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Michael Stull
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From the
Executive Director's Desk

THOMAS MORROW, CIRA

AIRA

On Gratitude…

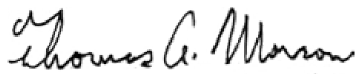
I am writing this column as I am with my family celebrating Thanksgiving. As I think about the holiday I consider the things for which I am grateful.

One of the most important is my involvement with AIRA. I am grateful for the organization that Grant Newton created and turned over to me for safe keeping. I am grateful for the opportunity to be the Executive Director of this important organization. I am almost through my first year as Executive Director and am so happy I have been able to maintain the AIRA's educational mission.

I am also grateful for the terrific group that works at AIRA to make the organization a living entity. Those of you that are involved in the CIRA or CDBV programs know and can appreciate the professionalism that Terry Jones brings to those programs. If you have joined us at one of our annual conferences you have seen the top-quality event that Cheryl Campbell organizes. Cheryl is also responsible for all other AIRA events during the year, which keep her very busy. While not all of you have direct contact with Mike Stull, you all have enjoyed his work. Mike is responsible for IT, AIRA's website, creative design of AIRA marketing materials, and layout and design of AIRA Journal — essentially every communication that comes from AIRA bears Mike's creative stamp. Michele Michael maintains membership and CPE records to keep all of us organized and current in our training requirements. Valda Newton continues with us as Editor of AIRA Journal; her work helps to sustain the professional quality of AIRA Journal at the highest level. Mary Hamilton prepares and ships self-study materials for members who utilize these valuable resources. This year we had a change in Controllers as, after 6 years with AIRA, Elysia Harland has moved on to new challenges. Sue Cicerone has stepped into the role of Controller without missing a beat. I am grateful to all of these individuals for keeping this great organization great.

I am also grateful to see so many new faces in the industry. After a few years in which firms have had to curtail hiring decisions, this year has seen firms increasing staff size to take advantage of the business in E&P restructuring and elsewhere. Where there once was a conservative approach to the future of the business there is now a renewed optimism in the industry. I have the pleasure of welcoming many of the new hires to the CIRA classes. I feel very fortunate to be able to introduce so many professionals to this industry that has been an important part of my working life.

I hope everyone has enjoyed the Thanksgiving holiday and that December brings a nice break for family and festivities before 2017 is upon us. Thank you for the opportunity to be involved with AIRA!



A Letter from
AIRA's President

ANGELA SHORTALL, CIRA
Protiviti Inc.

Hi Everyone! Well, I am half-way through my year as President of AIRA and it has been a whirlwind of activity. I am very excited about the outstanding events I have been able to attend and others that are in the works.

In September AIRA co-hosted the 5th Annual Energy Summit in Dallas with CFA's Southwest chapter and the TMA Dallas/Ft. Worth chapter. This is the fifth year we have held the event at the beautiful Belo Mansion. Setting a new record for this event, 140 attendees heard the forecast for the energy industry from Dr. Bernard Weinstein and William Landuyt and gained many valuable takeaways from two panels on energy restructuring and M&A. Thank you to the participants and our sponsors, FTI Consulting, Huron and AlixPartners.

In October AIRA hosted the Opening Reception at the NCBJ conference in San Francisco. For those of you who have not attended the NCBJ, it is the largest event for restructuring professionals. AIRA was pleased to serve about 1,500 attendees and their guests at this year's Reception on Wednesday evening, October 26, made possible by the generous support of CBIZ, Conway MacKenzie, Deloitte, EY, Huron and Protiviti. Thank you again to each of these firms! On Friday morning, AIRA hosted a breakfast program covering new developments and technical questions on reporting requirements in bankruptcy. The panel also considered the potential for revised fee guidelines for financial advisors in large Chapter 11 cases.

