce that **Cassandra G. Mott** and **Sarah H. Frazier** have joined the firm's Houston office as partners in its Finance, Restructuring, and Bankruptcy practice group. Mott and Frazier represent financial institutions, including commercial banks and non-bank lenders, as well as borrowers, in a variety of commercial transactions.

BMO Harris Bank Launches BMO Women in Business Credit Program across its Full Footprint

BMO Harris Bank announced the launch of the new BMO Women in Business Credit Program – a loan product offered under the Women In Business initiative that began last year as part of BMO's five-year, $5 billion BMO EMpower commitment. The loan program offers women-owned businesses expanded access to affordable business credit, which the National Association of Women Business Owners has identified as a priority to help women-owned businesses grow.

BMO Harris Expands its BMO for Black and Latinx Small Business Program Across its Full Footprint

BMO Harris announced the BMO for Black and Latinx Small Business Program will now be available in all BMO markets where BMO Harris operates branches. The program – part of BMO's five-year, $5 billion EMpower commitment – was piloted in Illinois and Northwest Indiana last year.

Cambridge Savings Bank Appoints Michael Bonsey as Chief Credit Officer

Michael Bonsey will maintain the standing of the bank's credit portfolio, continue the development of its credit policies and procedures and uphold the quality of its lending portfolio.

eCapital Corp. Hires Amanda Rudd as SVP, Director of Business Development – Freight Factoring

eCapital Corp. announced that it has named **Amanda Rudd** as SVP, director of business development, for its Freight Factoring Division. Rudd brings more than 13 years of expertise providing accounts receivable.

FGI Appoints David Ding to Expand Its Asset-based Lending Capabilities

FGI Worldwide LLC hired **David Ding** as a managing director based out of the New York office. In this role, Ding will be leading the expansion of FGI's asset-based lending capabilities in the North American marketplace.

Flexible Funding Announces the Opening of Fort Worth Office

Flexible Funding, LLC, a leader in the factoring and asset-based lending industry, announced the move of its headquarters from San Francisco to Fort Worth, TX. Flexible Funding's Forth Worth office is located in the up-and-coming area of Clearfork, at 5600 Clearfork Main St, only five miles from downtown.

First Eagle Alternative Credit Appoints Edward Giordano as Chief Financial Officer

First Eagle Alternative Credit, a leading alternative credit manager, announced the appointment of **Edward Giordano** as chief financial officer overseeing FEAC's finance, accounting and operations functions. He succeeds **Terry Olson,** who retired on June 30, 2021.

Gordon Brothers Names Karl Werner President, International Commercial & Industrial

Karl Werner, a former Ritchie Bros. executive, will join the senior leadership team to further develop and execute investment and disposition strategies across the firm's International Commercial & Industrial practice.

Great Rock Capital Announces Justin Anderson Joins as Director of Origination

Justin Anderson will be based in Chicago and is responsible for expanding origination efforts in Minnesota, Wisconsin, Missouri, and Iowa, while also working with Jim Clifton, managing director of Originations, in the Illinois market.

Greenberg Traurig Expands Capabilities for Blockchain and Other Technology Transactions

Global law firm Greenberg Traurig, LLP has added shareholder **William E. Turner II**, to address increasing client demand for assistance with transactions and investments surrounding blockchain, other emerging technologies, and alternative financial models.

Hilco Corporate Finance (HCF) Announces Hiring of Evan Blum as Managing Director

Evan Blum will leverage his deep understanding of special situation corporate finance (distressed M&A advisory, private financings, and financial restructuring) to grow the HCF investment banking business.

C. John Mostofi Joins Hilco Global Holding Company Management Team as Executive Vice President – Capital Solutions

C. John Mostofi will join the global holding company executive team to manage the expansion of the firm's overall Capital Solutions practice. Mostofi will work closely with all Hilco operating companies to deliver bespoke integrated capital deployment solutions in event-driven and other opportunistic special situations.

HSBC Appoints Martin Richards as Global Head of Sustainable Finance – Client Infrastructure for Commercial Banking

Martin Richards will focus on delivering market-leading sustainable finance solutions that support the full ecosystem surrounding clients' transition ambitions.

Huntington Names Aaron Sporck to Lead Middle Market Banking In West Virginia

Huntington announced the appointment of **Aaron Sporck** to lead middle-market banking and to support the company's continued growth in West Virginia.

Jon Patty Joins White Oak as Managing Director and Partner

White Oak Global Advisors is pleased to welcome **Jon Patty** based in the San Francisco office. Patty will lead White Oak's ESG and impact investing business including developing new investment opportunities, working closely with partners and borrowers, and creating new sustainable investment strategies.

Winston & Strawn Bolsters Capital Markets Team with Addition of Jeffrey R. Shuman in Chicago

In nearly two decades of corporate work, **Jeffrey R. ("Jeff") Shuman** has focused his practice on meeting the corporate and transactional needs of public and private companies across a broad range of M&A and capital markets transactions, in addition to providing general corporate counsel.

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
AFC Gamma, Inc.	Non-bank	**$30 Million**	Devi Holdings Inc., doing business as Nature's Medicines, Phoenix, AZ	Cannabis	Expanded senior credit facility
Amerisource Business Capital	Non-bank	**$3 Million**	Industrial construction and trucking firm, North Carolina	Trucking	Senior credit facility
Antares	Non-bank	**N/A**	To support the acquisition of AEM (Holdings) Inc. and AEM Group Limited, San Diego, CA	Circuit components	Senior secured credit facilities
Ares Commercial Finance	Non-bank	**$20 Million**	Trading Technologies International, Inc., Chicago, IL	Software	Senior secured revolving line of credit
Ares Commercial Finance and WhiteHawk Capital Partners, LP	Non-bank	**CAD$130 Million**	Company specializing in crane and heavy haul services, Western Canada	Crane and hauling	Senior facility
Assembled Brands	Non-bank	**$1 Million**	Mad Rabbit Tattoo, with products such as tattoo balms and sunscreens, formulated with clean ingredients	Personal care products	Financing
Audax Private Debt	Non-bank	**N/A**	To support the acquisition of Care Advantage by Searchlight Capital Partners, a New York-based private equity firm	Home care services	Unitranche credit facility
Banco Santander, S.A., Citibank, N.A., JPMorgan Chase Bank, N.A. and The Bank of Nova Scotia	Bank	**$4 Billion**	Ecopetrol S.A. (EC), one of the main integrated oil and gas conglomerates in Latin America	Oil	External credit loan
Bank of America, N.A. [Sole Administrative Agent], JPMorgan Chase Bank, N.A. and Citibank, N.A. with Bank of America	Bank	**$500 Million**	TransPerfect, the world's largest provider of language and technology solutions for global business	Technology	Refinancing of its existing credit facility with a new $500 million credit facility, consisting of a $250 million term loan and a $250 million revolving credit line
Bank of America, N.A. [Administrative Agent] Wells Fargo Bank, N.A., PNC Bank, N.A. and JPMorgan Chase Bank, N.A. [Participants]	Bank	**$200 Million**	Chase Corporation, a global specialty chemicals company that is a leading manufacturer of protective materials for high-reliability applications across diverse market sector	Chemicals	Amended and restated credit agreement
BofA Securities, Inc. and RBC Capital Markets [Joint Lead Arrangers and Joint Bookrunners], Bank of America, N.A. [Administrative Agent], Royal Bank of Canada [Syndication Agent]	Bank	**$1.045 Billion**	Ritchie Bros. Auctioneers Incorporated, the world's largest industrial auctioneer and a leading equipment distributor	Auctioneer	Amendment and extension of its credit agreement consisting of: multicurrency revolving facilities of up to $750 million and a delayed-draw term loan facility of up to $295 million
Bank of America, N.A. and other lenders	Bank	**$300 Million**	Flowserve Corporation, a leading provider of flow control products and services for the global infrastructure markets	Machinery	Term loan facility

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
Bank of Montreal	Bank	**$35 Million**	Haivision Systems Inc., a leading global provider of mission-critical, real-time video streaming and networking solutions	Video streaming	Revolving line credit facility
Bank of Montreal	Bank	**$25 Million**	Gold Royalty Corp., a precious metals-focused royalty and streaming company offering creative financing solutions to the metals and mining industry, Vancouver, Canada	Precious metals	Amendment and extension of its credit agreement consisting of multicurrency revolving facilities up to $750 million and a delayed-draw term loan facility of up to $295 million
BHI	Bank	**$27.5 Million**	Citromax Group and Citromax International Corporation, Carlstadt, NJ	Food and beverage	Revolving line of credit
BHI	Bank	**$15 Million**	Flagship Premium Food Group, a global diversified food company	Food and beverage	Provided a $15 million share of a $130 million syndicated term and revolving credit facility
BHI	Bank	**$10 Million**	QBD Cooling Systems, Inc., Toronto, Canada and Minus Forty Technologies Corp., Georgetown, Ontario, by Ronin Equity Partners	Refrigerated merchandising solutions	$10 million participation in the acquisition financing
BNP, SocGen, Santander, Natwest, Lloyds, Mitsubishi UFJ Financial Group, Sumitomo Mitsui Banking Corporation, Canadian Imperial Bank of Commerce, Toronto Dominion and Wells Fargo	Bank	**$1.8 Billion**	Lightsource bp, rebranded from Lightsource Renewable Energy in 2018, the largest solar developer in Europe, and third largest in the world outside of China	Solar	Revolving credit facility and trade finance facility
BlackRock	Non-bank	**$45 Million**	Boxed, an e-commerce grocery platform selling bulk consumables to households and businesses	Technology	Secured credit facility
Cadence Business Finance [Agent], Sunflower Bank, Congressional Bank and Dominion Bank	Bank	**$73.5 Million**	NuBridge Commercial Lending, a national commercial real estate bridge lender	Real estate	36-month revolving credit facility
Canadian Imperial Bank of Commerce (CIBC) [Sole Bookrunner and Administrative Agent], CIBC and BMO Capital Markets [Co-lead Arrangers] with significant support from Canadian Western Bank and the Bank of China	Bank	**$200 Million**	RF Capital Group Inc., a TSX-listed wealth management-focused company and operating under the Richardson Wealth brand	Wealth management	Revolving credit facility

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
CapFlow Funding Group	Non-bank	**$750,000**	Staffing company that provides temporary personnel to senior care and rehabilitation centers across the Northeast, New Jersey	Staffing	Factoring facility
CapFlow Funding Group	Non-bank	**$500,000**	Staffing company that specializes in security detail and canine detection services, Missouri	Staffing	Factoring facility
Capital One	Bank	**$600 Million**	Addus HomeCare, a leading provider of personal care services as well as hospice and home health services	Healthcare	Revolving line of credit
CHP Agent Services Inc.	Non-bank	**$10 Million**	Marble Financial Inc., an AI-driven financial technology company	FinTech	Credit facility
CIBC Innovation Banking	Bank	**$5 Million**	Karbon Inc., a provider of industry-leading practice management software for accounting firms, Nevada	Software	Credit facility
CIT Group Inc.	Bank	**$26 Million**	For the acquisition of a three-building portfolio of industrial buildings, West Palm Beach, FL	Real estate	Loan
CIT Group Inc.	Bank	**$43 Million**	To finance the acquisition of a portfolio of medical office buildings, Florida and Arizona	Real estate	Financing
CIT Group Inc.	Bank	**$41.6 Million**	For the acquisition and renovation of The Devonshire Apartments, Hemet, CA	Real estate	Loan
Citibank, Citizens and Callodine Commercial Finance	Bank/Non-bank	**$145 Million**	Saks OFF 5TH	Retail	Consisting of a $125 million asset-based five-year revolving credit facility jointly arranged by Citibank and Citizens and a $20 million term loan arranged by Callodine Commercial Finance
Citizens	Bank	**$325 Million**	W.B. Mason, one of the largest privately held business-to-business office products dealers in the United States, and a Citizens client for more than 35 years, Brockton, MA	Office supplies	Senior secured credit facilities
CIT Northbridge Credit	Bank	**$25 Million**	F Street Investments LLC, a lender to real estate investors and developers, Milwaukee, WI	Lender finance	Credit facility
CIT Northbridge Credit	Bank	**$50 Million**	Intermetal Rebar LLC, a leading importer and distributor of reinforcing bar and other structural products to distributors, fabricators, and contractors in the non-residential construction industry, Miami, FL	Industrial supplies	Credit facility
City National Bank	Bank	**$302.8 Million**	Meritage Hospitality Group Inc., the nation's premier franchise operator	Hospitality	Senior secured credit facility
Crescent Capital Group LP's European Specialty Lending strategy	Non-bank	**N/A**	To support the management buyout of Texecom Ltd., Lancashire, U.K. which was supported by LDC, the U.K.-based private equity arm of Lloyds Banking Group	Intruder alarm systems	Unitranche financing and an equity co-investment

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
Crestmark, the Commercial Finance Division of MetaBank®, N.A.	Bank	**$500,000**	Refrigerated transportation company, Texas	Transportation	Accounts receivable facility
Crestmark, the Commercial Finance Division of MetaBank®, N.A.	Bank	**$250,000**	Freight-all-kinds transportation company, Kansas	Transportation	Accounts receivable facility
Crestmark, the Commercial Finance Division of MetaBank®, N.A.	Bank	**$2 Million**	Digital marketing company, California	Marketing	Ledgered line of credit
Crestmark - Vendor Finance equipment finance	Bank	**N/A**	Recycling company, Southeastern U.S.	Recycling	Equipment finance transaction
Crestmark - Government Guaranteed Lending	Bank	**$8.8 Million**	Solar company, California	Solar	Term loan
Crestmark - Government Guaranteed Lending	Bank	**$3,464,267**	Solar company, California	Solar	Term loan
Crestmark - Government Guaranteed Lending	Bank	**$3.1 Million**	Solar company, California	Solar	Term loan
Eastern Bank	Bank	**$23 Million**	Metropolitan Cabinets & Countertops, a family-run business that provides custom cabinetry and countertops to residential and commercial customers across New England	Cabinet	Financing, which includes a revolving line of credit and financing for various real estate
Eastern Bank	Bank	**N/A**	A-COM Integrated Solutions, a family-owned security, home and business automation company offering services to benefit increasingly mobile lifestyles	Home security	Financing
East West Bank	Bank	**$30 Million**	Pasadena Private Finance, LLC, a non-bank lender making guaranteed business loans of $1 million to $10 million to lower middle-market companies, Pasadena, CA	Lender finance	Senior credit facility
Eclipse Business Capital LLC	Non-bank	**$100 Million**	Global electronic component sourcing and distribution company	Electronics	Senior secured revolving credit facility
Eclipse Business Capital LLC	Non-bank	**N/A**	Kaspien Holdings Inc., a leading e-commerce marketplace growth platform	Software	Amended loan agreement
Entrepreneur Growth Capital	Non-bank	**$4.5 Million**	Manufacturer, distributor and retailer of women's sportswear, New York	Retail	Asset-based line of credit
First Business Bank	Bank	**$10 Million**	Supplier of power linemen	Utility	Factoring facility
First Business Specialty Finance, LLC	Bank	**$10 Million**	Distributor of building improvement and maintenance supplies, Arizona	Building supplies	Revolving line of credit facility
Fifth Third Business Capital	Bank	**$16 Million**	Refinancing to support Orly International, Inc., a manufacturer of branded professional nail salon and personal care products sold via nail salons	Nail salon products	Financing

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
Franklin Capital	Non-bank	**$250,000**	Apparel company focusing on sportswear and outerwear experiencing growth needed financing assistance, Canada	Apparel	Factoring and PO finance facility
Gateway Trade Funding	Non-bank	**$300,000**	A fish and tackle company client that created a new division to sell PPE	PPE	Purchase order facility
Gemini Finance Corp.	Non-bank	**$12 Million**	A healthy snack company, California	Food	Purchase order financing facility
Gerber Finance	Non-bank	**$7.5 Million**	Pact, maker of sustainable, certified organic cotton clothing	Clothing	Line of credit
Goldman Sachs Asset Management Private Credit	Bank	**$90 Million**	Aria Systems	Technology	Growth capital
Goldman Sachs Bank USA [Agent], Goldman Sachs Bank USA, Barclays Bank PLC and UBS AG, Stamford Branch [Lenders]	Bank	**$125 Million**	LivaNova PLC, a market-leading medical technology and innovation company	Technology	Secured revolving credit facility
Goldman Sachs Bank USA	Bank	**N/A**	Quinn Residences, an institutionally backed real estate operating company, Atlanta, GA	Real estate	Credit facility
Golub Capital [Left Lead Arranger, Administrative Agent and Joint Bookrunner]	Non-bank	**$810 Million**	To support the acquisition of Rough Country, LLC by TSG Consumer Partners (TSG)	Private equity	Broadly syndicated loan facility, consisting of a $585 million first lien term loan, $175 million second lien term loan and $50 million revolver
Golub Capital	Non-bank	**$425 Million**	To support the acquisition of Confluence Technologies, Inc. by Clearlake Capital	Private equity	Broadly syndicated loan facility, consisting of a $40 million revolver, $290 million first lien term loan and $105 million second lien term loan
Golub Capital	Non-bank	**$30 Million**	Harri, an enterprise employee experience platform built for service-driven industries	Technology	Growth financing
Gordon Brothers and Nomura	Non-bank/ Bank	**$190 Million**	To support Australian heavy earthmoving equipment company National Group's refinancing of its existing debt facilities	Machinery and equipment	Syndicated facility
GovCon Funding Corporation	Non-bank	**$18 Million**	Global defense contractor	Global defense	Credit facility
Green Ivy Capital, LLC, an affiliate of Chicago Atlantic Advisers, LLC	Non-bank	**$10 Million**	Silverpeak Holdings, LLC, a vertically integrated operator, Aspen, CO	Cannabis	Senior secured term loan facility
Harbor	Non-bank	**N/A**	Injection molding company, Mexico	Injection molding	Supply chain finance program

