

McCann liquidation plan approved

by John Blakeley Posted 05:02 EST, 27, Apr 2006

A bankruptcy judge has confirmed **McCann Industries Inc.**'s liquidation plan, which will pay unsecured creditors about 3.3% of their claims, according to counsel for the debtor's Chapter 11 trustee.

The New York-based construction and contracting firm owes its unsecured creditors about \$47 million. The plan, however, will pay them \$1.56 million, said Scott S. Markowitz of **Todtman, Nachamie, Spizz & Johns PC** in New York.

Professional fees and expenses, tax and other claims totaling \$854,000 will be paid in full.

Holders of McCann stock — Bruce Fahey, McCann's principal owner (90%) and Brian McMahon (10%) — will recover nothing, Markowitz said.

Judge Stuart M. Bernstein of the U.S. Bankruptcy Court for the Southern District of New York in Manhattan confirmed the plan on Wednesday. He approved the disclosure statement on March 21.

Lee E. Buchwald, president of **Buchwald Capital Advisors LLC** in New York, was appointed Chapter 11 trustee on July 26, 2004.

McCann was formed in 1950 under the name ES McCann & Son Inc. Fahey joined the company in 1972 when it was owned by Donald McCann and Bill McMahon, Brian McMahon's father. In 1982, Fahey became a shareholder in the company and by the mid-'80s was principal owner, court documents show.

McCann had revenue of \$199 million in 2000, but its fiscal health became erratic in the years that followed. In 2001, sales dropped to \$142 million, then recovered to \$151 million in 2002 before plummeting to just \$75 million in 2003, according to court papers.

McCann was pushed into bankruptcy when three electrical subcontractors with \$9.8 million in trade claims filed an involuntary Chapter 7 petition against it on April 15, 2004.

The subcontractors alleged that they weren't paid for their work on a number of projects, including one for **Time Inc.** and a job on **Morgan Stanley**'s offices in Pavonia, N.J.

McCann then filed for voluntary Chapter 11 on June 25, 2004.

Debtor counsel Clifford A. Katz of **Platzer, Swergold, Karlin, Levine, Goldberg & Jaslow LLP** did not return a call seeking comment.

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