November brought the annual Advanced Restructuring and POR Conference at The Union League Club in NYC. Offered for 15 consecutive years, this conference has always been one of my favorites and the content this year was exceptional, as usual — a result of the hard work of the planning committee led by Walter Greenhalgh and Brian Ryniker. The day was capped with recognition of Hon. Christopher S. Sontchi's service to the industry (see page 26) . We are grateful to this year's POR sponsors: AlixPartners, Arent Fox, CohnReznick, Duane Morris, Huron, Kaye Scholer, RSM, WeiserMazars, and Young Conaway Stargatt & Taylor; also to our media sponsor, The Deal.

And finally, we have kicked off preparations for AIRA's 33rd Annual Bankruptcy & Restructuring Conference ("AC17") at the Four Seasons Resort & Club, Dallas at Las Colinas. We have a fantastic planning committee that is giving careful weight to the identification of topics and speakers for the program. Also, we have selected some cool social events, but I am sworn to secrecy on this point. I think it will be the best annual conference ever! Be sure to put this on your 2017 calendar and plan to join us June 7-10, 2017 in Dallas.

As we look forward to a new year with these and other great events, I hope to see each of you in 2017 as I wrap up my Presidency. These programs are important opportunities to earn CPE and CLE credit, convene with industry constituents, and stay ahead of the curve.

Tax Consequences of Modifying a Debt Instrument

BY SARA NEFF
RSM US LLP

Debt restructuring[1] is the reorganization of a company's outstanding debt obligation(s) that allows a company, whether public or private, facing cash flow problems and financial distress to change the terms of its debt. When an existing loan is modified, or exchanged for another loan, a borrower and lender may negotiate changes to the interest rate, principle amount, maturity, prepayment provisions, conversion options, amortization schedule, the obligor, or the co-obligor.

This article discusses the potential income tax consequences to the issuers and holders of debt in connection with a debt modification under federal income tax law, including what constitutes a "modification" of debt, whether a modification is "significant," and the corresponding income tax consequences.

Has Debt Been "Modified?"

A significant debt modification may result in the recognition of gain or loss from the sale or other disposition of property under Section 1001(a).[2] A "modification" is defined in Treasury Regulation Section 1.1003-3(c) as any change to a debt instrument, including any deletion or addition, in whole or in part, of a legal right or obligation of the issuer or holder, whether or not the change is evidenced orally, in writing, by the conduct of the parties or otherwise.

Treasury Regulation Section 1.1003-3(c) also provides that a change occurring by operation of the terms of a debt is not a modification. For example, the regulations provide that an annual resetting of the interest rate based on the value of an index, a specified increase in the interest rate if the value of the collateral declines from a specified level, failure of an issuer to perform its obligations under the debt, or the exercise of an option, do not constitute a modification for tax purposes.

However, the regulations provide that changes are considered a modification, even if the changes occur by operation of the terms of the debt, in three circumstances:

1. There is a change in the obligor or nature of the debt, such as an addition of a new obligor, addition or deletion of a co-obligor, or a change in the nature of the debt from recourse to non-recourse or vice versa.
2. There is a change that results in a debt or property right not being considered debt for Federal income tax purposes, unless it is pursuant to a holder's option to convert the debt into equity of the issuer.
3. There is a change that results from the exercise of an option provided to an issuer or a holder to alter a term of the debt, unless the option is unilateral and, if exercisable by the holder, the exercise of the option does not result in a deferral of or a reduction in any scheduled payment of interest or principal.

Once it has been established that there has been a "modification," the next step is to ascertain whether the modification is considered "significant" in order to determine the tax consequences to the issuer and holder of the debt.

Is the Modification "Significant"?

Treasury Regulation Section 1.1003-3(e) provides six tests, listed below, for analyzing

1 The term "debt" will be used generically throughout this article to refer to debt in general and "a debt instrument".

2 Unless otherwise noted, all section and regulation references pertain to the Internal Revenue Code (26 U.S.C.).

whether the debt modification is significant. The determination of whether there has been a significant modification of any debt instrument is analyzed as follows for each of the six tests:

1. ***Facts and circumstances***—Under this test, all modifications are considered collectively to be significant if based on all the facts and circumstances, the legal rights or obligations are altered to a degree that is economically significant. Thus, all modifications together may be considered significant even if each individual one would not be significant.