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
Horizon Technology Finance Corporation	Non-bank	**$15 Million**	Branded Online, Inc. (dba Nogin), delivering Commerce as a Service to brands in the fashion, CPG, beauty, health, wellness, and other retail industries.	Commerce as a service	Venture loan facility
Huntington Business Credit	Non-bank	**$60 Million**	TeleTracking Technologies, Inc., a privately held healthcare technology company that provides workflow automation solution to hospitals and other healthcare facilities, Pittsburgh, PA	Healthcare	Credit facility
Independent Bank and MidFirst Bank with a lending syndicate led by Bank of Oklahoma	Bank	**$100 Million**	PHX Minerals Inc., a natural gas and oil mineral company with a strategy to proactively grow its mineral position in its core areas of focus, Oklahoma City, OK	Natural gas	Four-year senior secured credit facility
ING Capital LLC [Lead Arranger, Bookrunner and Administrative Agent], Rabobank [Lead Arranger], HSBC Bank USA N.A., Macquarie Bank Limited, Brown Brothers Harriman & Co, Mizuho Bank, Ltd, CIBC Bank USA and Bank of China [Lending Group]	Non-bank	**$300 Million**	Auramet Trading and Auramet International, a precious metals merchant	Precious metals	Syndicated financing that also includes a $50 million accordion with the ability to increase to $350 million and permits additional bilateral transactional credit facilities up to $80 million outside the syndicated borrowing base deal.
J D Factors	Non-bank	**$200,000**	Staffing company, New Jersey	Staffing	Factoring facility
J D Factors	Non-bank	**$100,000**	Transportation company, Alberta	Transportation	Factoring facility
J D Factors	Non-bank	**$150,000**	Transportation company, New Jersey	Transportation	Factoring facility
J D Factors	Non-bank	**$3 Million**	Oil field industry company, Texas	Oil	Factoring facility
J D Factors	Non-bank	**$750,000**	Construction staffing company, North Carolina	Construction	Factoring facility
J D Factors	Non-bank	**$75,000**	Manufacturing company, Quebec	Manufacturing	Factoring facility
J D Factors	Non-bank	**$75,000**	Transportation company, Georgia	Transportation	Factoring facility
J D Factors	Non-bank	**$250,000**	Transportation company, Nevada	Transportation	Factoring facility
J D Factors	Non-bank	**$75,000**	Transportation company, Alberta	Transportation	Factoring facility
JPMorgan Chase Bank, Inc.	Bank	**N/A**	Papa John's International, Inc.	Food	Refinancing
JP Morgan Securities LLC and U.S. Bank NA	Bank	**$1 Billion**	Henry Schein, Inc., the world's largest provider of health care products and services to office-based dental and medical practitioners	Medical supplies	Amended revolving credit facility
JPMorgan Chase Bank, N.A. and Citibank, N.A. [Joint Lead Arrangers and Joint Book Runners] with JPMorgan Chase Bank, N.A. [Administrative Agent] and Citibank, N.A. [Syndication Agent] BMO Harris Bank, N.A., KeyBank National Association and Morgan Stanley Senior Funding, Inc. [Participants]	Bank	**$100 Million**	INDUS, a U.S-based industrial/logistics REIT	REIT	Secured revolving credit facility

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
Marco	Non-bank	**$800,000**	Logistics company, Mexico	Logistics	Credit line
Marco	Non-bank	**$350,000**	Fruit exporter, Ecuador	Food exporting	Financing
Mars Growth Capital	Non-bank	**$5.5 Million**	Sports performance tech company Fusion Sport	Technology	Financing
MidCap Financial and Golub Capital	Non-bank	**$155 Million**	Unchained Labs, a life sciences company	Life sciences	Debt facility including a revolver, a term loan and a delayed draw term loan
MidCap Financial	Non-bank	**N/A**	Rand McNally, which transforms commercial and personal travel with revolutionary mobility technology, Skokie, IL	Technology	Senior secured credit facility, comprising an asset-based revolving line of credit and term loan
MidFirst Business Credit	Non-bank	**$10 Million**	Bison Metal Technologies, LLC, a manufacturer of seamless copper commercial tubes, Shawnee, OK	Manufacturing: Copper tubes	Working capital and term loan facility
Monroe Capital LLC	Non-bank	**N/A**	To support the acquisition of Liberty Safe Holding Corporation, a leading designer, manufacturer and distributor of branded and private label home and gun safes for residential use, by private equity sponsor Monomoy Capital Partners	Safes	Senior credit facility
Monroe Capital LLC	Non-bank	**N/A**	To support the refinance of NationsBenefits, a leading supplemental benefits company that guarantees cost savings and long-term health outcomes to managed care organizations, Plantation, FL	Healthcare benefits	Senior credit facility
Morgan Stanley Bank, N.A., Goldman Sachs Bank USA, Jefferies Funding LLC, and JPMorgan Chase Bank, N.A	Bank	**$600 Million**	Oportun Financial Corporation, a financial services company that leverages its digital platform to provide responsible consumer credit to hardworking people	Financial services	Warehouse credit facility
Ocean Bank - Factoring Division	Bank	**$2 Million**	Leading Midwest wine distributor	Wine	Factoring facility
Owl Rock, a Division of Blue Owl	Non-bank	**$1.27 Billion**	Associa, the industry's largest community management company	Real estate	Senior secured credit facility. The new facility also includes a revolver and delayed draw term loans.
Pathlight Capital	Non-bank	**$50 Million**	My Alarm Center, LLC, a national provider of technologically advanced security and smart home automation solutions for residential and small business customers, Newtown Square, PA	Technology	Senior secured delayed-draw term loan facility
Pivot Financial Inc.	Non-bank	**N/A**	Kane Biotech Inc., a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms	Biotechnology	Amended and restated credit agreement

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
PNC Bank, N.A. [Administrative Agent], Citizens Bank, N.A. and Wells Fargo Bank N.A. [Co-Syndication Agents], Bank of America and BMO Harris Bank, N.A. [Participants]	Bank	**$130 Million**	L.B. Foster Company, a leading provider of products and services for the rail industry and solutions to support critical infrastructure projects	Railroad	A fourth amended and restated credit agreement to, among other considerations, extend the facility maturity date to August 13, 2026 and increase borrowing capacity to $130 million
Prestige Capital	Non-bank	**$5 Million**	Fashion and jewelry importer and distributor that shifted to sell PPE and medical equipment during the pandemic	PPE	Funding
Prestige Capital	Non-bank	**$500,000**	Healthcare services company, Kansas City, MO	Healthcare	Financing
Prestige Capital	Non-bank	**$2.5 Million**	Private label organic baby food manufacturing and co-packer, California	Manufacturing: Baby food	Working capital line
Northleaf Capital Partners	Non-bank	**$175 Million**	VetCare Canada Inc., the largest independently owned veterinary practice management company, Canada	Veterinary	Senior secured credit facility
Sallyport Commercial Finance, LLC	Non-bank	**$1.175 Million**	Hospitality services supplier	Hospitality	Funding
ScotiaBank	Bank	**N/A**	Think Research Corporation, a company focused on transforming healthcare through digital health software solutions	Software	New credit agreement
SG Credit Partners	Non-bank	**$2.75 Million**	Provider of procurement and spend management software to mid-market businesses	Software	Term loan
SLR Credit Solutions	Non-bank	**$35 Million**	bebe stores, inc., a global specialty licensor of fashion apparel and accessories	Apparel	Consisting of a $25 million senior secured term loan and a $10 million committed delayed draw term loan
SLR Credit Solutions	Non-bank	**$80 Million**	Maurices, a women's specialty apparel "hometown retailer" operating around 900 locations nationwide and on www.maurices.com	Apparel	$80 million commitment as a co-lender in a $200 million facility
SLR Healthcare ABL	Non-bank	**$3 Million**	Skilled nursing operator	Healthcare	Asset-based revolving line of credit
Silicon Valley Bank [Administrative Agent and Bookrunner] with Bank of America, N.A., Citizens Bank N.A., and PNC Capital Markets LLC [Joint Lead Arrangers]	Bank	**$200 Million**	Organogenesis Holdings Inc., a leading regenerative medicine company focused on the development, manufacture, and commercialization of product solutions for the advanced wound care and surgical and sports medicine markets	Healthcare	Credit facility, consisting of a $75 million term loan facility and a $125 million revolving credit facility
Steinbach Credit Union Limited	Non-bank	**$3 Million**	Waverley Pharma Inc., a Canadian pharmaceutical company	Pharmaceutical	Credit facility

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
Sterling National Bank	Bank	**$3 Million**	Suvip Solutions Inc. d/b/a USEReady, a data and analytics firm that provides the strategies, tools, capabilities, and capacity for businesses to turn their data into a competitive advantage, New York, NY	Technology	Senior credit facility
Sterling National Bank - Commercial Services Group	Bank	**$500,000**	WORKFORCE Dental Staffing Solutions, Inc.	Staffing	Credit facility
Stonebriar Commercial Finance	Non-bank	**$10.2 Million**	Premier Jones Act marine transportation and logistics services company	Logistics	Term loan
Stonebriar Commercial Finance	Non-bank	**$64.5 Million**	A premier real estate developer	Real estate	Construction-to-permanent real estate financing
SunStream Bancorp	Bank	**$103 Million**	Greenrose Acquisition Corp., a special purpose acquisition company targeting companies in the cannabis industry	Cannabis	Consisting of $78 million in a multi-tranche senior secured loan facility and $25 million in unsecured convertible notes
TAB Bank	Bank	**$7.5 Million**	Hammond's Candies, which sells its products under several different brands, including Old Dominion Peanut Company, Hammond's Candies and American Candy Company, Denver, CO	Food	Revolving credit facility
Tallinn Capital Energy Limited Partnership	Non-bank	**$4 Million**	Cuda Oil and Gas Inc.	Oil	Financing (Credit facility B)
Tiger Finance	Non-bank	**$15.5 Million**	To facilitate the Chapter 11 restructuring of Pennsauken, NJ-based Aluminum Shapes LLC, a fully integrated manufacturer and distributor of aluminum products serving multiple industries	Manufacturing: Aluminum	Debtor-in-possession financing
TradeCap Partners	Non-bank	**$3 Million**	Lighting distributor, Colorado	Lighting	Supply chain finance
Twin Brook Capital Partners	Non-bank	**$100 Million**	Guardian Dentistry Partners	Dental	Debt financing
WebBank	Bank	**N/A**	To an affiliate of Libertas Funding, LLC, a technology-driven specialty finance and asset management company	Finance	Senior secured asset-backed revolving credit facility
Wells Fargo Bank, National Association [Administrative Agent Swingline Lender and Issuing Lender], Wells Fargo Securities, LLC, BofA Securities, Inc., Fifth Third Bank, National Association, Keybanc Capital Markets, Inc., Citigroup Global Markets Inc. and Santander Bank, N.A. [Joint Lead Arrangers and Joint Bookrunners]	Bank		Integer Holdings Corporation, one of the largest medical device outsource (MDO) manufacturers in the world serving the cardiac, neuromodulation, vascular, portable medical, advanced surgical and orthopedics markets	Medical supplies	Senior secured credit facilities, consisting of a five-year $400 million revolving credit facility, a five-year $250 million term loan A and a seven-year $350 million term loan B
WhiteHawk Capital Partners, LP	Non-bank	**$40 Million**	Stronghold Digital Mining, Inc., an environmentally beneficial digital asset miner, Pennsylvania	Mining	Capital lease

Lender/Participant	Lender Type	Amount	Borrower	Industry	Structure
White Oak Commercial Finance, LLC	Non-bank	**$17 Million**	One of the nation's largest manufacturers of baked desserts	Food	ABL credit facility
White Oak Healthcare Finance, LLC	Non-bank	**$185 Million**	14 skilled nursing facilities in the Southeast	Healthcare	Senior credit facility
White Oak Global Advisors, LLC	Non-bank	**$45 Million**	Global metals and commodity trading conglomerate, supporting its acquisition of the largest domestic vertically integrated producer of Alumina	Metals	Term loan
Wingspire Capital	Non-bank	**$200 Million**	Maurices Incorporated, a U.S.-based women's clothing retail chain with 898 stores in the U.S., Canada and at www.maurices.com	Retail	Senior secured credit facility
Wintrust Receivables Finance	Non-bank	**$20 Million**	Preferred staffing agency for some of the nation's leading employers within the aerospace, automotive, oil and gas, power, and telecommunications industries, Detroit, MI	Staffing	Credit facility

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COVER STORY

Interview with SFNet's 2022 President

PETER B. YORK

BY MICHELE OCEJO

Peter York is managing director and head of the Asset Based Lending (ABL) practice for the Corporate & Investment Bank of J.P. Morgan. He has been with J.P. Morgan for over 17 years and has more than 27 years of secured ABL experience. York's strengths include large multibank syndicated financing, cross-border structuring, leveraged buy-out finance, and bankruptcy and debt-or-in-possession (DIP) financing.

York began his banking career as a field examiner and has held virtually every position within an ABL organization, with experience as an underwriter, portfolio and underwriting manager, syndications professional and business development officer. He began his career as a certified public accountant, working in this field for three years.

York holds a Bachelor of Science in accounting from The Ohio State University, as well as Series 7, 63 and 24 securities licenses.

Please tell us about your career path and how you got your start in the industry.

I was recruited to work as a field examiner at Citibank after spending three years as a CPA in public accounting. While at Citibank, I focused on the fundamentals of secured lending and learned what a borrowing base was, but also performed quality of earnings credit analysis. The focus of the field exam team was more than just the borrowing base. We had a captive CPA firm within the bank with a lot of great people.

How did you progress from a field examiner to running a global structuring originations team?

Credit fundamentals are at the core of a great ABL practice. I am fortunate to have been at J.P. Morgan for almost 20 years now and am currently head of originations for asset-based lending for the Corporate & Investment Bank and the Commercial Bank's Corporate Client Banking & Specialized Industries business. I still think of myself as a credit person, but I exercise my credit skill best from the client-facing side of the house. That means getting deep into diligence, credit terms and capital structuring. It helps to be naturally inquisitive and skeptical. Each step along the way in my career, from underwriting to portfolio management to loan syndications, I would try to learn why we did things or made certain decisions and then would challenge the reasons why. I also spent more time than I care to admit learning and understanding the ABL loan agreement. As a loan originator, I have benefited from the ramping integration of the asset-based loan into the broader debt capital markets and have seen a few LBO cycles and bankruptcy cycles. I've had great mentors and leaders who encouraged creativity through market leading transactions all while sticking to the basic ABL fundamentals.

What motivated you to get involved with SFNet and to become a volunteer leader?

A couple things stand out in my desire to get involved with the SFNet. First, is my family ethos, whereby I was taught to give to society rather than take from society. So, the industry has given a lot to me and I needed to give back to it to provide opportunity for others. The second is that I feel as an executive at an industry-leading institution, it is very important to be active and involved with the most important issues facing the industry. A strong industry association will serve to benefit industry participants by making them even stronger.

What are your main priorities and goals as SFNet president?

I'm focused on three primary areas for the upcoming year: 1) Extend the member value proposition; 2) Financial stability through this challenging COVID period; and 3) Expand the opportunity and reach for the next generation.

Rich Gumbrecht and the SFNet staff have been extremely focused on the member value proposition for the past four years. As a board member over these years, I've seen firsthand the improvement in advocacy, data, webinars, education and many other areas where the SFNet has stepped up its game to provide value to its members. This has been great work, but there is more to do.

The COVID era has created significant financial challenges for the SFNet as a result of postponed in-person conferences and reduced attendance. During the pre-COVID era, the SFNet derived more than 50% of its annual operating revenue from attendance at live events. This is no longer the case until we can get back to normal events. While steep cost-cutting has been in order the past two years, member revenue is a clear focus to keep the SFNet financially sound.

I am also very passionate about the next generation and creating opportunities within the industry for any and all to succeed. The 40 Under 40 program and Young Professional ("YoPro") focus has been a terrific way to highlight competency and meritocracy within our industry. Within J.P. Morgan and the industry more broadly, I am very encouraged about the YoPro talent we have and the opportunities available to them.

What lessons from the past year and a half do you think you will carry with you as we move forward?

Shared ideals with a strong culture build resilient teams. We are going to have a record issuance year in the syndicated ABL market, all while working remotely for the majority of the year. That's incredible and demonstrates you can do more than you think you can. It forces me to think about reducing unproductive sources of friction. While we may travel less and work differently, I think we'll be better at our jobs because we just proved it.

You're an endurance athlete. Please tell us a bit about this aspect of your life and the effects it has had on your professional life.

I've had a lot of fun training and racing triathlons and marathons over the past 25+ years. There have been good years and periods of lackluster performance. Highlights have been qualifying and running the Boston Marathon a few times, as well as qualifying and racing at the triathlon world championships at varying distances.

I tend to perform better in more challenging and higher-pressure situations. I find a calm resolve to manage through pressure, which has been built and learned from years of competitive racing. It takes patience, discipline and hard work to aim at a race 12-18 months in the future. Through this process, you learn that no individual day or workout defines you, but rather fits into a much more significant plan. It also takes a lot of confidence that your work will pay off some day.

I built my banking career in a very similar way. I mastered all the aspects of the ABL loan process and put in the years of structuring to get into the most competitive arenas with an incredible platform at J.P. Morgan. Working in ABL feels like I'm racing at the world championships!

Michele Ocejo is editor-in-chief of The Secured Lender and communications director for SFNet.

FEATURE STORY

Is a Corporate Default Wave Ahead In 2022?

BY ANN ANDERSON

Some turnaround and M&A leaders are predicting the second quarter of 2022 could be when the “default boom” hits. Asset-based lenders, factors, and other secured lenders will need to be at the ready to handle turnaround deals.

The economic picture might be improving overall, but retail, hospitality, travel, and transportation businesses are still dealing with the impact of shutdowns caused by COVID-19. 2020 is in the rearview mirror, but supply chain disruptions, semi-conductor shortages, manufacturing delays and labor scarcities, all lingering effects of the pandemic, continue to leave some companies on uneven footing.

Of course, the holiday shopping season is a time for retailers and many other businesses to make up shortfalls they may have experienced during the year. But this year might be different if staffing shortages continue and low inventory results in fewer products to ship and sell, notes Mark Fagnani, senior managing director for Clear Thinking Group. And, while the pandemic may be waning in the U.S. as of this writing, he adds that many of the countries where goods are manufactured are still not seeing their populations vaccinated in large numbers, and worker health issues abroad are likely to cause additional delays in shipping products stateside.

MICHAEL BASSO
BDO Canada

STEPHEN BERIAU
Eclipse Business Capital

Liquidity Problems Ahead

So, what does this all mean for secured lenders? Turnaround and M&A leaders are predicting the second quarter of 2022 just may be the time when the business community will experience a spate of corporate defaults, and asset-based lenders, factors, and other secured lenders will need to be at the ready to handle turnaround deals.

The stage may have been partially set in 2020 when the Office of the Comptroller of the Currency instructed banks to avoid labeling any loan as a Troubled Debt Restructuring (TDR) asset and not to throw the loan into the special lending or special assets category through 12/31/21. A TDR label is permanent and cannot be removed before the loan is liquidated and removed from the lender's books. But according to Fagnani, the likelihood that the OCC will extend the guidance, already extended once, is very unlikely. With the guidance not in effect, he is expecting secured lenders will need to deal with a wave of bad loans some time in the second quarter of 2022.

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KPMG U.S.

MARK FAGNANI
Clear Thinking Group

Many struggling businesses were able to ride out much of the pandemic with the help of PPP loans. Without that safety net continuing, Fagnani notes that some companies will soon find themselves once again dealing with liquidity issues. "If you're financing with an asset-based lender and that line of credit is tied to your collateral, accounts receivable, or inventory and you need to borrow more than those assets generate, because you need more money, it's certainly the beginning of a bigger issue," he adds. "It's a Catch-22. You can't borrow against inventory or accounts receivable that you don't have." While it's not necessarily a death knell for a company, Fagnani notes that it does present a quandary for secured lenders, particularly as they see a drop in outstandings.

Assessing the Situation

Daniel F. Fiorillo, chairman of the workout and restructuring department at Otterbourg P.C., notes that secured lenders will need to deal with each problem loan on a case-by-case basis. Secured lenders should look at the strength of the relationship with the borrower,

DANIEL F. FIORILLO
Otterbourg, P.C.

CLARK LONERGAN
BDO Canada

competence of the borrower's management team, viability of the business and other creditors in the borrower's capital structure who might be willing to assist the distressed borrower and that a troubled company isn't necessarily a candidate for bankruptcy.

According to Fiorillo, a lender's decision to forbear from exercising its default rights, or to otherwise agree to "amend and extend" the credit facility with a distressed borrower is heavily influenced by the circumstances surrounding the distressed credit and the availability of viable exit strategies from the distressed loan. For example, if the borrower is unable to comply with its lending arrangements, but is willing to operate under an agreeable budget and conduct a sale or marketing process, that could result in the business being sold and the proceeds from the transaction used to repay the secured lender's debt. Then the lender might be willing to enter a forbearance arrangement with the borrower, giving the borrower time to execute on its plan. The secured lender will generally get additional protections and potential credit enhancements in the situation as well.

In the short run, Fiorillo does see more workouts, debt restructurings, distressed collateral sales and borrower bankruptcy filings within loan portfolios on the horizon, assuming the credit default wave materializes. "I think it depends on the business and the applicable terms of the credit facility," he adds. "However, there is still a lot of money circulating in the marketplace, and we have observed sponsors, investors and other parties deeply imbedded in a distressed company's capital structure extend rescue loans and other emergency funding arrangements to 'keep the plates spinning on those poles' in the hope of a turnaround," he adds. So, the extent of the increase in workouts and borrower bankruptcies secured lenders might face might not be as significant as one might expect.

Industries that were adversely impacted by the pandemic and, therefore, relied upon the banks to waive or forbear from exercising default rights, would be at risk, as the banks may have tightened the credit terms with these borrowers when the banks had the leverage to do so.

Who's at Risk?

Industries that were adversely impacted by the pandemic and, therefore, relied upon the banks to waive or forbear from exercising default rights, would be at risk, as the banks may have tightened the credit terms with these borrowers when the banks had the leverage to do so. For banking players in the asset-based lending space, however, they've typically fared better than other forms of bank lending. Fiorillo notes that, generally speaking, secured lenders might be better situated to weather a credit default storm than, say, other lending platforms within the bank, as the bank's exposure (if underwritten conservatively), should be covered by the value of the collateral.

That said, secured lenders still might want to start taking a hard look at their portfolios with a focus on the borrowers most susceptible to being on the wrong side of the default deluge. Fiorillo notes that depending on the terms of the credit arrangements, the lenders might want to ask for updated projections and a business plan that gives the lender an opportunity to examine the feasibility of the company's road map. The lender may also want to update appraisals, field exams and collateral reporting to better ascertain its current loan exposure.

If the consumer experiences material headwinds, then a number of consumer-based lenders, with bundled and syndicated loans to access a lower cost of capital, could face additional pressure. Michael Basso, vice president and senior manager at BDO Canada, notes, "We anticipated this early in the pandemic for auto financing and buy now-pay later and the like, but, given the government support for the consumer, this never materialized. Industries and companies that took on the most debt during this period should also be worried, as not only do profits have to return to pre-pandemic levels, but exceed those levels to service this additional debt. Additionally, those industries that were already under a paradigm shift in their business model, such as brick-and-mortar stores moving to online sales, see the shift crystalized or accelerated due to the pandemic, and these companies, and their lenders, should also be worried.

Putting the Team in Place

Increased shadowing of troubled accounts by the banks' work-out groups will assist in early identification of those companies which may need help now and allow the bank and their advisors more time to assist and help avoid potential liquidation scenarios, says Clark Lonergan, partner and senior vice president for financial advisory services at BDO Canada LLP. Proactive management is key, he adds, and getting in early to assist allows for more effective and efficient restructuring and other options, such as refinancing, a sale of the business, equity injection, or asset dispositions. He also notes that secured lenders need to be cognizant of "what the new world looks like and how their customers' capital structure has changed" to help predict potential future distress.

Of course, lenders consistently evaluate collateral positions for distress and degradation in value, but the laser focus on troubled assets is particularly essential when there may be so many companies facing the same dilemma. Thomas Bibby, KPMG U.S. partner, restructuring, notes, "The importance of communication between borrower and lender cannot be emphasized enough, especially when a problem occurs." Generally, lender prefers to work through the issue instead of forcing an immediate liquidation, he notes. Lenders are likely to continue working cooperatively and diligently with troubled borrowers to remedy the situation.

Plus, secured lenders have been through economic and industry cycles many times over and understand the impact on their clients. Secured lenders will focus on identifying which loans within their system need to be monitored more closely. He also notes that communication is vital within the lender's organization regarding monitoring and timely action, as well as externally, to articulate timely and clear messages to individual borrowers.

The Resiliency of Secured Lenders

Secured lenders will be at the ready, staffing up special-situation teams with experienced workout team professionals to go through each loan to maximize value, while others will package and sell entire portfolios of troubled loans. Bibby adds, "Often, lenders boost workout bandwidth by requiring outside turnaround firms to be engaged by borrowers as part of a forbearance agreement." He adds that some defaulted borrowers will be pushed to a quick sale, refinance, or even liquidation, while other secured lenders may exert patience and work through problems over a longer period.

If predictions for a deluge of defaults come true, Bibby notes that "M&A activity will be a mechanism used to try and preserve enterprise value for stakeholders." In the case where the enterprise value is inadequate, there may be rise in bankruptcy activity to create or preserve value for the stakeholders and reset secured loan values to the current market valuation. But, he adds that lenders are generally prepared to handle and manage troubled loans, as they have in energy, retail, and real estate at various times over the past several years.

According to Stephen Beriau, senior managing director at Eclipse Business Capital, the labels on loans will certainly change along with the Fed's guidance, but he argues that secured lenders are very capable of managing these tougher credits. "It's only a more recent practice for banks to manage away these TDRs and that's mainly due to reserve requirements changed over the past 15 years. For the time being, keeping these credits should help net interest margin." And, says Beriau, non-bank groups have the capacity to support these credits.

Plus, partner organizations, appraisal firms and turnaround consultants are at the ready to assist secured lenders in the days, weeks, months, and years ahead, as always. "The past 18 months has come in fits and starts for our market, and most organizations were prepared entering 2021," says Beriau. And while no one could have ever predicted what the pandemic's impact on business could be, government intervention during the shutdown really did put business on a much more stable footing, he adds. But with less government intervention in the future and a possible increase in the Fed funds rate, Beriau does suspect more restructuring and turnaround transactions in 2022.

A Differing Perspective

Not everyone agrees there will be deluge of corporate defaults. One senior banking executive said: "We are far removed from the recession, and there's a rebound in the economy and an influx of liquidity into the markets and into the balance sheets of these companies listed as troubled assets." And, he adds that the sectors most sensitive to the business risks related to the pandemic, such as hospitality and leisure, are not heavily represented in the portfolios of asset-based lenders.

Additionally, it's not just about relabeling troubled assets according to the OCC. He notes distressed assets are simply at a cyclical low and that most secured lenders do not expect to see a large rise in them. "The economy really has rebounded very sharply, and it's helping all kinds of companies." While there certainly are some companies that are having a problem because of supply chain issues, he notes companies have been able to refinance their debt at a much lower cost, and between that and PPP loans, companies have more liquidity and more room to run their business.

A survey of asset-based lenders seems to concur with this perspective. Results from the Secured Finance Network's Q2 2021 Asset-Based Lending Survey indicate lenders appear optimistic about the year ahead with overall lender confidence remaining high as of 2Q 2021, and "continuing laterally from last quarter's three-year high." Lenders also reported positive expectations for U.S. business conditions and improvements to current client utilization. The survey also revealed that nonaccruing loans, as a percentage of loans outstanding, fell by 12 basis points in 2Q 2021. Compared to the same quarter last year, the percentage of non-accruing loans among survey respondents decreased by 33 basis points.

Additionally, Fiorillo notes the banks and secured lenders that have seen a wave of defaults in the past know how to be proactive with their troubled credits. "They've used the defaults as a basis to get the borrower back to the negotiation table to get better visibility into the borrower's business operations and financial condition, as well as improve the collateral position and legal protections and limit credit exposure where possible. And, if secured lenders continue to use discipline, they should be able to weather the ups and downs inevitable in any market.

Ann Anderson is an award-winning editor and journalist with 20 years' experience covering the banking and finance sector.

SFNet 2021 Advocacy Highlights

BY MICHELE OCEJO

SFNet's Advocacy Committee members have been on the frontlines this past year working to effect the best possible outcomes for the industry as a whole.

The COVID pandemic pushed SFNet's already active advocacy program into overdrive in 2020 and the past year has kept our advocacy volunteers just as busy. As we work to find the balance between economic health and personal well being, the SFNet team has had to quickly mobilize at times to respond to a diverse array of issues, from concerns around damaging flaws in the Economic Injury Disaster Loan ("EIDL") program to the ongoing saga of state financial disclosure bills.

Chair of SFNet's Advocacy Committee, Hamid Namazie of McGuireWoods, said, "The Secured Finance Network's Advocacy Committee is actively working to address legislative and regulatory challenges, some old, some new, but all of significance to the SFNet community of lenders and borrowers. We are thankful for the time, commitment and expertise of our members to enable us to connect with key decision makers to offer valuable insights. We are in the challenging position of needing to point out the unintended consequences of well-meaning bills."

Federal-Level Efforts

Rich Gumbrecht, SFNet CEO provided further details: "On the federal level, the Committee has been working tirelessly, communicating with legislators and meeting directly with senior SBA officials to express the concerns SFNet members have about structural and practical deficiencies in the EIDL program. We are also addressing the recently resurrected CFPB Section 1071 regulations, which could prove to be unduly burdensome to the vast majority of small and mid-sized finance companies that provide credit to small businesses."

In 2020, SFNet engaged a federal lobbyist, Lon Goldstein of GPS, who commented on SFNet's 2021 federal efforts: "SFNet has continued to build Washington relationships and increased its advocacy efforts in 2021. This was critically important with the election of President Biden, who brought a new team of policymakers to DC. The Biden Administration and Congress have sought our views on a number of matters of importance to the industry. SFNet will continue to work with all stakeholders to advance our policy goals."

SFNet has been drawing attention to misuses of the EIDL program that unfairly impact secured lenders, create challenges for borrowers and put tax payer dollars unnecessarily at risk. "SFNet has submitted letters to the SBA and met with both SBA officials and legislators concerning this matter, particularly regarding subordination incongruities," said Steven Gold of Allied Financial who has been involved in SFNet's EIDL efforts. SFNet will continue to advocate for the best outcome for the SFNet community, especially considering that the SBA has recently increased the limit for an EIDL loan to $2 million.

In September 2020, SFNet issued an alert pertaining to CFPB Section 1071, requesting members respond to CFPB's invitation to comment. The measure could prove to be unduly burdensome to the vast majority of small and mid-sized finance companies that provide credit to small businesses. With the assistance of SFNet members serving on the 1071 Subcommittee, SFNet submitted a comment letter requesting specific exemptions for relevant asset classes.

Brett Garver of Moritt Hock & Hamroff, who wrote an article informing the community about the issues surrounding CFB 1071, said, "While many market participants, especially larger banks and other heavily regulated institutions, have become familiar with the many restrictions and regulations imposed under the Dodd-Frank Act, one provision in particular has been largely dormant since its passage and has the potential to affect virtually anyone providing financing of any kind regardless of size or type of financing. Section 1071 of the Dodd-Frank Act amended the Equal Credit Opportunity Act (ECOA) to require financial institutions to compile, maintain, and submit to the CFPB certain data on applications for credit for women-owned, minority-owned, and small businesses. The stated purpose of 1071 was to support enforcement of fair lending laws and to help communities and governmental entities expand opportunities for women-owned, minority-owned, and small businesses. Until recently, 1071 had received limited attention and no rules had been adopted for its implementation or enforcement, but in February 2020, the CFPB settled a lawsuit which sought to compel it to undertake the rulemaking required by 1071. The CFPB soon after began the rulemaking process and just issued proposed regulations at the end of the summer – which at least for now, include an exemption for certain forms of factoring." As of this writing, the subcommittee working on this issue was reviewing the regulations and preparing to to submit its next round of comments to CFPB.

"As drafted, 1071 could have a sweeping and burdensome impact on almost every business engaged in extending of credit. Beyond the mere burden of collecting the data, there are extensive areas of concern which include data privacy and penalties for non-compliance, among others," Garver added.

Gumbrecht commented on SFNet's progress at the Federal level and beyond: "We've made great strides in educating legislators and regulators on the federal and state level. They are now more aware of our industry at large and understand that when liquidity is paramount, we play a crucial role in continuing to deploy capital to the middle market when others may not. These are important investments that will build our influence over time.

Lawmakers have invoked SFNet's positions in Federal hearings and we find most officials are eager to learn more about the industry and its positive economic impacts. The California DFPI recently requested we supply them with a presentation illustrating the intricacies of our industry that would be difficult to comprehend in a 30-minute call."

State Disclosures Challenges

On the state level, SFNet continues to work with local legislators in New York and California to simplify and favorably amend proposed regulations regarding new commercial financial disclosure laws. In 2018, California became the first state to pass such a law and the Department of Financial Protection and Innovation is still working on final regulations. "SFNet submitted its comment letter to the third set of proposed regulations in August of 2021. We also met virtually with representatives of DFPI to reinforce our concerns. They appear to be receptive to certain of our requests. We are now waiting to see if there will be any further changes or if this third set of regs is the final," said Namazie.

In New York, several direct conversations have been held with both then-Governor Cuomo's office and the New York Department of Financial Services. The original bill applied to deals of $500,000, just like California. The bill was then amended to apply to deals of $2.5 million and above. SFNet's subcommittee put in many hours responding to DFS and creating a proposed factoring disclosure form to assist NY DFS in its rulemaking.

In a memorandum filed with the New York disclosures bill, then-Governor Cuomo acknowledged SFNet's and other's opposition to the measure noting that "there is no strong consensus as to the best approach in how to compare various products." He also stated: "I have secured an agreement with the legislature to make certain technical changes to this bill to better provide clarity…".

Jon Helfat, SFNet's co-general counsel, has played an integral part in SFNet's federal and state advocacy initiatives. "The new statute requires non-regulated commercial lenders, including asset-based lenders and factors, that propose to lend $2.5 million or less to New York-based borrowers to make certain uniform disclosures in their proposals including an Annual Percentage Rate. SFNet's Advocacy Committee was successful in pushing the effective date of the statute to January of 2022, providing SFNet the ability to work with New York's regulatory and enforcement body to adopt rules that allow ABL lenders and factors to meaningfully comply with the statute. Right now, it is unknown if the statute will, in fact, take effect in January, considering the comment period runs until November," he said, "but we are pushing for further extensions."

In a memorandum filed with the New York disclosures bill, then-Governor Cuomo acknowledged SFNet's and other's opposition to the measure noting that "there is no strong consensus as to the best approach in how to compare various products." He also stated: "I have secured an agreement with the legislature to make certain technical changes to this bill to better provide clarity…".

New York's DFS published the first draft of proposed regulations in September 2021. SFNet continues to work with State rule makers in an effort to effect manageable enforcement measures for disclosure legislation.

Populist-driven disclosure bills were reconsidered but forestalled in NJ and introduced in Connecticut and North Carolina in 2021. SFNet hired a lobbyist in Connecticut and formed a subcommittee. These efforts contributed to the bill being "killed," at least for now. In North Carolina, SFNet utilized its member network, ultimately receiving feedback that the bill would not move forward.

"Our tracking systems coupled with the breadth of SFNet's membership and contacts allows us to quickly gather a diverse team to review these disclosure bills as they pop up and to have direct contact with government decision-makers at key stages of legislation development," said Gumbrecht.

Cross-Border

This past August, SFNet submitted comments to the Financial Stability Board ("FSB") in connection with FSB's project to evaluate out-of-court workouts ("OCWs") as a tool to help financially distressed companies. The FSB is an international body that monitors the global financial system and makes recommendations designed to promote international stability. FSB's members are the Ministers of Finance, Governors of Central Banks and other major economic and regulatory officials of 24 countries, as well as senior officials of other international organizations.

"A strong work-out culture (in which lenders and their financially distressed borrowers use OCWs as a less costly and more efficient alternative to formal bankruptcy proceedings) is a well-established feature of the U.S. lending environment. However, the laws of many countries discourage OCWs by requiring directors of a distressed company to initiate a formal bankruptcy proceeding for the company upon becoming aware of the company's insolvency. In some countries, directors can even be criminally liable for failing to do initiate an insolvency proceeding promptly," said Richard Kohn of Goldberg Kohn, who is chair of SFNet's International Finance & Development Committee.

"Our tracking systems coupled with the breadth of SFNet's membership and contacts allows us to quickly gather a diverse team to review these disclosure bills as they pop up and to have direct contact with government decision-makers at key stages of legislation development," said Gumbrecht.

SFNet's comments were highly supportive of the use of OCWs, contending that a legal environment that encourages OCWs increases the likelihood that domestic businesses will survive in troubled economic times.

This advocacy initiative was the result of a joint effort by SFNet's Co-General Counsel, SFNet's International Finance & Development Committee (in particular the chairs of the Committee's task forces on Advocacy and Monitoring Legal Developments) and SFNet's staff.

Regulatory Matters

SFNet has developed a strong relationship with the Office of the Controller of the Currency (OCC) to increase understanding of industry trends and relevant controls. "Issues such as pandemic-related policy adjustments and leveraged lending guidelines were addressed by an OCC representative at our Asset-Based Capital Conference," notes Gumbrecht. "We continue to share industry data and work together on issues like Basel III and IV LGD implications and prospective updates to the OCC ABL Handbook."

Informing the Community

A key objective of SFNet's efforts is to provide members with updates and relevant analysis of the various programs so they are able to anticipate what is coming and make informed business decisions. SFNet's publishes Advocacy Alerts in its daily e-newsletter, TSL Express. In April, several members who have been in the trenches working to achieve the best outcomes for the industry, participated in SFNet's webinar "State Financial Disclosure Legislation: What You Don't Know May Hurt You."

SFNet's Advocacy Committee members have coordinated with like-minded organizations when appropriate, such as the ELFA, AFA and LSTA. "There is strength in numbers. We welcome the opportunity to form alignments with other associations when we are both working towards common goals," said Gumbrecht.

Michele Ocejo is editor-in-chief of The Secured Lender and communications director for SFNet.