2. ***Changes in yield***—This test will only apply to debts that provide for fixed payments, debts with alternative payment schedules subject to Section 1272, debts that provide for a fixed yield subject to Section 1272, and variable rate debts. Generally, a change in yield is a significant modification if the yield varies from the annual yield on the unmodified debt by more than the greater of (1) one-quarter of 1 percent (or 25 basis points) or 5 percent of the annual yield of the unmodified debt (0.05 x annual yield). It is important to note that the reduction in the principal amount of the debt may result in a reduced yield on the debt, often resulting in a significant modification.

3. ***Changes in timing of payment***—Under this test, a change in the timing of payments is a significant modification if it results in a material deferral of scheduled payments. The deferral may occur either through an extension of the final maturity date or through a deferral of payments due prior to the maturity date. The materiality depends on all the facts and circumstances, including the length of the deferral, the original term of the debt, the amounts of payments that are deferred, and the time period between modification and the actual deferral of payments.

   The regulations provide a safe harbor that stipulates that a modification will not be considered significant if the deferred payments are required to be paid within the lesser of five years or one-half of the original term of the debt. For purposes of this safe harbor, the regulations provide that any option to extend the original maturity and de minimis payments are not taken into account. In addition, deferrals are tested on a cumulative basis so that any deferrals that are less than the safe harbor period, the unused portion of the period remains for future deferrals.

4. ***Change in Obligor or Security***—This test depends on whether the debt is recourse or non-recourse. For recourse debt, the substitution of a new obligor is generally a significant modification, unless the substitution is a result of the new obligor's acquisition of the stock or assets of the issuer or the filing of a bankruptcy petition. For these exceptions to apply, the change in obligor must not result in either a change in payment expectations or a significant alteration.

   A change in payment expectations occurs if, as a result of a transaction, there is a substantial enhancement or impairment of the obligor's capacity to meet the payment obligations after the modification. In addition, a modification that releases, substitutes, adds, or otherwise alters the collateral for, a guarantee on, or other form of credit enhancement for, is a significant modification if it results in a change in payment expectations.

   For non-recourse debt, a new obligor is not a significant modification. However, a modification that releases, substitutes, adds, or otherwise alters the collateral for, a guarantee on, or other form of credit enhancement for, is a significant modification.

   For both recourse and non-recourse debt, the addition or deletion of a co-obligor on the debt is a significant debt modification if the addition or deletion of the co-obligor results in a change in payment expectations.

5. ***Change in Debt***—This test provides that a change in the nature of the debt from recourse to nonrecourse, or vice versa, is a significant modification, except in two circumstances. First, for the defeasance of a tax-exempt bond if: (a) the defeasance

Continued from p.7

occurs by operation of the terms of the original bond, and (b) the issuer places in trust government securities or tax-exempt government bonds that are reasonably expected to provide interest and principal payments sufficient to satisfy the payment obligations under the bond. Second, a modification that changes recourse debt to nonrecourse debt is not a significant modification if: (a) the debt continues to be secured only by the original collateral and (b) the modification does not result in a change in payment expectations.

A debt modification that results in debt that is not debt for federal income tax purposes is a significant modification. For this test, the deterioration of the issuer's financial condition is generally not taken into account unless there is a substitution of a new obligor or the addition or deletion of a co-obligor.

6. ***Change in Financial or Accounting Covenants***—This test provides that in general the addition, deletion or alteration of customary accounting or financial covenants may result in a significant modification if the holder receives a payment for agreeing to the modification. Any payment should be considered in applying the change in yield test.

If a debt modification is considered to be significant pursuant to Treasury Regulation Section 1.1001-3 as discussed above, the debt is considered a new debt and the tax consequences to the issuer and holder need to be determined.