Interview with Steve Tanzi on Hilco Global Purchase of Getzler Henrich

BY MICHELE OCEJO

Steven Tanzi, managing director, Hilco Performance Solutions, is an experienced executive and consultant who focuses on both restructuring and business performance improvement. He has over 25 years of both industry and consulting experience supporting companies with their transformational efforts leveraging his knowledge of supply chain, operations, maintenance, customer experience, risk, asset management, organizational design, and financial planning and budgeting. Steven has a BS in chemical engineering from Purdue University and an MBA in supply chain management and finance from Michigan State University.

Here, Tanzi discusses Hilco's recent purchase of Getzler Henrich.

H

ow does acquiring a turnaround and restructuring firm benefit Hilco Global and its clients?

STEVEN TANZI
Hilco Performance Solutions

Hilco Global has a strong history of providing clients with a range of strategic solutions to help solve business challenges and unlock the value of a company's assets by leveraging the power and expertise of our holding company's diversified operating units. Acquiring a firm such as Getzler Henrich, with a strong in-market reputation for assisting middle-market clients in the turnaround and restructuring arena, further expands our overall platform of advisory services and is a natural extension of the organization's range of customer solutions. When companies are struggling, Hilco Global can present a variety of options from the more traditional services including asset valuation and appraisal services, monetizing assets across all the industry categories and advisory solutions with Hilco Performance Solutions, Hilco Real Estate Solutions, Hilco Brand Solutions and now, we can add turnaround and restructuring solutions to our portfolio of problem-solving capabilities. The team at Getzler Henrich has tremendous experience and operational expertise to help clients navigate the challenges of a distressed business and their creditors.

Why was now the right time for this move?

Hilco Global has been growing its professional service offerings across our advisory solutions for many years. The acquisition of Getzler Henrich further expands the Hilco Global professional services platform. Getzler Henrich's corporate turnaround and restructuring expertise, and strong financial advisory and operations capabilities will integrate well with Hilco's existing valuation, consulting, and corporate finance advisory services, and deliver clients with access to new sources of capital, resulting in an unparalleled array of business solutions. Hilco Global senior executives have known and worked well with Bill Henrich and Joel Getzler and their consulting team for many years, and we have been impressed with their reputation for delivering outstanding client solutions to the middle market. The firm has a reputation and an approach to business that we value, including impeccable integrity, a commitment to honesty, and an overriding focus on maximizing value for clients.

Ultimately, for Hilco Global culture fit, the scope and scale enables us to ramp up quickly as Getzler Henrich immediately provides us with additional services that we can now offer our struggling and distressed clients versus building our own turnaround and consulting practice. For Getzler Henrich, it provides access to substantially greater resources and key strategic adjacencies that they can now more easily deploy with their clients as needed. Hilco and Getzler together will be a powerful force, as we can offer highly skilled turnaround and restructuring advisors to support clients across dozens of industries by delivering holistic cross-platform solutions.

The acquisition of Getzler Henrich further expands the Hilco Global professional services platform. How will the Getzler Henrich corporate turnaround and restructuring expertise integrate with Hilco's existing valuation, consulting, and corporate finance advisory services?

Hilco Global advisory services will integrate well with our existing professional services offering across the entire life cycle of a business. Across the company, our teams have the capability to deliver what is needed in the most complex situations and have the experience and proven track record to deliver positive financial results. Working together, our team can examine issues holistically and deliver the best solution for a range of clients, ranging from those that may be highly successful all the way to those who find themselves is severe distress. Our suite of service offerings can provide significant value at any stage in the business cycle, including ongoing performance solutions, capital solutions, turnaround, workout, crisis and interim management, corporate restructuring, bankruptcy, and distressed M&A services.

How has the pandemic affected the turnaround and restructuring industry and what challenges and opportunities could present themselves in the next six months?

The wave of restructurings that many have predicted has been underwhelming to date. Many believe that the pandemic may have enabled distressed businesses to "survive" even though they may in fact need significant restructuring solutions. With all the government subsidies and significant liquidity in the marketplace, many distressed companies have been artificially propped and held together. Our unique and holistic platform can help these companies in a variety of ways, from delivering an appraisal to secure a loan to supply chain and distribution solutions for the short and long term If a business requires an interim management solution or simply seeks to monetize a tangible or intangible asset, we have been able to build a customized solution that will get them through the current pandemic marketplace. By offering diversified services, we have remained extremely busy. As we have evolved over the years, we have continued to complete complex transactions in many special situations. In the past 15 months during the global pandemic, Hilco Operating Companies deployed more than $500 million dollars in unique transactions.

Could you speak a bit about the overall goals of Hilco Global, both short-term and long-term?

Hilco Global has evolved dramatically over 35 years and today, with more than 700 people and 11 offices around the world, we are widely recognized as one of the most diversified B2B financial solutions firms in the market today. Hilco Global uniquely provides our clients with multiple options to solve complex problems. Our organization is not just pushing one answer or solution; we will work with our clients to find the solution that will deliver maximum value for the business owner, shareholders, etc. Historically, we have built the firm organically from within rather than via acquisition. In the near term, we will continue to look at building from within, while simultaneously seeking out potential acquisitions to expand our professional services capabilities to add world class talent and experience rapidly. As we continue to expand, we expect to build out the company by adding key strategic adjacencies. Through our evolution and success, we have substantially increased access to capital, which has enabled us to regularly serve as the key capital partner to complete complex transactions in special situations for our clients and ourselves as investors.

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Long term, our plan is to grow by delivering customized solutions to undervalued, high- potential companies and to help them resolve complex and stressed situations and enhance their long-term enterprise value. Hilco Global will continue to leverage our unique blend of deep advisory and restructuring experience with capital solutions and principal investing while keeping our overall promise to help clients maximize asset value front and center.

Michele Ocejo is editor-in-chief of The Secured Lender and communications director for SFNet.

FEATURE STORY

The Perfect Storm: Liquidity and COVID Are Driving Major Industry Changes

BY CHARLIE PERER

The pandemic and its resulting stimulus programs have accelerated changes in the ABL industry. What should lenders know?

A tsunami of liquidity has overtaken the entire commercial banking and finance industry with unforeseen consequences. Right now, there are simply too few new deals and too many non-bank lenders without scale. What could have been catastrophic force majeure as a result of COVID ended up being catastrophic force majeure as a result of government stimulus. Several factors are at play, but the confluence of events is accelerating the reshaping of the ABL industry in three key ways: 1. Consolidation 2. Scale and 3. Specialization.

CHARLIE PERER
SG Credit Partners, Inc.

In today's market, if you are going to be a generalist, you need to scale to achieve the absolute lowest cost of capital. Thanks to the influx of BDCs and now insurance companies entering ABL, we have now seen the start of consolidation. Consolidation brings scale and scale brings margin compression. The non-bank ABL world has seen pricing dramatically and systemically shift downward within the past two years. In many ways, these are all interconnected business points, as with consolidation and scale comes increasing specialization to further increase scale. It's only natural, that when a commercial finance company reaches a certain size, it then grows horizontally. Just look at recent announcements from White Oak and many others announcing vertical groups such as healthcare, retail, real estate and even Cannabis.

Right now, the entire industry is in strategic matchmaking mode whether it be acquisitions or de novo hires to expand into new verticals. Market conditions changed drastically enough that smaller groups are not being left many options if they want to compete under the new paradigm. Due to unprecedented stimulus that was wide-reaching and, in many cases, not needed, commercial banks are awash with cash and have clean portfolios. Bank-ABL groups, which normally operate with approximately 25% criticized assets, now have historically clean portfolios with problem credits currently amounting to less than 5%. These same groups are still down significantly from their pre-COVID levels, so this puts the non-banks at a clear disadvantage. Strong bank competition with no kick-outs; so, for every two new bank clients, there is not one exiting.

Banks and bank-ABLs are sitting in a great position with fewer problem loans, cleaner portfolios and lower asset levels due to paydowns. In addition, there is still tremendous liquidity in the system with residual PPP, many new pools of capital and not enough lending demand to go around. This is but a moment in time where reality is suspended, as what goes up will ultimately come down. This market will change at some point, whether it be the stock market crashing, rising interest rates, geo-political or continued effects from the pandemic. However, the difference is that the ABL market will have changed and, in many cases, for the better. More capital than ever has now poured into this space, which is the instigator of consolidation. When buyers pay top dollar, they will always find a seller and there were a lot of sellers. So now there are many new capital entrants that need scale. To scale, an ABL either needs to hire superstars, buy smaller portfolios or go deeper into industry verticals. This is where the ABL market finds itself today.

The platform approach is not necessarily new, but it is being expanded upon and replicated by many of the market leaders. There is only so much market share a generalist ABL can obtain without having to start specialty groups. The obvious growth from scale and capital efficiency is industry expertise. There happen to be many industries ripe for the taking, including retail, consumer/e-commerce, recurring revenue, healthcare and cannabis, among others. Specialization is truly a product of the capital efficiency of many of the larger non-bank groups that have achieved scale. It's the finance equivalent of Walmart coming to town to not only outprice, but provide more selection than the mom and pop. This is clearly the direction we are heading with no end in sight, especially given there exists a supply and demand imbalance with a dearth of new prospects. Industry vertical acquisitions are already starting to get announced, so there is no reason that this trend won't continue.

There is also precedent in the trend towards specialization. One just has to look at the banks to see the trend of specialization once they reached scale. Today most banks of any size have specific lending verticals within their product verticals. Specialization is just an outgrowth of success as the natural progression is go to deeper in strategic verticals to gain an advantage. Retail lending is probably the most famous to point to, given an entire cottage industry of appraisers, lenders and liquidators all grew up around that one industry. Healthcare lending is another great vertical to point to as it truly requires industry, regulatory and business specialization that create barriers to entry. Software-as-a-Service (SaaS) is becoming another hotly contested vertical that requires specialization. The list goes on and it's not hard to see why non-bank ABLs are going to look to industry specialization as the next driver of growth. What no industry expert saw coming was COVID as the catalyst to get the industry to start consolidating and moving toward industry specialization.

COVID and the government teamed up to create an unexpected storm that has undoubtedly accelerated market changes that were already underway. As we sit here today, capital continues to pour in and at every level including, small-ticket to big-ticket ABL firms evaluating every which way to achieve scale and specialization. Too much capital, excess liquidity and a number of subscale groups will spur yet another round of consolidation. Look around at every independently owned group and you should expect that they are getting many phone calls to either merge or get acquired. History does tend to repeat itself, but the reasons tend to be different. No one could have seen the invisible or, in this case, the visible hand of the government directly infusing trillions into the market. However, the broader point is that the ABL industry has gone through several cycles of consolidation. This one is going to leave a lasting and innovative impression.

There is also precedent in the trend towards specialization. One just has to look at the banks to see the trend of specialization once they reached scale. Today most banks of any size have specific lending verticals within their product verticals. Specialization is just an outgrowth of success as the natural progression is go to deeper in strategic verticals to gain an advantage.

Charlie Perer is the co-founder and head of originations of SG Credit Partners, Inc. (SGCP). In 2018, Perer and Marc Cole led the spin out of Super G Capital's cash flow, technology, and special situations division to form SGCP.

Perer joined Super G Capital, LLC (Super G) in 2014 to start the cash flow lending division. While there, he established Super G as a market leader in lower middle-market second lien, built a deal team from ground up with national reach and generated approximately $150 million in originations.

Prior to Super G, he co-founded Intermix Capital Partners, LLC, an investment and advisory firm focused on providing capital to small-to-medium-sized businesses. At Intermix, Perer spent significant time sourcing and executing transactions and building relationships within the branded consumer, specialty finance and business services industries. Perer began his career at Oppenheimer & Co. (acquired by CIBC World Markets) where he was a member of the Media Investment Banking Group. He graduated Cum Laude from Tulane University.

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For over 30 years Asset Based Lending Consultants, Inc. has been providing lenders across the United States, Canada, Europe, Australia and the Far East with a strong foundation to enhance their credit decision process. ABLC has been called upon by the leading lenders in the industry to provide the highest quality Field Examination Services available by an independent firm. Led by Donald Clarke (over 35 years in the industry, 1993 CFA (now SFNet) Instructor of the year, author and international lecturer on ABL disciplines), along with some 20 plus professionals worldwide. Asset Based Learning Consultants is a business built on a foundation driven by making a difference for its lender clients. With this same commitment, we offer a franchise program that is designed to be a great opportunity for a variety of candidate profiles, who have a mind for finance, an entrepreneurial mindset–and a desire to provide professional solutions to a growing client base. Whether you are an accountant, financial professional or someone who simply just wants to help build business in the local community, ABLC could be the fresh start you have been seeking.

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PERSONAL GUARANTY

LENDER INSIGHTS

Overlooking Details of Personal Guaranty Agreements Could be Detrimental

BY MATTHEW ROBERTS AND BRIAN RESUTEK

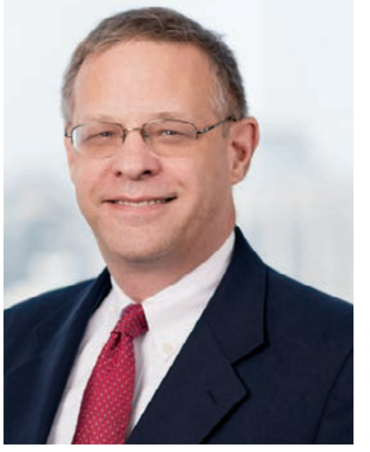
The details of a personal guaranty agreement are often glossed over in loan transactions, leading to major, unforeseen losses to both lenders and individuals. This article looks at key overlooked, and often misunderstood, parts of this important agreement to ensure all parties understand exactly the importance and specific obligations required.

On a basic level, the guaranty agreement that is sometimes included in loan transactions can appear straightforward. The reality, however, is that many borrowers and individuals signing as guarantors fail to fully understand the obligations arising in connection with these agreements, and many lenders fail to appreciate their limitations of guaranties and the need to take affirmative steps to maintain these agreements. While a guaranty can take many forms, its primary purpose from a lender's standpoint is to provide additional credit support where the borrower's assets may provide insufficient collateral and/or to support and ensure the guarantor's continued commitment, financial and otherwise, to the borrower's business. For the purposes of this article, we are going to focus on the personal guaranty and the considerations that lenders and borrowers should fully appreciate with respect to these agreements. Additionally, we will bring out some common misunderstandings of personal guaranties along with recommended best practices when requiring a personal guaranty.

While specific guaranty agreements vary among lenders, they largely fall into one of three categories: Full, Limited and Validity. Underwriting requirements, collateral sufficiency and competitive reasons typically dictate the type of personal guaranty required in a transaction.

Full Guaranty

Briefly stated, pursuant to a full or unlimited guaranty, the guarantor guaranties the borrower's payment and performance of its entire obligations to the lender or, put another way, if the borrower defaults on its obligations to the lender, the lender may seek repayment of the entire obligation from the guarantor. This "entire obligation" to the lender is an important concept for lenders and guarantors to understand when there may be more than one guarantor. Form guarantees typically include language providing that the obligations of the guarantor thereunder are joint and several with the obligations of other guarantors, meaning that each guarantor is fully responsible for the entire amount of the guaranteed obligation. Under such an arrangement, a lender may exercise remedies against whichever guarantor or guarantors it elects, which would usually be the guarantors that are most able to pay quickly on the guaranty. A lender is not required to pursue collection from all guarantors on a pro-rata basis under a joint and several multiple guarantor arrangement. It should be noted that, if any guarantor pays more than its share under a joint and several guaranty, that guarantor will have a right to seek contribution from the other guarantors for their shares of the amount paid, but exercise of this contribution right does not involve the lender.



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Limited Guaranty

Where a prospective guarantor is unwilling to provide a full guaranty in a transaction, the parties may be willing to agree to a limited guaranty. A limited guaranty is a guaranty for less than the entire amount of the borrower's obligations to the lender and, while typically the limitation is expressed as a dollar amount, a limited guaranty can also be limited to certain loans or facilities, but not others of a borrower. Alternatively, the guaranty may fall away if a target financial goal is met, such as a reduction of a leverage ratio to a specified level. For example, a lender is comfortable that it has adequate collateral coverage for a formula-based revolving credit facility, but not for a term loan that is secured by outdated equipment or intangible assets that are not easily sold in connection with a foreclosure.

All parties to a transaction should take care in the drafting of a limitation to ensure it properly reflects their understanding and expectations. From the lender's standpoint, the limitation should be drafted in such a way that it cannot be misinterpreted so that the guarantor is not unintentionally or prematurely released from some or all of his liability under the guaranty. For instance, a limited guaranty may provide that the guarantor's liability thereunder is capped at $1,000,000 on a $5,000,000 revolving credit facility. If the borrower and the lender agree to reduce the revolving credit facility from $5,000,000 to $4,000,000, the guarantor may argue that his or her guaranty has effectively been released because the facility was reduced by the amount of the guaranty. To avoid such an argument, the lender would want to expressly provide that the guaranty would remain in full force and effect, notwithstanding such facility reduction.

Where the limitation in a limited guaranty is expressed as a dollar amount, such limitation should not apply to interest or costs of enforcement of the guaranty. If the guarantor will bear the full costs of enforcement and interest accruing on the guaranteed amount, he or she will be more likely to pay the guaranteed amount quickly and, if there are delays in the guarantors' payment, the lender will be compensated for such delay.

Even in states that have not enacted community property laws, a lender must still be careful to confirm that a guarantor owns the property that the lender believes he or she owns to ensure that the lender can pursue such assets if it ever needs to enforce the guaranty.

When a full or limited guaranty is not obtainable, or in situations where sufficient collateral exists to support all of the borrower's obligations to a lender, the lender may determine that it wants to incentivize key people at the borrower, whether owners or other personnel, to provide accurate information or assistance to the lender if the lender must enforce remedies to realize on its collateral. In such a situation, a lender could require these individuals to enter into validity guaranties. The validity guaranty typically does not provide assurances that a loan will be repaid, but rather is intended to provide assurances regarding specific representations, warranties and covenants in the underlying credit facility loan agreement. Representations and warranties typically covered in a validity guaranty include representations and warranties as to accuracy of reporting and records and eligibility, genuineness and validity of accounts receivable and other collateral. Covenants include a borrower's agreements to payment of collections over to the lender and to not misapply or misdirect funds. If a validity guarantor breaches her validity guaranty, she will be liable for damages resulting from such breach; however, if no there is no violation by such guarantor, then a lender cannot pursue damages against this guarantor. This lack of absolute liability for all or a portion of the borrower's obligations can make a validity guaranty more palatable for a guarantor, while still providing some assurance to the lender that it can rely on the information it is receiving as it administers the credit facility.

Potential Issues with Personal Guaranties

Of importance to lenders is that historically, courts have been sympathetic to guarantors and, over time, several guarantor defenses to payment on guaranties have been recognized. These include legal deficiencies of the guaranty itself, such as a lack of consideration or termination or revocation of the guaranty, as well as defenses arising out of a failure to provide notices of certain events, material changes in the underlying transaction, releases of collateral or other guarantors, and a failure to first pursue remedies against a borrower before attempting to recover from the guarantor. While most well-drafted guaranties contain waivers and provisions that attempt to address these issues, there is still a risk that a court will listen when a guarantor asserts the aforementioned guarantor types of defenses or deficiency in the guaranty, particularly where the guarantor is not sophisticated or involved in the borrower's business.

As a result, best practices recommend that guarantor agreements be reviewed whenever there is a change in a loan agreement, or periodically even in the absence of amendments or modifications of loan documentation, to ensure that no circumstances have arisen that could jeopardize the guaranty. To mitigate risks associated with these defenses, and to supplement the waivers and protections in a guaranty, a lender should require that the guarantor consent to any material events relating to the underlying loan, such as amendments of terms, extensions, waivers, releases of guarantors and collateral and other material events, and that the guarantor reaffirm its obligations under his or her guaranty as a condition to the effectiveness of any such occurrence.

Community Property Laws

Currently, nine states have community property laws. These include Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin. In these states, assets that were acquired by either spouse during a marriage are considered to be community property of both spouses. Unless the lender obtains a guaranty from both spouses, it will likely not have recourse to reach such community property if it enforces the guaranty of one spouse. To avoid this outcome, when a lender wants to obtain a guaranty from a married person who lives in a community property state, the lender should also obtain a guaranty from that person's spouse. Note that a guarantor should not rely on a choice of law provision in a guaranty to circumvent community property statutes. A choice of law analysis usually involves, among other things, a determination as to whether giving effect to a choice of law provision in a contract is consistent with the public policy of the state in which enforcement of the contract is sought. Where a state has enacted community property statutes, it could be argued that giving effect to a choice of law provision where the chosen state has not adopted community property statutes frustrates the public policy of the community property state and, as such, the choice of law would not be respected by a court. Also, a guarantor may have residences in more than one state, one of which is a community property state. If this is the case, then the lender should take the cautious approach of assuming that community property laws apply and structure the guarantees accordingly.

Particular care should be taken where a spouse provides a guaranty. The spouse may have little or no involvement in the borrower's business, and likewise may not have his or her own legal representation. These are factors that a court may consider in giving full effect to the waivers in a guaranty.

Due Diligence Failure

Even in states that have not enacted community property laws, a lender must still be careful to confirm that a guarantor owns the property that the lender believes he or she owns to ensure that the lender can pursue such assets if it ever needs to enforce the guaranty. It is very common, for instance, for homes and other property to be held jointly by both spouses, and a lender likely would not have access to any such jointly held property following guaranty enforcement. Other assets, such as bank accounts and investment accounts, may be held in trust instead of by the guarantor, and would therefore be outside the reach of the guarantor's creditors. Finally, assets may be owned by the guarantor but subject to liens or other encumbrances. If a lender is going to rely on a personal guaranty, then it should obtain a personal financial statement from the guarantor to ensure that the guarantor could perform on the guaranty, and then confirm that the assets listed on the financial statement are in fact owned outright by the guarantor and are not encumbered. The lender should require updated financial statements during the life of the loan and may also want to consider including covenants requiring guarantors to maintain assets in the personal guaranty.

Fraud/Electronic Signature

Particularly where individual guarantors are involved, there is a risk of fraud. In today's environment, it is common for transactions to be documented and closed almost entirely via email and telephone, with the parties rarely coming into personal contact. This is especially true for counsel to the borrower and the lender. Transaction closings rarely occur in-person, particularly with the COVID pandemic. Instead, transactions are closed based upon scanned copies of executed documents or other electronic methods. While this can be convenient and cost-effective, it also creates a heightened opportunity for fraud using forged signatures. This is a particular problem when a guaranty is required to be provided by someone who is not involved in the day-to-day operations of the borrower, such as a spouse. The best way to mitigate such a forgery risk is to arrange for the closing to be in person and require that each guarantor attend the closing and execute his or her guaranty in front of a representative of the lender. Other mitigants include a requirement that guarantor signatures be notarized and/or witnessed by a person who does not have an interest in the transaction.

Conclusion

In summary, guarantees present special challenges and awareness to lenders. A lender should be aware of the potential issues associated with guaranties and ensure that its closing and administrative procedures take these risks into account and mitigate them. Personal guaranties or any other guaranty associated with a loan facility should be reviewed regularly as part of a lender's portfolio management practice. Best practices of reviewing company ownership, requiring signatures of guarantors verified in some manner, obtaining personal financial statements for guarantors at closing and thereafter during the life of the loan, and requiring reaffirmation of guarantors in loan documentation, among other practices, is recommended for both lenders and guarantors.

Matt Roberts is a partner in the Finance and Restructuring Practice Group at Troutman Pepper Hamilton Samders LLP, and practices in the areas of lending, structured finance, and project finance. He has a broad range of experience in representing clients in finance transactions, including asset-based credit facilities, project finance debt facilities, debt sale transactions, workouts and restructurings, letter of credit facilities, and receivables finance transactions.

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2021

SFNet's 2021 Hall of Fame

On the following pages, we honor the industry icons who have been inducted into the 2021 SFNet Inaugural Hall of Fame. We all owe a debt of gratitude to these leaders. Although they represent the industry during various periods of time, they all made critical contributions to secured finance and deserve our appreciation for making the industry and our association what it is today. As you read their profiles, you will be struck by the immense talent, hard work and creativity the inductees have expended not only for the good of their respective businesses, but in order to better the industry as a whole. The following profiles are a testament to the ingenuity and vision not only of the pioneers who are long gone, but those who are leading our industry today.

SFNet's 2021 Hall of Fame

BARRY BOBROW
Wells Fargo
Commercial Capital

Barry Bobrow, managing director, is the head of Loan Sales & Syndications for Wells Fargo Commercial Capital. In this position he manages a team that is responsible for all loan syndication activity within Wells Fargo's Capital Finance, Global Receivables and Trade Finance and Distribution Finance groups. Wells Fargo Commercial Capital is a market leader in asset-based lending in the US, Canada and the UK, and is a leader in supply chain financings around the world.

Bobrow has been with Wells Fargo since 2004. Prior to that, he was a managing director at Banc of America Securities for more than 18 years, where his assignments included team leader for middle-market leveraged finance, head of European loan syndication, and syndicate manager for asset-based lending. Bobrow writes and presents frequently on trends in the loan market, and is a past member of the Board of Directors of the Loan Syndication and Trading Association (LSTA). He is currently a member of the Management Committee of the Secured Finance Network, the primary trade association for asset-based lending. A native of Michigan, Bobrow holds an MBA and a BA in economics, both from the University of Michigan. He is based in Charlotte, North Carolina. He is an avid runner and tennis player, and has traveled extensively around the world, including trips to South America, Africa, Asia, the Middle East and Antarctica.

How did you get your start in the industry?

I first became involved with asset-based lending while working for Continental Illinois National Bank and Trust Company in Chicago, which was acquired by Bank of America in 1984. Early in my career I intentionally pursued an opportunity to move from commercial banking to asset-based lending because it appeared to me that the people in asset-based lending were always working on interesting and challenging transactions. One of my early mentors told me that deal experience was one of the keys to a successful career in banking, and asset-based lending looked like a great way to achieve that. While I certainly earned more than I ever expected in terms of deal experience, the main benefit of my first job was a deep appreciation for the importance of credit skills as the foundation of a banking career. What I learned from that first job in asset-based lending has served me well over the past 35-plus years.

Early on in my work at Continental Bank, I became involved in loan syndication, both for asset-based and leveraged cashflow loans. The combination of asset-based lending and capital markets has been the skillset that has defined much of my career. I'm proud of the role I've played in the growth and increased sophistication of the asset-based syndication market over time. That growth has enabled the expansion of the overall asset-based market, which today plays an important role in the M&A and leveraged debt markets.

I am incredibly honored to be invited to join the Secured Finance Network Hall of Fame. What I most appreciate about this distinction is that honorees are selected by many of the people I have worked with over the last 35 years. To be selected by this group demonstrates the depth of the personal and professional relationships I have made throughout my career, and lets me know that my work has been valued by those with whom I worked so closely.

What role has SFNet played in your career?

SFNet has also played an important role in my career. From my earliest days in Chicago, I have benefited from the networking and educational opportunities SFNet provides. Getting involved in the governance of the organization has given me a chance to help shape the direction of the industry, while working closely with some of the smartest and most successful people in financial services. Most importantly, beginning in 2009, SFNet provided the resources and encouragement that enabled me to create and develop the Asset-Based Capital Conference (ABCC). The focus of ABCC on the intersection between asset-based lending and the broader capital markets has allowed it to become one of the most unique and important events in the middle-market leveraged-lending market.

For me, the most important benefit of my involvement with SFNet has been the way that it fosters relationships across the industry. I've always appreciated how people in the asset-based lending industry support each other as our various institutions evolve through both good and challenging times. The camaraderie we enjoy has always differentiated this industry and, when I think about why I've stayed involved with it for so long, I always come back to the qualities of the people I get to work with – smart, hard-working, honest, maybe a little eccentric, but always passionate, earnest, thoughtful and loyal. There's something else about asset-based lenders – we believe that it's important to be part of something bigger than ourselves – bigger than just our day-to-day jobs. SFNet has provided me with support and opportunity throughout my career, and I'm very proud to be recognized for my role in the industry.

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Wells Fargo proudly congratulates our own **Barry Bobrow, Managing Director, Head of Loan Sales & Syndications, Wells Fargo Capital Finance, for being named as a 2021 inductee into the SFNet Hall of Fame.**

Barry Bobrow

Managing Director, Head of Loan Sales & Syndications Wells Fargo Capital Finance

Barry Bobrow's career includes 35+ years focused on asset-based lending, including 17 years with Wells Fargo. Across his career, Barry is most proud of his role in the development and expansion of asset-based lending through syndication, and the increased prominence that asset-based lending has assumed in the M&A and leveraged debt markets.

Barry credits SFNet for providing extensive networking and educational opportunities, and is honored to be inducted into the Hall of Fame. Says Barry, "To be selected by my industry peers demonstrates the depth of the personal and professional relationships that I have developed throughout my career, and validates that my work has been valued by those with whom I have worked closely."

"My colleagues and I are excited to congratulate Barry on his induction into the Hall of Fame. We are proud of the many contributions Barry has made to our clients, colleagues, and industry."

-David Marks
Head of Wells Fargo Commercial Capital

SFNet's 2021 Hall of Fame

■ **DONALD CLARKE**
Asset Based Lending Consultants

Donald Clarke, president of the Asset Based Lending Company Group (ABLC) and Don Clarke Enterprises (DCE), vaunts nearly 40 years of experience in commercial lending and leasing, asset-based lending, quality of earnings certification, and Fortune 500 corporate lending continuing education. Clarke, a 1972 graduate of the City University of New York, began his career with Bankers Trust Co. (NY) and Bank of New York (NY)

Recognized as one of the premiere experts in the field of asset-based lending disciplines, Clarke was interviewed and quoted by the Wall Street Journal. He also authored the first textbook on asset-based lending titled Asset Based Lending Disciplines, which covers the field examinations, operations, and accounts manager functions.

Clarke is a world-renowned scholar and teacher on the disciplines of asset-based lending. With over 30 years of instructional experience, he is currently serving as a senior instructor with the Secured Finance Network (SFNet) and was named Education Committee chair for the SFNet's 2020-2021 Executive Board. Clarke is the 2019 recipient of SFNet's prestigious Harry H. Chen Memorial Award of Excellence. Cumulatively, Clarke has taught over 5,000 students internationally on the disciplines of secured lending. He has also conducted seminars extensively in England, Australia, Puerto Rico and Ireland for major financial institutions.

What advice would you offer to someone just starting out in the industry?

The ABL space is the ideal place for young aspiring bankers/lenders to hone their skills and build lasting careers. You are constantly learning in an ever-changing environment. There is never a dull moment! When you are a generalist, you have the opportunity to look at the books and records of a myriad of companies across all spectrums of the global economy. The information you learn in this field is invaluable and will last for a lifetime.

What are some of the most memorable moments of your career?

There are many gratifying and memorable moments for me. On the field examination side, finding a potential fraud that prevents my customer/lender from sustaining a loan loss. This is one of the main reasons why I built my career on field examinations. Helping the lender navigate credit risk pitfalls is very gratifying to me. On the teaching side, following the careers of my students who rise to great heights in the ABL space, with some even becoming presidents of banks.

What role did SFNet play in your career development?

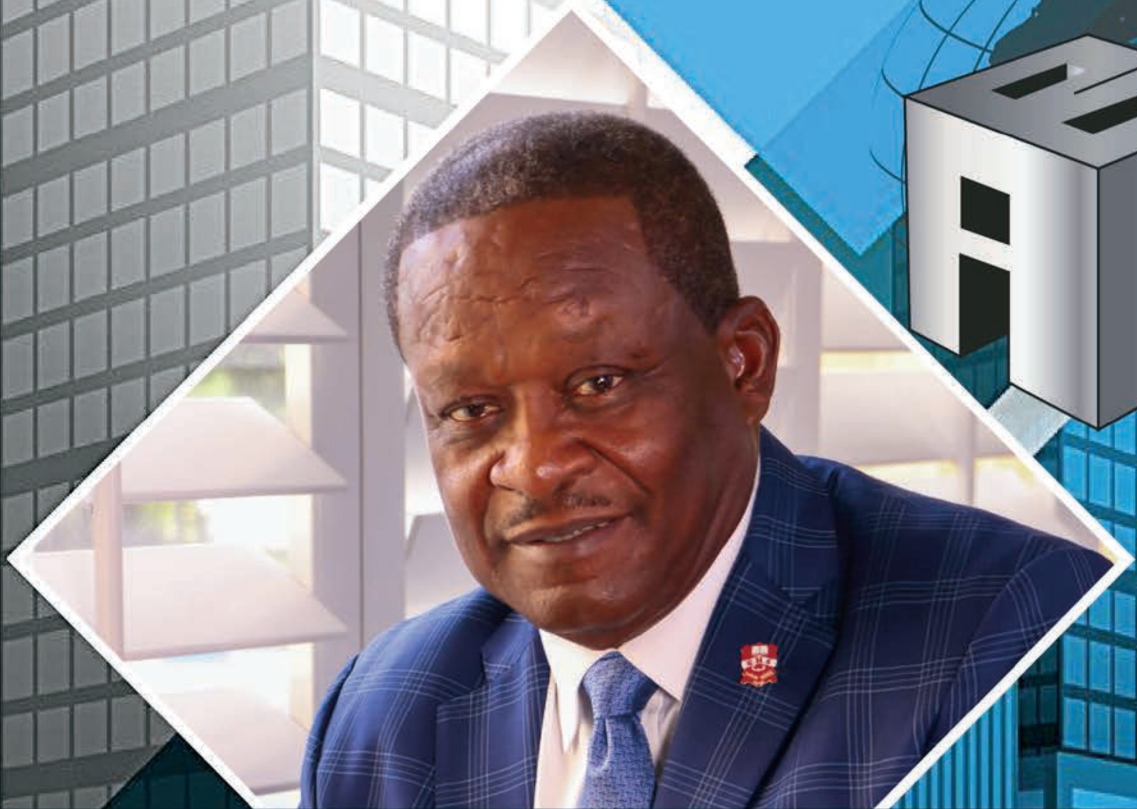
The CFA, now the SFNet, has played a pivotal role in the advancement of my career by providing me a platform to mentor and train the next generation. It also co-published my book *Asset-Based Lending Disciplines*, which is now hailed and used globally for training in the ABL space. SFNet has also allowed me the opportunity to head its Education Committee for the last two years, allowing me to help build curriculum and train/mentor aspiring instructors.

How did you get your start in the industry?

I started in 1972 at Bankers Trust, New York City in the accounts receivable department as a junior field examiner at the tender age of 21. I was recruited away to work at Bank of New York in 1974, followed by careers at Walter Heller Financial in Miami, Florida, before heading to Southeast Bank's Leasing portfolio as chief credit officer and chief operations officer. From there, I started Asset Based Lending Consultants in 1986 and Don Clarke Enterprise and Seminars in 1988, and the rest has been a historical journey and has gotten me to this point.

SFNET'S

HALL OF FAME



CONGRATULATIONS

TO OUR PRESIDENT AND CEO, DONALD CLARKE SR. ON BEING BESTOWED A LIFETIME ACHIEVEMENT AWARD AND BEING INDUCTED INTO THE SFNET HALLOF FAME. YOU HAVE BEEN A PIONEER IN THE FINANCE AND ASSET BASED LENDING INDUSTRY, TEACHING AND GUIDING THOUSANDS OF PEOPLE IN THE INDUSTRY, ALL OVER THE WORLD. THANKS TO YOUR CREATIVITY, INNOVATION, DEDICATION, AND COMMITMENT, YOU HAVE MOTIVATED AND REVOLUTIONIZED THE MINDS OF EVERYONE YOU HAVE ENCOUNTERED. THIS HONOR IS WELL DESERVED AND YOUR ABLC FAMILY, ALONG WITH COUNTLESS AMOUNT OF PEOPLE AROUND THE WORLD, CONGRATULATE YOU ON THIS PRESTIGIOUS LIFETIME ACHIEVEMENT AWARD AND YOUR INDUCTION INTO THE SFNET'S HALL OF FAME."

Contact us: www.ablc.net info@ablc.net 1-954-962-0099

SFNet's 2021 Hall of Fame

TED ETTERSHANK
Lloyds TSB Commercial Finance

Ted Ettershank served as managing director of Lloyds TSB Commercial Finance Limited for 20 years. Over the years, he built up from small beginnings to a great team of people at all levels, eventually employing over 1,000 people.

The team was constructed on a platform of being market-leading with a high level of customer satisfaction and excellent profitable returns.

Ettershank was also a managing director for Bank of Ireland Commercial Finance Limited in Dublin from 1976 to 1987. He was responsible for opening the related businesses for the company in Belfast and London.

Ettershank is a great believer in working in partnership with industry associations, becoming one of the founding members and the first president of the then-Commercial Finance of Europe in the early nineties. He was also chairman for the ABFA (UK) twice and Global International Factors Group (now merged with FCI) in which he received a Lifetime Achievement Award from both associations. Ettershank retired in 2008 and still occasionally acts as a board advisor.

How did you get your start in the industry? What are some of the most memorable moments of your career?

As managing director of TSB Commercial Finance Ltd. and following the merger with Lloyds in 2000, I was told that I would be taking over the running of their invoice finance business which included the sizeable Alex Lawrie Factors Ltd. The most memorable moment of this was talking to Alex Lawrie Factors' management and staff members and telling them I started within their company in 1968 as a managing trainee and was delighted to be back after all those years as their managing director.

Another memorable moment in the industry was when I was told at the age of 26 by the MD of Alex Lawrie that he would like me to go to Dublin as jointed MD of their factoring subsidiary. This was a small company which the team and I turned around in a difficult economic environment. This company was then acquired by Bank of Ireland and I was asked to stay on by them as MD, a position I was very happy to accept. This position led to me residing in Dublin up until 1988, getting married to an Irish wife, Elizabeth O'Connor, and having two wonderful Irish children, Mark and Zoe.