Tax Consequences to the Issuer

The issuer's income tax consequences are determined by comparing the new debt issue price to the old debt adjusted price.[3] If the new debt issue price is less than the old debt adjusted price cancelation of debt income ("CODI") will be recognized by the issuer.

3 In general, the old debt adjusted price is the principal amount if the debt was not issued at a discount and provided for current payments of interest at a fixed or variable rate.

The new debt issue price is dependent on whether or not the debt is publicly traded. If the debt is not publicly traded, the issue price is equal to the debt principal amount if the debt has adequate stated interest. Typically, a debt is considered to have adequate stated interest if it bears an interest rate at least equal to the applicable federal rate ("AFR") under Section 1274(d). If the debt is publicly traded, as determined under Treasury Regulation Section 1.1273-2(f), the debt issue price is generally determined in the following order:

1. The amount of money paid for the debt
2. If the debt is not issued for money, the fair market value of the debt
3. If the debt is issued for property that is publicly traded, the debt issue price is the property's fair market value
4. If none of the above applies, then Section 1274 applies and the issue price will be the stated principal amount where there is adequate stated interest.

Tax Consequences to the Holder

The holder's income tax consequences are determined based on the difference between the new debt issue price and the old debt's tax basis. The holder will recognize a loss if the new debt's issue price is less than the old debt's tax basis. The holder may have a different tax basis than the adjusted issue price. For example, the holder may have purchased the debt from the original holder at a discount. As discussed above, the new debt issue price is dependent on whether or not the debt is publicly traded. The analysis is the same as discussed above related to the issuer's tax consequences. For this purpose, however, the old debt, the new debt or both may be publicly traded. If the debt is publicly traded, the issue price is equal to the debt fair market value. Like the analysis for the issuer, if the debt is not publicly traded, the issue price is equal to the debt principal amount if it has adequate stated interest.

Tax Consequences to Consider

Cancellation of Debt Income—Whenever debt is exchanged, cancelled or restructured, the issuer may recognize CODI. In general, an issuer recognizes CODI under Section 61(a)(12) to the extent that a holder of its debt agrees to forgive or reduces the amount of the debt for no consideration, or the issuer satisfies the debt for an amount less than the adjusted issue price of the obligation. Exceptions apply for issuers that are insolvent or in bankruptcy proceedings under Section 108(a) (1). A significant modification of debt can result in a deemed exchange of old debt for new debt with an issue price less than the debt's adjusted issue price. This reduction in the adjusted issue price of debt results in the recognition of CODI.

Original Issue Discount ("OID")—When debt is issued, the debt may have OID. OID is a form of interest on a debt, such as a bond or note, issued at less than its face amount. The discount is considered additional interest. A debt generally has OID when the debt is issued for a price less than its stated redemption price at maturity. Under Sections 163(a) and 461(h), an issuer that uses the cash method of accounting is generally entitled to deduct interest when paid, while an issuer that uses the accrual method is generally entitled to deduct interest as it accrues. However, under Section 163(e), the deductions generally have to be at the same time and in the same amounts as the OID is included in the holder's income.

Applicable High Yield Discount Obligation ("AHYDO")—If new debt issued is considered an AHYDO, Section 163(e) may permanently disallow all or a portion of the issuer's OID deductions with any portion not disallowed being deferred until the OID is paid. An AHYDO, as defined in Section 163(i), is a debt that: (1) has a maturity date that is more than five years after the issue date; (2) has a yield to maturity that equals or exceeds the AFR for the month in which the debt is issued plus 5 percentage points; and (3) is issued with "significant OID."