One more memorable moment, which had a big influence on my career, was the two weeks I spent on secondment in mid-1980s for the First National Bank of Boston. There I learned the importance of asset-based lending, including invoice discounting in the SME and large business sector. I used this knowledge to my advantage when I returned to the UK as managing director for TSB Commercial Finance, as it was the main focus of our business and our success in an unexploited UK market.

Over the years I've been privileged to work with industry associations and got to know a number of people from around the world, attending many memorable conferences. A few come to mind: the Secured Finance Network (SFNet) Convention in San Diego where the remaining members of the Beach Boys (not sure how many!) played at the final dinner. Also going to places like the Taj Mahal in India while attending the IFG Conference in Delhi, launching CFA Europe in London, which was a very prestigious affair, and the ABFA Conference in Sicily, etc.

I am a great believer in people at all levels within the organization as they are all very important. While running Lloyds TSB Commercial Finance Ltd. post-2000, I was responsible for organizing the annual Big Picture Show at three hotel locations in which all my employees were invited for a presentation by myself and a big thank you, followed by dinner and a Christmas party.

An external industry memory at the turn of the century: I was a volunteer for the Duke of Edinburgh Award in the UK. My role was to secure financial contributions from corporate bodies including accountants, businesses, etc. In this role, I co-hosted a small number of lunches at Buckingham Palace. It was a very memorable, rewarding and worthwhile experience, not only for me but also for my invited guests.

I also have very fond memories of the IF Group and attending the conference in St Petersburg in 2008 with my wife when, to my surprise I received a Lifetime Achievement Award at the event.

SFNet's 2021 Hall of Fame

■ **JOHN FOX**
Capital Foundry
Funding, LLC

John Fox has served as chief executive officer of Forest Capital LLC and Rockland Credit Finance LLC. He started his career in banking in the UK and has been involved in commercial finance since 1970, both in the UK and USA. He has worked for major institutions and privately owned-finance companies. Fox has purchased and sold a variety of businesses. Before joining Capital Foundry, he developed both Rockland Credit and Forest Capital into preeminent companies in their fields and areas of expertise.

Fox has a Ph.D from the University of Cambridge in mathematics as well as B.A., M.A. and M.B.A degrees from Cambridge. He has performed post-graduate work at Cambridge and London Universities in mathematical modeling as applied to random numbers. He was commissioned as a pilot in the Royal Air Force.

What advice would you offer to someone just starting out in the industry?

Commercial finance is not just an academic exercise in learning and application. It also embodies an understanding of human nature and the ability to make judgments. So, in the beginning, listen. Listen to your teacher. Develop a rapport with your teacher. Your teacher may not be as well qualified as you academically, but he/she has many years of experience in separating wheat from chaff and knowing a con man/woman when they meet one. Listen to what is being said by your prospective borrower. Don't interrupt, listen. Based on what you hear, you can develop the timing and the direction of the way in which you want the interview to go. Know Your Customer. KYC. Very important. It might appear that this is a simple straightforward absorption of numbers and ratios and percentages. But it isn't. It is all about how you work with a prospect (and hopefully a client) and how they work with you. Finally, remember you cannot have an adversarial relationship. It will never work out satisfactorily and the best advice I have is not to lose the institutional capital you have put at risk. I say risk because there is no reward without risk. It's a matter of conservative judgment.

What are some of the most memorable moments of your career?

Although this might seem like a promo for SFNet, it isn't. I really and truly believe that, without the amount I learned, the friends I made and the advice I received, I would not have been successful, or survived. My first mentor was Walter Einhorn in his Meridian days. He was chairperson of the Philadelphia Chapter of SFNet, and he took me under his wing. He was a tough guy to please and brooked no nonsense, but could not have been more open and sharing with his colleagues. I miss him a lot. Second, not so much a mentor, but a friend and colleague, Don Clarke. We met at the SFNet Annual Convention in Chicago and got on well. He did field reviews and examinations of clients and always told me the truth, warts and all, about my portfolio. Next is Charlie Johnson, one of my heroes. Again, like so many others, Charlie offered advice, corrected my enthusiasm where necessary and was a great guide and leader. Last, but not least, is Peter Schwab. We did a participation together and his experience and knowledge were greatly appreciated, as was his judgment on whether my reach was too risky. Now, I do not want you to think that there weren't many others who shared their experiences, and I would be remiss if I did not mention how much Len Machlis and Bruce Jones looked out for me.

What role did SFNet play in your career development?

SFNet was and still is my career flag-post and whichever way the wind blows, my colleagues, my friends, are always there for me.

SFNet's 2021 Hall of Fame

MICHAEL HADDAD
Sterling National Bank

Michael Haddad serves as the president of the Capital Finance Division for Sterling National Bank. He joined the company from NewStar Business Credit, which was sold by NewStar to Sterling in March 2016. He founded CORE Business Credit in August 2007 and served as its chairman and chief executive officer and then sold Core to NewStar in November 2010. Haddad has more than 35 years of leadership experience in the financial services and banking industry. He has successfully built market share and enhanced profitability at top-tier companies in both independent and regulated environments nationally and internationally on numerous occasions. Previously, Haddad had co-founded Marquette Business Credit in early 2004 where he served as executive vice president. Prior to Marquette, he was president and chief executive officer of Guaranty Business Credit Corporation and its predecessor company, Fidelity Funding Financial Group.

Haddad received his B.A. in political science and accounting, and his M.B.A. from St. John's University in Accounting. He has also served on numerous Boards including SFNet as its past chairman and president.

What advice would you offer to someone just starting out in the industry?

Get a mentor and stay close. Soak up everything you can. I was lucky in having two mentors during my early years at Chemical Bank. I will never forget one of the most valuable pieces of advice I ever received from one of them: "act like the village idiot and you will be surprised by what you learn". Hard advice to follow sometimes, but sage indeed. Also, join a local SFNet chapter and get involved when just starting out. It offers otherwise unavailable networking and the span of knowledge you can access is crucial.

What are some of the most memorable moments of your career?

One I fondly remember (because it was scary and exhilarating at the same time) is walking away from our line bank's office after having just received the first $25MM of a $300MM equity investment to start Core Business Credit. Day one it was me and executive office and $25MM. I thought "now what?" The other few involved the numerous M&A deals which I have been lucky enough to have had a role in.

What role did SFNet play in your career development?

SFNet has played a very important role throughout my career. In the early years the committees, conferences and meetings provided tremendous access for me to industry players and titans. SFNet also gave me "credibility" in those formative years. It also provided training. The most important role SFNet played in my career was providing me the industry data so I could convince PEGs and my line banks that ABL was a great spot to play in, had a low level of losses and would provide reasonable returns. Because of this credibility, I was able to raise billions to start and fund several companies. I can't say enough how important this data is, especially in the "remote" world we are living in now.

How did you get your start in the industry?

I got started in the ABL world entirely by accident. For some this will sound like a weird story, but it's true. I finished my BA at St. John's and went to a recruiter to see what jobs were out there. In those days you paid the recruiter in some cases, so I went home and asked my parents for a $500 loan. After squaring up with the recruiter, he sends me to a company and describes what they do as "something" like a credit card. What do I know? The company was in New York and I met with their EVP who, during the interview, asked me if I knew what they did. I said what the recruiter told me. The EVP said, "Well, that's great; you have no darn idea what we do and luckily for you I was looking for a blank slate." So, I joined a factor called United Merchants & Manufacturers in their credit bullpen. That "accident" led me to 11 years with Chemical and a ton of M&A and a career in ABL.

SFNet's 2021 Hall of Fame

MARK HAFNER
Celtic Capital

Mark Hafner is president and CEO of Celtic Capital. He joined Celtic Capital in 1985, serving as office manager and CFO prior to taking his current position in 1995. With a B.A. in economics from the University of California, Santa Barbara, Hafner began his career as an auditor with Security Pacific Business Credit.

Hafner is an active member of the Secured Finance Network and has served as chairperson of the Convention Program Committee (2001), chairperson of the Membership Committee (2002), chairperson of the Entrepreneurial Finance and Factoring Committee (2003-2004), a member of the Nominating Committee (2002 and 2004) as well as being a director (since 2000) and a member of the Executive Committee from 2002 – 2004. Hafner was on the Management Committee from 2005 through 2010 and served as president in 2009 and chairman in 2010.

He is also an active member of the Commercial Finance Conference of California, Inc. (the Southern California Chapter of SFNet) and served as secretary/treasurer (1997-2000), president (2001-2002) and chairman (2002-2003).

What advice would you offer to someone just starting out in the industry?

To realize that this is an industry in which you never stop learning. There is always something new; something you've never experienced before. Ask questions, read articles in the industry's periodicals, talk to veteran co-workers. Even though it may not be in your specific job description, stay aware of what's going on in the company. Take initiative, don't be shy, and learn from others. Find a mentor in the industry, not necessarily in your company, and learn from that person's experiences. Try different job functions within your organization to find what you like best. Volunteer to work on liquidations as that is the best way to learn the business and learn what you need to watch out for.

What are some of the most memorable moments of your career?

I have been extremely fortunate to work with some great people. I worked for, and with, my father for 20 years, which was personally rewarding as we grew closer than we had been during my childhood. My brother has worked with me for 20 years now, which has also been amazing and, recently my son joined us. We have truly been a family business and that stands out to me. I have great partners in the business that I respect and admire and a terrific staff that consists of really top-notch people.

Unfortunately, the unsuccessful liquidations are also memorable, but I look back on them as learning experiences, as each one taught me something important which led to improvements in the business.

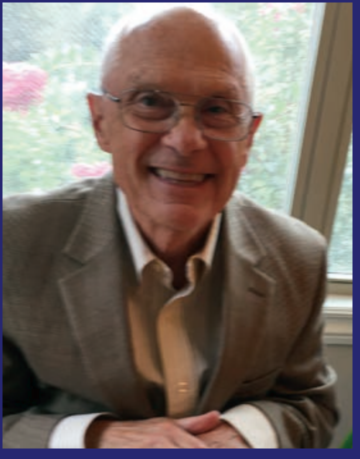
What role did SFNet play in your career development?

Early on, I took some of the education classes offered, which were very helpful in solidifying my knowledge of the business. Attending events, both locally and nationally, introduced me to people who had an impact on my development in the industry. Making contacts at other similar companies around the country enabled me to build a network of people I could call on to discuss challenging situations I've faced along the way. I've made some good friends within the industry, which has made a big impact on me both personally and professionally.

How did you get your start in the industry?

I was fortunate that my father was in the industry since the mid-60s. I worked for him one summer while in college when everything was still paper and pencil. When I graduated, through contacts of my dad, I took a job as an auditor for a bank-owned ABL shop. After barely a year there, in 1985 I joined my dad and have been with Celtic Capital ever since. I have done just about every task within the company along the way, though was never in sales full time. I have managed my sales team for years, however. Being part of a small company, I have been fortunate to wear a lot of different hats over the years which has kept things fun.

SFNet's 2021 Hall of Fame



■ **DAVID KANTES**
Heller Business Credit

Dave Kantes studied the basics of asset-based lending at Duquesne University and progressed to study corporate finance and advanced data analytics via an M.B.A at Seton Hall, subsequently being appointed an Adjunct Finance Professor at both Fordham and Seton Hall. Len Machlis, longtime SFNet executive director, tapped him to help start and instruct at the SFNet Wharton Credit Institute, thereby mentoring and supporting the development of future SFNet leaders. SFNet relationships were instrumental during his entire professional career.

Kantes began his career at Milberg Factors, partner to Chase Bank, to help integrate the acquisition of five formerly independent finance and technology companies. Kantes also applied some of his academic research skills and knowledge to form a Chase LBO Team and grow profitable assets as well as Chase customer relationships. Kantes subsequently followed Bill Gruttemayer from Chase as he became chairman of Talcott, appointed him as president of Talcott Business Credit and to help sell Talcott to Core States Financial. Luckily, former Secured Finance Network (SFNet) chairman Rick Gilbert of CitiCorp Industrial Credit hired him as credit head and "due diligence process Czar." After a major consolidation within CitiCorp, he joined with Lou Rubin to co- found, as COO, the "de-novo" start-up of NatWest Credit. With the later bank consolidation of NatWest, Dave was recruited as president of Heller Business Credit to grow profitable, low-risk assets and enable the IPO of Heller and later sale to GE Capital. Thereafter, and until retiring, Kantes served as a MD and head of credit for NatWest/ Royal Bank of Scotland and Siemens Financial. Kantes continues to be active by lecturing, mentoring and serving as a member of the Duquesne University Investment Council. He also performs "pro bono" investment and advisory work for several private foundations and family office funds.

How did you get your start in the industry?

I started at Milberg Factors, long on academic studies and research, but short on practical experience. My first challenge was to apply then-advanced analytics to automate and document automatic tiered factoring credit approvals. When Milberg innovated eight private-label joint ventures for ABL financing for selected banks, I was the "point person" that traveled and delivered their value proposition. I then followed a Milberg partner to Chase Bank to help integrate the acquisition and consolidation of five formerly independent finance and technology firms. I was asked by Chase to refine its data analytics segmentation skills to start an LBO/ Equity Sponsor coverage team. Subsequently, my career evolved, but the learned basics and ABL "best practices" served me well, advancing my career development, and taught me to innovate, adapt and add value— to team partners, the firm served and the productivity of the capital employed. I learned at multiple SFNet member organizations that to be successful the individual and firm must, in a sustainable manner, originate, audit, underwrite, risk assess, and portfolio manage challenging loans and customer relationships in an ever-changing macro environment. I encourage all SFNet members and their valued team members to attend and access the many excellent functional SFNet courses and volunteer to serve in any way possible.

What role did SFNet play in your career?

Unique for a trade association, the SFNet gives one the opportunity to network, build lifetime durable relationships and learn how to effectively follow and lead in a team-oriented structure. Whether through SFNet regional chapters, serving on SFNet committees or contributing time and resources to Foundation training courses and programs, any individual can accomplish their unique career advancement and personal development. Those who have chosen to serve in SFNet leadership roles can attest to the value added to their firms, team members and their personal proven skills inventory. Relationships developed via the SFNet accorded me the visibility, recognition and motivation that ultimately led to president, CEO, CRO and co-founding level positions.

Today, the SFNet has invested resources and adapted to the realities of the global pandemic and the limits to physical travel by innovating remote online courses to complement the more traditional face-to- face geographical delivery. Likewise, SFNet Regional Chapters foster local networking, knowledge and learning and the uniqueness of regional specialties and culture.

SFNet's 2021 Hall of Fame

THEODORE L. KOENIG
Monroe Capital LLC

Theodore L. Koenig is president, CEO and founder of Monroe Capital LLC. Mr. Koenig also serves as the chairman, president and CEO of Monroe Capital Corporation (NASDAQ: MRCC), a publicly traded business development company (BDC); and as chairman, director and CEO of Monroe Capital Income Plus Corporation. He also serves as chairman, CEO and a director of MCAP Acquisition Corporation (NASDAQ: MACQU), a special-purpose acquisition corporation. Koenig has over 30 years of experience in structuring, negotiating and closing transactions on behalf of asset-based lenders, commercial finance companies, financial institutions and private equity investors. Prior to Monroe, Koenig was president and CEO of Hilco Capital LP, a junior secured/mezzanine debt fund established in 2000. Koenig spent the previous 13 years at the Chicago-based law firm of Holleb & Coff as partner and co-chair of the firm's Corporate Law, Mergers & Acquisitions and Business Finance groups. He is a graduate of the Kelley School of Business at Indiana University (B.S.) in accounting with high honors and Chicago-Kent College of Law (J.D.) with honors.

What advice would you offer to someone just starting out in the industry?

Focus on the small details. The asset-based lending industry is premised on the assumption of collateral existing and having value. This is not a big picture industry or business. Very often, people new to the industry do not fully understand the need for verification and valuation. Taking a loan loss early in one's career due to inaccurate reporting or a lack of attention to detail such as inventory counts is a painful way to learn this lesson.

What are some of the most memorable moments of your career?

Creating long-term and lasting business relationships and friendships with those in the industry. Once people develop an expertise and experience in asset-based lending, they tend to stay in the industry and build long-term careers. Through those long-term careers, friendships and special relationships are built with co-workers and competitors alike. One day you may be competing with someone head-to-head, and the next day you could very easily end up working for them. It happens often, in fact. That dynamic creates a sense of cooperation and decency among competing firms. Very few industries share this attribute.

What role did SFNet play in your career development?

Watching, working with, and learning this business from the very best; people like Bill Davis, Larry Marsiello, Pete Schwab, Scott Diehl, Mike Sharkey, and many others who were all leaders of SFNet and its predecessor organization, the CFA. They were the all-stars who brought a level of creativity and thought to a simple and straightforward formula asset-lending business.

Also, I would be remiss if I did not mention the annual SFNet conventions and the related social functions. In the old days, the convention parties were often more fun than the annual business portions of the conventions. That is the reason many people attended these conventions. I would imagine as much thought and time was put into organizing those parties as went into the programming for the speaking portions of the convention.

How did you get your start in the industry?

I started my career as a lawyer representing the industry. My early clients were Foothill, CIT, Congress Financial, LaSalle Bank, American National Bank, FINOVA, Cole Taylor Bank, Bank Boston, Fleet Financial, and other lenders who, like the aforementioned, except for CIT, no longer exist today. Those early days allowed me to work with the leading minds and players in the industry. They taught me how to compete and win deals as well as how to structure transactions in the most thoughtful and creative manner. I used that knowledge and expertise to create and build our firm, Monroe Capital. Today, we use many of the ABL principles of verification and valuation in our private credit business that I learned in my early days of asset-based lending. We like our underwriting team members to have experience and some background in asset-based lending. We think it makes them better and more effective professionals.

SFNet's 2021 Hall of Fame

BERT GOLDBERG
International Factoring Association

Bert Goldberg is the executive director of the International Factoring Association (IFA). Bert founded the IFA in 1998 after a career as a computer programmer. After graduating from California State University, Northridge, in 1978 with a degree in accounting information systems, he went on to work at a medical billing company as a software developer followed by employment at Vandenberg Air Force Base, working on the space shuttle program as a computer programmer. Goldberg then joined Distinctive Solutions, a software firm catering to the asset-based lending and factoring industry. While working at Distinctive Solutions, he earned his M.B.A. from California Polytechnic State University, San Luis Obispo.

Goldberg commented on how he first got involved with the factoring industry: "I took a year off from Distinctive Solutions in 1984 to travel around the world backpacking. It was a great experience. I then returned to Distinctive where I became a vice president and, eventually, president. It was at Distinctive that I attended my first SFNet (then CFA) Convention 40 years ago. We were one of the first exhibitors, actually. When I became president of Distinctive Solutions, I started user group meetings for our software users. Since I was a computer programmer, public speaking was not something I enjoyed. For our first meeting, I brought in speakers to cut down on my speaking time. The speakers at our first conference were Bob Zadek, Esq. who spoke about legal issues and Bob Weisberg who spoke about medical factoring. The outside speakers became so popular that we had non-users wanting to attend our user group meeting. I created the International Factoring Association and promoted our events under that name so that I could have non-software users attend our meetings.