Conclusion

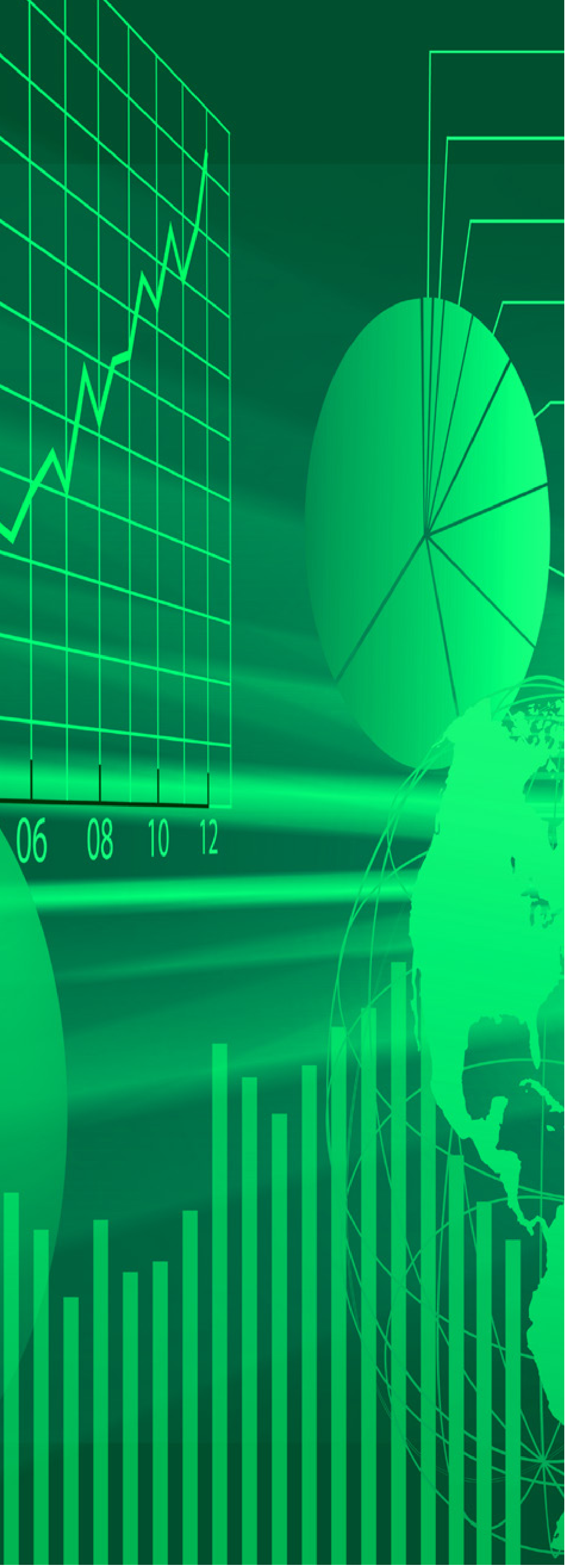
If debt is modified and the modification is significant, a taxable exchange of old debt for new debt will occur. This debt exchange may create taxable CODI, deductible OID or AHYDO Debt that has OID which is nondeductible or deductible when it is paid. Taxpayers should carefully determine if debt modifications are significant and what the tax consequences arise as a result of significant modifications of debt.

Note: AIRA Journal's tax section is edited by David Sterling, Greater Chicago Area – Mergers & Acquisitions Tax Partner, RSM US LLP.

ABOUT THE AUTHOR

Sara Neff

Sara Neff is in RSM's Mergers and Acquisition Tax Practice and has nearly 20 years of experience advising Global 1000, Fortune 500, middle market and multinational companies with a variety of federal, state and international tax technical and operational issues. She specializes in advising clients on tax issues related to mergers and acquisitions, divestitures, joint ventures and IPO readiness as well as post-integration operations and risk management. Sara has extensive experience in the areas of strategic federal tax planning, transaction structuring, tax due diligence, tax controversy, internal controls, ASC740 and ASC 740-10 (FIN 48). In addition, she has experience assisting clients with managing overall tax risk, transaction cost deductibility analysis, change in control attribute analysis, bankruptcy tax analysis and structuring, debt restructuring, and stock basis and earnings and profits studies. Her professional affiliations and credentials include: Illinois licensed attorney, Chicago Bar Association; Juris Doctorate, Taxation, Loyola University of Chicago School of Law; Bachelor of Science, Economics and Political Science, USC; and Associates in Accounting, Crafton Hills College, among others.



RESEARCH 2016 Q4

BankruptcyData Update Report

BRANDY L. CHETSAS
BankruptcyData

Each quarter, BankruptcyData[1], a division of New Generation Research, Inc. (NGR),[2] produces a report to provide insight into the most recent activity in the business bankruptcy sector. The most recent quarterly report provides some interesting insights regarding the current trends in bankruptcy filings and the outlook going forward.

The number of business bankruptcies in Q3 2016 dropped nearly 10% compared to Q2 2016 but was virtually equal to the number of business bankruptcies in Q1 2016. Year to date through September 30, business bankruptcy filings are up 28% compared to 2015 and up 7% compared to the same time period in 2014; however they are down significantly compared to the same periods in 2010-2013 (*see* Exhibit 1). The Q3 2016 business bankruptcy filing figures represented the 9th lowest figure since 2010 but the 3rd highest since 2014. Thus, although 2016 is shaping up to be a busy bankruptcy year, overall business bankruptcy filings figures are still well below levels experienced in 2010-2013. The number of business bankruptcies in Q3 2016 is only 41% of the 2010 business bankruptcy figure for the same period in 2010.

For Q3 and YTD 2016, the state of Texas remained perched at the top of the list of states that generated the highest percentage of overall business bankruptcies, comprising 12.51% for the year. This figure is 4.5 percentage points higher than the same period in 2014. The energy sector filings that happened during the first half of the

1 BankrutpcyData, Quarterly Report of Business Bankruptcy Filings for the period ending September 30, 2016. It is important to note that Bankruptcy Data's methodology for capturing and interpreting business bankruptcy filing information from the U.S. Bankruptcy Court PACER System, though consistent throughout the year, may differ from other sources including the Administrative Office of the United States Courts. This may lead to variations in the reporting of business bankruptcy filing information among sources.

2 NGR is a leading provider of bankruptcy and distressed securities publications, products and services. Founded in 1986 by George Putnam, III, NGR has been the leading source for in-depth information on corporate bankruptcies and distressed companies over the last 30 years.

Exhibit 1: Public Company Bankruptcies for Q1-Q3 of Years 2000-2016 (*$Millions)

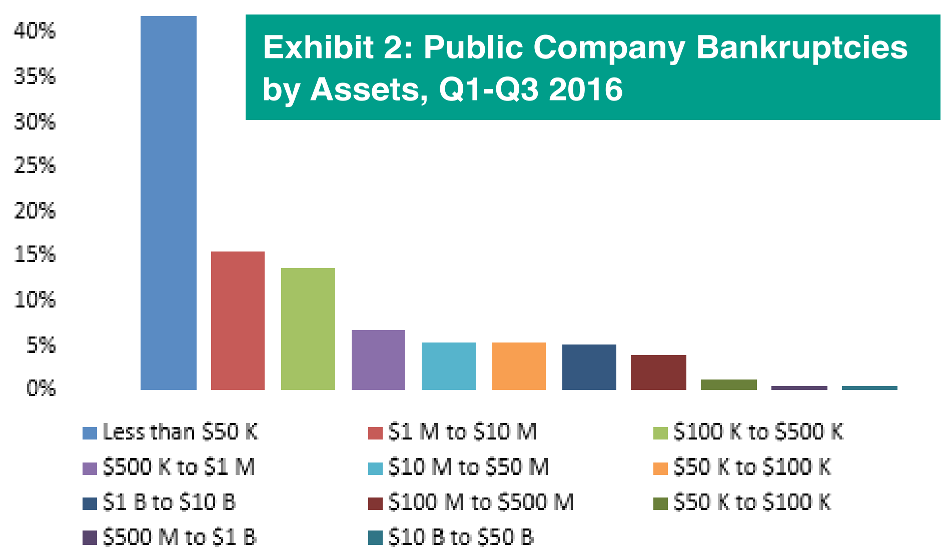
Year	Filings 1/1–9/30	Assets* of Filings 1/1-09/30	Total Annual Filings	Total Pre-Petition Assets*
2000	134	$70,223	187	$100,882
2001	203	163,253	266	267,217
2002	181	283,222	229	401,063
2003	148	92,406	176	100,214
2004	76	29,734	93	47,802
2005	73	70,842	86	133,838
2006	47	16,127	66	22,257
2007	57	61,161	78	70,525
2008	91	1,102,865	138	1,159,843
2009	170	445,184	211	593,733
2010	82	58,178	106	89,117
2011	68	18,267	86	103,990
2012	66	52,050	87	70,842
2013	62	41,046	71	42,641
2014	43	70,527	54	71,918
2015	62	71,457	79	76,903
2016	76	76,412	NA	NA