"When Distinctive was sold to 3iInfotech, I was launched into a career as a full-time association executive director and never looked back. We now have nearly 500 members and our conferences draw 800-900 attendees."

In 2009, during the recession, IFA's members were facing several legislative challenges, according to Goldberg. "So I created the American Factoring Association, our advocacy arm. The AFA is a 501(c)6 nonprofit. Allen Frederic was the president from the inception until last year, when Cole Harmonson of Dare Capital took over."

Goldberg summed up why he enjoys what he does with one word: "fun." "I love what I do. I love the people I have gotten to know over the years, and I truly have fun running IFA. The events we put on and the other events we attend are truly enjoyable." Goldberg has made a concerted effort of trying to work with other organizations, such as the SFNet, to try to eliminate competition and create a symbiotic relationship between the two groups. "Factors are a special group of people. They exist to help small businesses not only survive, but to grow, and that's pretty special. I'm proud to have worked alongside so many good people for so many years," he said.

Goldberg went on to say: "If you compare running an association to computer programming, I get much more satisfaction from IFA. I like that there are set projects, such as events, that are done when they are done. You then move on to the next project. With programming, there are bugs, upgrades, etc. that must be dealt with on an ongoing basis."

When asked about the significant changes he has seen in the factoring industry over the years, Goldberg said, "The growth of the industry has been impressive. Despite significant M&A, there are constantly new factoring organizations being launched. Also, factoring has become a more mainstream, accepted form of capital."

In 2012, Goldberg was paralyzed from the waist down in a kite-surfing accident. He continued to run the IFA from bed during the first year of hospitalization and rehabilitation, and was able to return to his position full time after a year of hospitalization and rehabilitation. He credits his wife, Cheryl, and daughter, Maleah, for getting him through his recovery. He is currently battling pancreatic cancer, which has forced him to take a step back from his role at IFA. "I have no regrets," said Goldberg. "I've enjoyed my time as founder and head of the IFA and have especially enjoyed the people I've worked with over the years, all of which I've come to call true friends."

SFNet's 2021 Hall of Fame

■ **WILLIAM A. KOSIS**
PNC Business Credit

William A. Kosis is chief executive officer of PNC Business Credit.

Kosis joined PNC Business Credit as its chief executive officer at its inception in 1997, and under his leadership, the business has experienced nearly 25 years of steady growth. Previously, Kosis managed the Bank of New York Middle Market Northern Team and started and managed the bank's Middle Market Connecticut division. He later served as president and chief executive officer of IBJ Schroder Business Credit. Kosis launched the asset-based lending division of IBJ Schroder Bank & Trust and established the group's well-respected national industry presence. He began his career in the management training program at G.E. Capital.

Kosis earned his Bachelor degree from Penn State University and his M.B.A from the University of Connecticut. He also completed post-graduate work at the Graduate School of Credit and Finance at Stanford University.

Kosis is a member of the Secured Finance Network, enjoys yoga and is an avid poker player.

What advice would you offer to someone just starting out in the industry?

Enjoy the various assignments that come your way. Take the time to make friends and develop relationships on every project. Look beyond the task at hand. If you aren't having fun, you may be in the wrong field.

Remember what it means to be part of a team. Teams accomplish so much more than individuals. Learn how to stand out, not as an individual, but as a member of an ambitious and productive group. Always respect your colleagues and clients.

Be prepared to persevere through tough situations and overcome adversity. You will experience frightening and trying stretches in your career, but don't let them deter you. Take responsibility and ownership of these challenges and be persistent in your efforts to work through them. The most difficult situations, while daunting, can present great opportunities to learn and grow.

Have a plan for each stage of your career. Develop a vision for where you'll be in three, four or five years. Think about how you'll get there, what kind of mentorship you'll need and what skills you should learn. Stay confident. Don't be afraid to move outside of your comfort zone to pursue significant opportunities for career advancement.

What are some of the most memorable moments of your career?

This question could take days to answer, as there have been so many memorable moments over my 40-plus-year career. Some of my best memories are of the great times I've had with colleagues, mentors, clients and competitors and the relationships I've been privileged to form over years of meetings, dinners, outings and other events. Some of these relationships go back many years – particularly with my second family here at PNC – while others are just beginning.

The work we've done at PNC Business Credit over the last 25 years also is the source of many proud memories. The business has grown from four offices with few employees to an organization with 600-plus employees and a presence in every major U.S. city and region. We've added several specialty lending groups with products designed to complement PNC Business Credit's asset-based lending capabilities. I look back fondly at the early days and am excited to think about what's to come.

What role did SFNet play in your career development?

SFNet has given me many opportunities to meet and understand my direct competitors, whom I greatly respect. Serving as a panelist for past SFNet programs and events provided me with opportunities to give back to the industry. The organization has been a great resource for keeping up with training opportunities and industry developments, as well as forging decades-long relationships.

How did you get your start in the industry?

I began my career in the management training program at G.E. Capital in 1978, where I received the education and support needed to launch a successful career in this industry. In 1983, I joined Bank of New York as a marketing officer and team leader in the middle-market lending department. In 1989, I used the skills I had acquired to start the asset-based lending division of IBJ Schroder Bank & Trust and establish the group's well-respected national industry presence. In my early years, I learned that a solid foundation in asset-based lending and willingness to take risks as an entrepreneur served me well throughout my career.

SFNet's 2021 Hall of Fame

■ **KATHLEEN Z. LEPAK**
People's United Bank

Kathleen Lepak is the Asset Based Lending business director for People's United Bank, located in Bridgeport, CT, serving middle-market companies throughout the Northeast since 2011. Along with her team, she also established a national Lender Finance business for the bank in 2019, managed in ABL.

Before joining People's United, Lepak held sales management positions with Wells Fargo Bank and GE Capital, where she built sales and marketing organizations focused on providing ABL financing for target markets on the East Coast. As the business head for Citigroup's Asset Based Finance team, she founded a national 'de novo' group covering Citi's middle-market and mid-corporate clients.

Complementing her experience in banking, Lepak began her career with a small cap commercial finance company specializing in applying developing technology to risk management. Later, she assisted in a capital raise and re-launch of the successor to that company. Lepak holds undergraduate and graduate degrees from the University of Connecticut and Trinity College. She lives in Farmington, CT with her husband, Peter, and enjoys spending time with her children and her granddaughter.

What advice would you offer to someone just starting out in the industry?

It is a privilege to have the opportunity to provide working capital support to companies that are either growing or are in transition – it is the best way to learn how business works. So, enjoy the journey. Start with the basics, develop strong credit and technical skills – take the time to understand the business cycle and factors that influence outcomes. Listen to the more senior professionals in your firm, as well as your clients, and always ask questions – every one is relevant. Be intellectually curious and don't settle for answers or outcomes that are not clear to you. Cultivate good communications skills. Value the people you meet throughout your career – build a robust, relevant and updated contact list. This will help you develop and maintain real time knowledge of your market and will ensure your success. And lastly, as best you can, in a dynamic and ever-evolving world, do what you say you will do. Credibility is everything.

What role did SFNet play in your career development?

SFNet has been a critical part of the growth and development of my career. It is truly a community of the best and the brightest in our industry, open and willing to offer encouragement, to share experiences, and to provide guidance. The ability to connect with our community through networking continues to enrich my career. Access to education has always been key, especially for our newer professionals. Content mined from industry talent and delivered efficiently is a game changer for many people just starting out in their careers – our teams have taken full advantage of courses in multiple disciplines. Advocacy is so important – as a voice for our community, and as a conduit for the legal framework changes that affect our industry. As I watch the organization evolve to expand its impact on the broader industry, to be more inclusive, and to thrive in a time of deep change, I am grateful to have the opportunity to be a part of SFNet.

How did you get your start in the industry?

Initially, I had no intention of setting out on a business career – I wanted to teach. However, I took an entry-level job with a local small-cap commercial finance company to "pay the bills" as I was completing a master's degree in English, with the intent to go on to a Ph.D program. As time passed, I found that I truly enjoyed working with smaller companies to provide them with the working capital necessary to thrive. I loved learning "how things were made," and I appreciated the risks people took to do what they loved. The stories our customers shared – their successes and their struggles – shaped my view of the world, and my place in it. I felt relevant, curious to know more. So, I stayed in the ABL business, and never looked back. The path has been fulfilling as it has unfolded over the years. I am fortunate to have had "boots on the ground" experience with smart people in the market and an impressive financial community to rely on to mold my skillset. I continue to learn every day.

There's Only One Thing That's Unique About Kate Lepak.

Everything.

Congratulations to our own Kate Lepak, SVP, Asset Based Lending for recently being inducted into the Secured Finance Network's Hall of Fame.

Kate was among the first to champion women in commercial finance and led numerous events to support and highlight the importance women play in the industry.

As an industry leader, Kate consistently demonstrates unyielding commitment to her clients, to the community and to her team.

There's only one Kate Lepak, and we couldn't be more proud to have her leading our Asset-Based Lending team.

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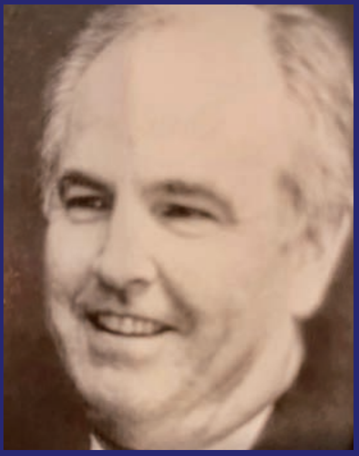

RICHARD MADRESH
Bank of America
Business Credit

Richard Madresh spent 32 years in the asset-based lending industry, retiring in 2000. In 1968 he graduated from Northeastern with a major in accounting and had begun working at GE, when he was drafted for the Vietnam War. By a fortunate set of circumstances, he spent his Army career in the admissions office for the West Point Preparatory School in Ft. Belvoir, Virginia. While in the Army, he attended graduate school at George Washington University and later earned his M.B.A. Madresh began his career at GE Credit and moved on to become chairman and president of BankAmerica Business Credit. He is a past chairman and president of the Secured Finance Network. After retiring, Madresh became the assistant tennis coach at his daughter's high school, as his daughter was the captain. He now lives in New Jersey and is enjoying being close to his four-year-old granddaughter. Madresh has been happily married for 53 years to his wife, Barbara.

Please tell us how you got your start in the industry:

I started with GE as part of a study-and-work program at Northeastern University in Boston. I went to school six months of each year. I graduated after five years and already had two-and-a-half years of business experience.

While in the Army, I attended George Washington University and graduated in 1972 with an MBA in finance. After the Army, I went back to work for GE on the internal audit staff and after three years rose to manager of the staff that audits GECC's commercial finance clients. GE had just entered the asset-based lending business and had a $50-million portfolio, which at that point was considered big time. I had the opportunity to work with entrepreneurs being financed and I loved it. I didn't like accounting for a career. It was a natural progression moving into GE Credit, when I headed the audit staff for the commercial finance unit.

My introduction to asset-based lending came at GE Credit (which later became GE Capital), the lending arm of GE, where I developed an audit program for GE Credit customers.

The average loan level was about $1 million, but I saw it as a major industry. I loved the business and wanted to get into the middle of it, rather than just keep score for somebody else.

I moved ahead and in 1977 I was running the East Coast for GE Credit's commercial finance unit. Later, I headed its Acquisition Funding operation.

We were doing LBO loans. They were all secured, but there were some stretches. We were doing loans of $50 million, considered huge in those days. There was only 10 percent equity at best, but the profitability for lenders was good. In all, I spent over 16 years with GE.

In 1983, I went to Security Pacific Business Credit on the East Coast. Two years earlier, Security Pacific had purchased A.J. Armstrong for over $100 million, but the Armstrong portfolio was declining and needed help. Security Pacific came to me to take over the East Coast for them. At the time, it had a $150-million portfolio. In 1986, I moved to the West Coast to work under the head of Security Pacific's non-bank businesses. It was a lot of administrative work and, truthfully, I hated the job. After about six months, I was put in charge of a team to purchase Wells Fargo's asset-based business. The deal involved a $400-million portfolio and, in the transaction, we picked up about 40 key employees for Security Pacific Business Credit and, I guess as my reward, I was made president. The combined company had a portfolio of about $1 billion. In 1992, when BankAmerica bought us, we had about $2.5 billion. This was a major opportunity for us as it gave us a parent who had the capital for our expansion.

MICHAEL MAIORINO
People's United Bank

Michael Maiorino defines the pinnacle of his career as serving as president of the Secured Finance Network in 2013.

He started his career in the late 1970s as a field examiner at Citizens Bank in Providence, RI. Later, he received an offer to join Marine Midland Bank (later HSBC) in Buffalo, NY as a commercial finance officer, which was his first exposure to handling accounts. A few years later, Maiorino opened a New York City loan production office with several other people and had his first taste of business development for Shawmut Bank (later BofA). In the late 1980s he relocated to New Jersey to take a job as a regional manager for United Jersey Bank/Summit (later Fleet/BofA) based in Princeton, NJ. It is there where Maiorino's career blossomed when the SEVP and chief corporate banking officer, Stephen H. Paneyko, a former Citi banker, selected him to be his chief administrative officer, where he was exposed to all aspects of commercial banking. The role evolved into direct management when Maiorino merged multiple ABL units, borne out of acquisition, into one cohesive unit and then subsequently acquired National Canada Finance Corp. He eventually ran a Specialty Finance business consisting of ABL, leasing, aircraft finance, leveraged finance, and international trade finance. Subsequent to the acquisition by Fleet, Maiorino ran a division within Fleet Capital Corp. He then joined Sovereign Bank (later Santander) and assumed a similar role growing a collection of specialty businesses and later acquiring Business Alliance Capital Corp. After Santander acquired Sovereign and realized that asset-based lenders generally have good workout skills, they asked Maiorino to take on part of a multi billion workout portfolio. Lastly, the past 10 years was spent building and acquiring a variety of specialty businesses for People's United Bank which, Maiorino said, is probably the most fun he has had and the most successful period in his career. People's is now being acquired by M&T Bank. "I'm not sure yet what the future holds, but this industry has afforded me more opportunities than I could have ever dreamed of," Maiorino said.

What are some of the most memorable moments of your career?

Probably the most memorable moment in my career was being asked to coordinate a team investigating a major fraud being perpetrated against one of the banks I was with (happy to say I did not originate it). I spent three weeks in Tampa with a team of workout people, auditors, forensic accountants, and others trying to understand the potential impact. Ultimately, the bank, with the strength of its convictions, filed a writ of replevin, looking to take immediate possession of all assets. The writ was filed with the court late in the day and the Hillsborough County Sheriff's Office could not serve the writ until noon the next day. We arrived early only to observe our inventory being removed. They had been tipped off! We called the Sheriff, who was staging close by, and they immediately descended en masse, apprehending multiple parties including some aggressively looking to escape, resulting in car chases with some resisting arrest. Quite a day! These people ultimately did a considerable amount of prison time and were forced to make some restitution.

What advice would you offer to someone just starting out in the industry?

As for advice, I am a strong believer that to be successful, one needs to know their strengths and weaknesses. With that as a starting point, a leader needs to play to his strengths and minimize his weaknesses by having the confidence to surround him/herself with people that are strong in those areas of weakness. It requires an honest self-appraisal, and it constantly surprises me when I see leaders who cannot do that self-assessment. I have asked most people who have worked for me in recent years to complete a self-assessment tool that we all share with one another, including mine. Knowing what makes people tick is the ticket to success.

SFNet's 2021 Hall of Fame

LAWRENCE A. MARSIELLO
The CIT Group

Beginning at Manufacturers Hanover in 1974, the first 10 years were dedicated to a ground-up learning of the ABL business. In 1984 upon the acquisition by Manufacturers Hanover (MH) of CIT, Marsiello assumed his first managerial role of the combined MH - CIT ABL units. In 1991 he was appointed president of CIT's factoring business (then largest in the US). In 1999 Marsiello become group CEO Commercial Finance with overall responsibility for ABL, cash flow lending as well as factoring. In 2003, he was elevated to CIT's vice chairman and chief lending officer. In 2008, after 34 years, he retired. In late 2008 Marsiello was inducted into the Turnaround Management Association's Hall of Fame for Restructuring and Distressed Investing. From 2009 -2018 he served as managing director of Pine Brook Partners, a $6 billion private equity firm focusing upon growth equity investments in consumer and commercial finance companies. Often times, in considering potential equity investments in commercial finance, many personal Secured Finance Network (SFNet) contacts provided valuable insights and perspectives essential to an effective diligence effort.

Cherishing a work-life balance, Marsiello currently serves on the board of Kapitus, a small business lender, as well as providing consulting services to credit funds, as well as commercial and consumer finance companies. Otherwise you will find him and Karen, his wife of 47 years, traveling interrupted by fly fishing and golfing in the warner months while in the winter skiing Vermont mountains.

How did you get your start in the industry?

I was lucky to be recruited by Frank Basile into Manufacturers Hanover's fledgling accounts receivable Finance Department. Thereafter, moving from line to managerial roles, I was mentored by Joe Pollicino, Sr., CIT's vice chairman. Frank and Joe both shared a strong ethical compass and were plain speaking, often doing what was right, not necessarily popular nor easy. Throughout my career I have striven to emulate these early learnings.

What role did SFNet play in your career development?

As an industry newbie, I routinely attended after-working-hours SFNet New York Chapter Seminars, discussing on a no-names basis case studies ranging from leveraged buyouts to loan workouts. These seminars piqued my interest and stirred my passion for the entrepreneurial and innovation attributes characteristic of our industry. Through attending SFNet conventions and participating on various committees, I formed lifelong personal relationships, not only with contemporaries but just as important with many industry leaders (SFNet Hall of Fame members) as well as young up-and-coming individuals.

What advice would you offer someone just starting out?

- Adopt a lifelong learner mindset. Diversity of functional skills and expertise is a never-ending quest.
- Sharpen analytical skills, parsing the relevant and critical from the less important.
- Have the courage to respectfully express and defend independently formulated opinions, while remaining open minded to the opinions of other team members.
- Form 360-degree personal relationships within the industry, helping you navigate your career journey.
- Grow comfortable with informed measured risk-taking. Overcome one's fear of failure.
- Volunteer for challenging assignments and problematic situations. You will mature into a problem-solver.
- Think in terms of the client or new business prospect. Understand the business nuances and people as well as the financials and collateral.

SFNet's 2021 Hall of Fame

■ **RICHARD MOUNT**
R&C Business Finance

In 1964, Richard Mount organized the asset-based lending department for Connecticut Bank & Trust Company, which, at the time, was the largest commercial bank in Connecticut. Later, he became the president and CEO of the subsidiary established for this purpose. Since 1978, Mount has founded and served as CEO of several asset-based finance companies.