year have largely contributed to this increase. California, New York, Delaware and Florida round out the top five states contributing the largest percentage of overall business bankruptcies. The states with the biggest drops in business bankruptcy filing percentage in Q3 2016 compared to Q1 2016 are Delaware and Missouri, dropping 7.25 and 3.70 percentage points respectively. The Delaware drop is a reflection of the small number of large public and private company filings in Q3 and the Missouri drop can be attributed to large filings – including Arch Coal, Peabody Energy Corporation and Abengoa Bioenergy US Holdings – that occurred in the first quarter of this year. New York and California saw the largest increases from Q1 to Q3 2016. Puerto Rico's struggling economy ensured they made the top 10 list of states generating the highest percentage of overall bankruptcies for the 3rd quarter in a row.

California's Central District continues its reign as the country's busiest bankruptcy court, followed by Delaware, Southern District of New York, Southern District of Texas, and Middle District of Florida.

As is always the case, small businesses have made up the majority of business bankruptcy filings in 2016. Businesses with $1 million or less in estimated sales revenue generated 73% of all bankruptcies in Q3 2016 and 61% of all business bankruptcies YTD (*see* Exhibits 2 and 3). The 2016 YTD figure is down significantly from the 2015 figure of 71% and the 2014 figure of 79%. Similarly, companies with 19 or fewer employees generated 83% of all business bankruptcies in Q3 2016 and 74% of all business bankruptcies YTD 2016. These figures are down as well compared to similar time periods in 2015 and 2014. Overall, as the number of business bankruptcies go up, the medium and larger companies make up

Exhibit 2: Public Company Bankruptcies by Assets, Q1-Q3 2016



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a greater percentage of overall bankruptcies. Bankruptcy filings of public companies leveled off in Q3 2016 with only 15 public companies filing for bankruptcy, bringing the YTD total up to 76 as of September 30, 2016. In Q3, $9.2 billion in total assets came under bankruptcy bringing the YTD total to $76.4 billion – this compares to $66 billion from the same period last year. The energy sector generated four of the 15 bankruptcies or 27% of overall public company bankruptcies in Q3, while in Q1 and Q2 this sector generated 48% of overall public company bankruptcies. When all is said and done, 2016 will most likely end up being the busiest year in terms of number of public company bankruptcies since 2010 and one of the largest in terms of assets under bankruptcy of all time but the pace has certainly slowed down in the last quarter.

So what is the outlook on business bankruptcies moving forward? It is anticipated that the amount of overall business bankruptcies will remain relatively flat for the balance of the year even though an uptick is expected in the number of public company bankruptcy filings. By year end, due to weakness in the economy, rising interest rates or soft financial markets, it is likely the U.S. will experience the highest overall bankruptcy figure since 2013.

ABOUT THE AUTHOR

Brandy L. Chetsas

Brandy L. Chetsas is Senior Editor at BankruptcyData and Director of Strategic Content for New Generation Research's suite of distressed debt-related periodicals and Websites.