Much of his experience rests with the automation of asset-based financing and underwriting many millions of dollars in domestic and international loans.

Stepping away from active practice after selling his most recent company, MidCap Business Credit, LLC, Mount, along with other seasoned finance company executives and professionals, have established R & C Business Finance, LLC. This company makes rapid computer-assisted evaluations of working capital assets for banks, borrowers and the professionals serving the lending/borrowing needs of those businesses. The analysis may be used for evaluating collateral for existing and prospective loans on a one-off or continuing basis. R & C Business Finance, LLC isn't a replacement lender.

What advice would you offer to someone just starting out in the industry?

Pay close attention to the work done by the person preceding your work contribution and understand what the person above you needs you to do to succeed.

What are some of the most memorable moments of your career?

Facing the rapid increase in the prime interest rate to 21% when non-bank lenders in Connecticut were limited to 18% maximum interest rates or risk facing usury charges. This was the environment that existed shortly after I created my first non-bank commercial finance company.

What role did SFNet play in your career development?

The educational role was the most important part of my earlier development. My first attempt at understanding the business as a graduating accountant was to take advantage of the Federal Reserve Bank of Boston's banking library. (I worked part-time for the Fed while in college and became familiar with its workings). It is there that I learned of the then-Commercial Finance Association, the predecessor to SFNet. Many of its publications were on file in the Fed's library and were extremely helpful at illuminating the nature and risks of the commercial finance business. I returned to my work at Connecticut Bank & Trust Company and joined SFNet (then CFA). (I was the first bank lender which was able to join the Association). I read everything I could find in its library, had contact with many of the titans of the finance and factoring industry, and participated in periodic dinners in New York that had a subject presentation relevant to the commercial finance business. All this activity was flawlessly sponsored by SFNet.

How did you get your start in the industry?

I attended Northeastern University, Boston, MA, a co-operative education institution. My later years in its five-year program brought me to Connecticut Bank & Trust Company. Upon graduation and after a tour of duty with the Army National Guard, I accepted the challenge of collecting the bank's asset-based loans scattered through hundreds of branches. After a couple of years managing these loans, many of which were troubled, and seeing the success the lender could have at redeeming loans that otherwise might not have been repaid were it not for the disciplines of the commercial finance industry, the bank decided it could safely enter the business. The commercial finance business was managed by me and through a subsidiary facility, of which I became the CEO. The bank increased the minimum-size loan it would solicit and, to the point that many smaller, but viable, asset-based loans were turned away for being "too small", gave me the impetus to leave the bank and start up an independent commercial finance company servicing the smaller loans.

SFNet's 2021 Hall of Fame

■ **BRUCE A. SPRENGER**
Fifth Third Business Capital

Bruce A. Sprenger has been a leader in the asset-based lending community throughout his 40-plus year career from his home base in Milwaukee, Wisconsin. Sprenger began his ABL career in 1978 at Firstar Financial Services and has been instrumental in the success of various ABL teams, including LaSalle Business Credit, Cole Taylor Business Capital, MB Business Capital, and Fifth Third Business Capital before retiring in 2019. Sprenger has been a member of SFNet since 1979 and been a tireless contributor to its success since joining the National Board of Directors in 1990, including being a past chairman and president. He also attended the Wharton School CFA Institute at the University of Pennsylvania.

How did you get your start in the industry?

I retired in June of 2019 from Fifth Third Business Capital after 47 years in the ABL industry. I started as an examiner out of college for six years for First Wisconsin. The examiner role was great experience, touching most facets of banking, from retail and commercial lending to back-room operations, retail card, trust, real estate, investments and international banking, including exposure to our Edge Act operation in NYC. The general auditor was my first mentor and he found an opportunity for me to transfer to a small asset-based group, First Wisconsin Financial. Around 1970 this shop was a start-up as key staff left a small commercial finance company, Civic Finance, prior to its sale to Aetna Insurance. Frank Quinn, Clarence Savadil and Bob Schwaab left Aetna and started an ABL at First Wisconsin. Frank, Clarence and Bob mentored me in leadership, credit, operations and sales management when I joined in 1976. Also of note, the Civic general counsel John Nickoll (later founder of Foothill) was on the West Coast running an office for Civic . By 1990 I was asked to head up the First Wisconsin group as president. We expanded through the Midwest. At a CFA event (now SFNet) I met Walter Macur and Mike Sharkey. In 1999 I joined LaSalle to start up a new region for LaSalle Business Credit. That region grew to 17 states, four offices. I also was responsible for all non-credit cross-sale delivery and marketing for the group. We expanded our region coverage to Europe where I led a team that established four European offices to deliver ABL through our parent ABN-AMRO's European platform. LaSalle was later sold to BofA and I participated in a nationwide start-up ABL at Cole Taylor Bank, later acquired by MB Bank, which ultimately was acquired by Fifth Third. Lots of branding changes in a relatively short time frame.

My undergrad work was completed in finance at Valparaiso University. Following on, I graduated from the first class at the three-year CFA Institute sponsored at the Wharton School. I later attended Northwestern's Kellogg School, earning an Executive Scholar in sales and marketing and later graduated from the first Kellogg Chief Marketing Officer program.

What advice would you offer to those just starting out in the industry?

Be a good listener with clients, prospects and colleagues. It is easier to learn this lesson early, as you will gain more insight and demonstrate more personal interest to work together.

Remember that collateral and cash flow are important, but the people you work with in the relationship are key, both clients and colleagues.

I would also advise newcomers to guard your integrity and personal reputation of fairness, as it will serve your career well and foster trust in those around you.

Be prepared, always; research industries and their challenges as part of the process to understand clients' needs and opportunities; they will appreciate your preparedness.

Be creative; delivering a solution usually has options to serve the client's needs and protect the risk in your organization. Trust your gut; it is your most valuable credit policy.

Value your peers, diversity and the spirit of competiton; at the end of the day, our industry is a small universe.

What effect has SFNet had on your career?

I encourage you to get involved in the industry, to share experiences and create long term friendships. I had the privilege, early on, to serve and be served through education and networking. Being active on committees of the SFNet and taking on leadership roles are rich opportunities to grow personally and professionally. Having assisted in SFNet training, World Bank experiences in China, Mexico, Columbia were most rewarding. Now as a permanent member of the SFNet Executive Committee, serving as past president and chairman, I was honored to serve our industry.

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November 3 – 5, 2021

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MARSHALL STODDARD
Morgan Lewis & Bockius LLP

Marshall Stoddard is a senior partner of Morgan Lewis' transactional finance practice, representing leading banks and other financial institutions in a variety of domestic and cross-border lending transactions and restructurings. A graduate of Western New England University School of Law, he is a well-known and trusted legal advisor in the secured lending industry, recognized annually in Chambers USA and Legal 500 publications.

Stoddard has been active for many years in his participation within, and leadership of, the Secured Finance Network (SFNet), serving as a member of the Executive Board and the Nominating Committee, and chair of the Education Foundation. He co-authored two leading treatises, Lender Liability, and Chapter 11 Practice, has chaired and lectured for numerous legal education programs, co-wrote the California submission for the Compendium of Laws, and edited and provided original text for a large number of legal syllabi used by SFNet for its education programs, including co-authoring the original documentation syllabus. Stoddard also served as general counsel to the Commercial Finance Conference of California for more than a decade.

Notwithstanding his professional success, Stoddard would proudly pronounce that raising his five children, now grown, is truly his greatest personal accomplishment. In his leisure time, he enjoys hiking, spending quality time with his wife and children, participating in many sports, and attending games in his season seats at Lambeau Field.

What advice would you offer to someone just starting out in the industry?

Take every opportunity to become as educated as possible, utilizing all resources available, and never be afraid to ask questions or seek advice from colleagues and professionals you work with. I also strongly recommend building relationships within the industry through involvement in organizations such as SFNet.

What are some of the most memorable moments of your career?

In 2006, I had the esteemed pleasure of interviewing former U.S. Federal Reserve Board Chairman, Dr. Alan Greenspan, on the then-current U.S. and global economy before the attendees of SFNet's Annual Convention in Washington, DC. Years later, in 2013, I had the honor and privilege of sitting with former Vice President Dick Cheney as part a Q&A-style keynote address at the annual convention in Phoenix. We openly discussed his tenure under former President George W. Bush as well as his thoughts on the most recent election, the policies of President Barack Obama's administration and the economic landscape. These are two of the most extraordinary moments of my career, which I have been both humbled and inspired by, and I am honored to have been called upon by SFNet to be their trusted representative for such unique and high-profile exchanges.

Looking back to the earlier part of my career, a defining moment for me was prevailing on a contested bankruptcy reorganization trial in a large case in Seattle, acting in defense of several major lending institutions. It was a significant victory and one that I have been most proud of, to date. Finally, and generally speaking, I have had the pleasure of working with so many wonderful colleagues and clients over the years and, through those relationships and experiences, I have gained much knowledge, perspective, and confidence.

What role did SFNet play in your career development?

Quite a significant role, indeed, SFNet has afforded me the opportunity to meet and connect with many brilliant people and be inspired by them. It has been one of my primary resources for education and personal development. My involvement has been driven, in part, by the desire to feel part of something larger than my own practice and the satisfaction of, eventually, being able to provide the same benefits to those just starting out that I have received along the way.

How did you get your start in the industry?

In 1978, while working with a small law firm in Hartford, CT, I was hired by Aetna Business Credit (now Bank of America Capital) to be an in-house lawyer for their commercial finance division. I was able to learn both the legal and business sides of our industry and be inspired by so many successful professionals.

SFNet's 2021 Hall of Fame

■ **WILLIAM STUCKY**
William Stucky & Associates

Bill Stucky has spent the majority of his working life leading a software company that has served the asset-based lending industry. Since writing the first ABL program at age 23, he is now retired at 66. He was born in Fort Wayne, Indiana and received a B.A. in mathematics at Indiana University in Bloomington. Upon graduation, he traveled to Calistoga in the Napa Valley and started working at Bob Mondavi's Winery, quite a change from Indiana. He then moved on to Berkeley and starting a career in programming, serving multiple industries and finally focused on the asset-based lending business.

He and his wife, Elizabeth, have enjoyed extensive travelling and spend three months in Europe and three months in Asia a year. A seasoned sailor and power boater, being on the water is one of his best loves.

How did you get your start in the industry?

I was very fortunate to arrive to an industry that was on the cusp of a major automation adoption, the world of asset-based lending in the late 1970s. At that time, there were a couple mainframe and minicomputer systems for the finance business, as well as old mechanical Burroughs ledger machines with large format yellow paper and a magnetic strip, but that was it.

I had a limited finance background, as I had arrived to northern California with a math degree and several programming classes under my belt. My friends introduced me to programming mini-computers at Berkeley and I was off to the races, building systems for over six unique industries in the Bay area. I was hired to write a system for an asset-based lender, Commonwealth Financial. With Jim Cosmot's direction as the CFO and his expressed desires for an automated system of his design, I was given an entirely new education.

Soon after, William Stucky & Associates was born and the creation of a mini-computer system for the ABL independent finance companies, like State Financial and the major banks in California. Bill Plein, the CEO of Commonwealth, had an idea for me: I should create a brochure and arrive at the annual SFNet conference at New York's Hyatt Hotel and place the brochures on everyone's chairs before each scheduled meeting. I survived exactly one day and was asked not to return. Mr. Plein interceded with Len Machlis and Bruce Jones and out of this ordeal was the creation of the Annual Vendor Exhibition space for companies that supported the industry.

The most important moment for our future success was the purchase of one of the first 10 IBM PCs sold in San Francisco. With the help of Andrew Lim, my first employee and right-hand man, we designed an ABL system for this PC. I remember attending one of the SFNet conferences and holding court at a long conference table in a high suite above the Exhibition Hall, with the monochrome green screen shining and two floppy disk drives blinking red as I demonstrated this revolutionary system to 10 bankers watching over my shoulder. For over 25 years we dominated selling this PC solution with a 95% annual sales adoption rate to banks and finance companies. We have installed over 450 copies of this system in the United States, Puerto Rico, Canada, Hong Kong, Singapore, England, South Africa, Tunisia, and Zimbabwe.

We eventually went on to develop a complex Commercial Loan system, used by Boeing and others, and an extremely robust factoring system that was the backbone for Rosenthal & Rosenthal Inc., and Wells Fargo Bank operations. I want to especially thank my great staff and the wonderful mentors I have had over the years.

It's been a wonderful and exciting 42 years and now this last February it was time to hand off the company to IDS and Thomas Bravo to continue supplying state-of-the-art systems to the finance world.

SFNet's 2021 Hall of Fame

ROBERT WEISBERG
Fleet Bank

Robert Weisberg started his banking career in 1966 at the age of 19 as a credit trainee in Bank of Boston's factoring division. Within 12 years he became its youngest vice president and head of the national retail factoring group. In 1981 the bank asked him to move his family to Montreal and consolidate three of Canada's largest banks' commercial finance and factoring companies that Bank of Boston acquired. In his role as president of the Montreal company and executive vice president of the parent bank, the operation became the number one Canadian finance company within three years.

After 18 years, Weisberg was recruited by Fleet Bank to become president of Fleet Credit, which included a leasing company as well as a commercial lending operation. After 10 years this entity grew to be over $2.4 billion through acquisitions and internal growth. After Fleet, Weisberg started one of the first healthcare finance companies, which was sold to a NYSE company. Later, he formed a specialized asset-based lender with his lifelong friend and mentor, Alan Cohen. Before Weisberg retired in 2016, he had made numerous investments in operating business as such as casinos, marinas, real estate, cruise ships as well as parking lots along the East Coast.

Weisberg not only has served as chairman and president of SFNet, but also on boards of numerous public companies and mutual funds. He also was twice elected in Marin County, CA as chairman of the local school board. He also was a board member for The Miriam Hospital and Marin Health Foundation. On the education front, Weisberg was an advisory board member of Northeastern University as well as Nova Southeastern University. Weisberg is a graduate of Northeastern University as well as the executive credit management program at Harvard. For over 25 years The Robert Weisberg Endowment has awarded scholarships to students at Northeastern who are in financial need.

What advice would you offer to someone just starting out in the industry?

My advice to someone starting out is start learning and absorbing every bit of wisdom from experienced and successful mentors. Make sure you truly understand all aspects of our secured lending world — take the fundamental courses such as auditing, collateral management, legal issues, operations, etc.

Ask a lot of questions and try to find mentors who are successful and are willing to teach and pass along their experiences good and bad. Always remember to be a team player and be a person who has a positive attitude. Respect your co-workers and never stop learning and asking questions.

Remember, there is a lot of fraud in this business, so always remember what President Reagan said when discussing nuclear issues with the Russians, "Trust, but verify."

What are some of the most memorable moments of your career?

My fondest memories are of the relationships made with fellow SFNet members, service providers and law firms. It was an honor to be selected for the SFNet Management Committee and then serve as president and chairman.

As I reflect back on the organization's history, several of us fought hard to promote women, not only to the Executive Committee, but to become Officers. We have come a long way in gender equality and the Association should be proud.

What role did SFNet play in your career development?

I was in my early thirties when I joined SFNet and was quickly nominated to the Executive Committee. It gave me the opportunity to develop several lifelong relationships with key industry leaders who took me under their wings and became mentors as well. I couldn't have asked for better friends. We met at the Annual Convention and Mid-Year Meeting as well as our Washington political lobbying affair. All of us were active in the early stages of the Education Foundation and helped to also expand our chapter growth. My dear friends included Walter Einhorn, Frank Medeiros, Bron Hafner, Tony Yasiello and Bob Miller, all of whom have passed on and will always be in my heart and remembered fondly. I also learned a lot from our first Foundation fundraising chairman, Jack Butler, who was also our associate counsel. Jack initiated fundraising from our service partners and raised millions of dollars to give our Education Foundation its initial capital for its programs. Through my membership in the SFNet, I was able to contact lawyers with expertise in all 50 states and develop participation/syndication relationships with diverse lenders across the country.

SFNet's 2021 Hall of Fame

BURTON ABRAHAMS
Walter E. Heller Company/ Heller International

Harry Abrahams had a philosophy: the person is the real collateral. If you back the wrong horse, your collateral won't be worth wallpaper.*

On this doctrine, Harry's son, Burton Abrahams, built his career and grew Walter E. Heller & Company into a bastion of international finance.

Chicago-born and bred, Burt Abrahams graduated from Northwestern University with a Bachelor of Economics and founded Financial Acceptance, an automobile finance company, with his brother, Robert. In October 1960, Burt and Robert joined Heller & Company at the behest of Walter Heller himself and Burt was named Manager of Midwest Commercial Finance Operations. In 1970, Burt was elected president of Walter E. Heller Overseas, where he personally expanded Heller into 26 countries, building Heller into a global finance leader. Upon the sale to Fuji Bank in 1983, Burt embarked upon a series of compounding successes: he managed asset-based lending for First Chicago's Credit Corporation, became SVP of Fremont Financial, served on Roosevelt University's Board of Trustees, served as president and chairman of the Secured Finance Network, and capped his stellar career with The Randolph Group.

RICHARD "DICK" S. GILBERT, JR.
Business Finance Group (Capital Source)

Richard "Dick" Gilbert had a long, very successful career in the asset-based lending industry and was instrumental in the formation of the Commercial Finance Conference of California (CFCC), now known as the Southern California Chapter of the Secured Finance Network. Gilbert began his career at Community Bank before moving to National Acceptance of California, Sanwa Business Credit, and Foothill Capital Corporation. Later, he became vice chairman at KBK Financial and, if that wasn't enough, came out of retirement to work at Business Finance Group (Capital Source). Gilbert was active in the community and devoted many hours to the San Antonio Regional Hospital Foundation, where he was on the Board of Trustees for nearly 20 years. He was an active board member of the CFCC and was the chapter president in 1998 and 1999.

Gilbert was the driving force behind the annual CFCC golf tournament, which began in 1995. In an effort to celebrate all of his contributions, the Board of Directors of SFNet's Southern California Chapter has decided to rename its annual tournament The Richard "Dick" Gilbert Memorial Golf Tournament. Gilbert passed away peacefully on January 6, 2021, at San Antonio Regional Hospital in Upland, California.

JEROME S. OLDHAM
1stWest Financial Corporation

Jerry Oldham served as chairman and CEO of 1stWEST Financial Corporation. He had a broad senior management background in commercial banking and corporate/real estate finance. Jerry served as a consultant or expert witness in litigation and settlement negotiations involving complex corporate finance, real estate, banking and lending practice issues. He served as fundraising chair for the Secured Finance Foundation and was an ardent supporter of the Foundation. Oldham received his B.S. degree in finance & real estate from The Pennsylvania State University and his M.S. degree in banking & finance from Colorado State University. He is remembered for his banking research and publications in the areas of commercial loan pricing and profitability analysis and due diligence.

Jerry was diagnosed with ALS (Lou Gehrig's disease) in 2012 and died in March 2015.