Chetsas joined New Generation Research in 1998, leveraging 20+ years of data analysis, publishing and communications expertise within the corporate bankruptcy and distressed investing sectors. Brandy began her career writing for a law enforcement-related publication and teaching English at numerous colleges in the U.S. and abroad.

BankruptcyData's analysis also anticipates the continued spreading of public company bankruptcy volume from the energy sector to other sectors such as retail and finance. Oil prices have stabilized somewhat and a good number of the weaker companies in this sector have already filed. However, the amount of high-yield debt raised during the 2009-2015 credit cycle was huge – almost double the previous credit boom – and much of that debt matures over the next several years. While most companies should be able to refinance their debt, some of the weaker performers will not. It will only take a relatively small uptick in the default rate to create a significant number of new bankruptcies.

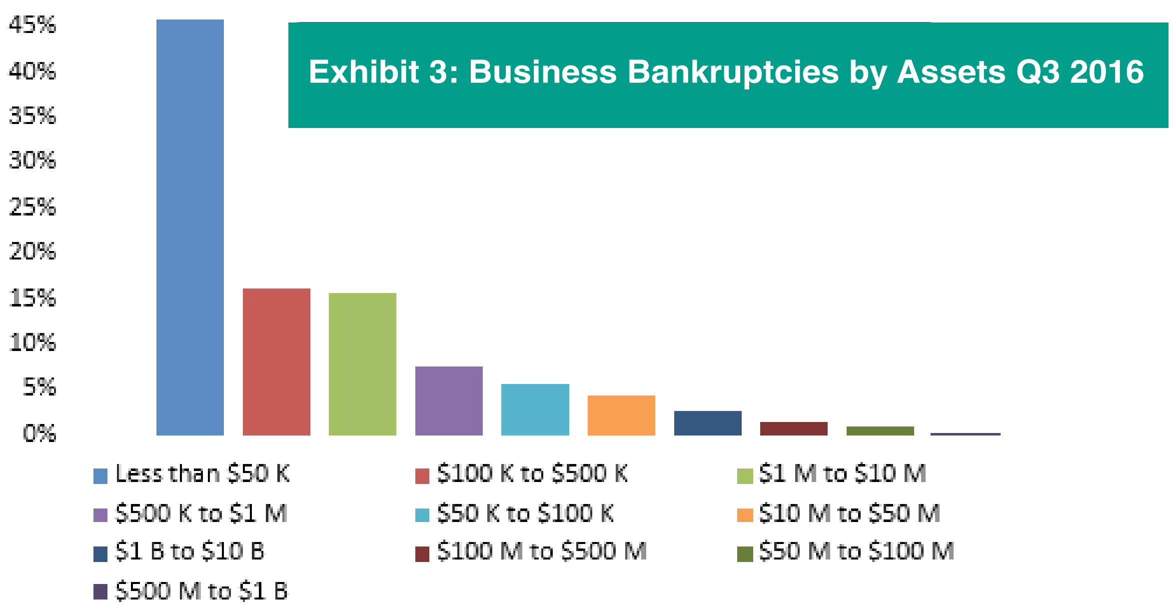


Exhibit 3: Business Bankruptcies by Assets Q3 2016

Make or Break Crisis Communications

TED BILILIES, PILAR TARRY, CIRA, AND MEGAN BROKER
AlixPartners, LLP

Imagine the following scenario: A large company in the midst of a turnaround has to close one of its businesses. The CEO calls the unit's senior managers into his office. "Bad news," he says. "We're folding your business. We'll be able to keep only about a third of the people, and the news won't be public for a few weeks, so you have to keep operating as if everything's normal until then."

Stunned silence from the managers. "What about us?" one of them finally says.

"Still being decided," the CEO replies, then turns to some papers on his desk to signal the meeting is over. As the team files out, the CEO thinks to himself, *Whew, it's a relief to have that behind me. I'm sure the team appreciated that I was honest with them.* But as the managers return to their offices, they have an entirely different takeaway from the conversation.

For businesses in crisis, whether in a restructuring or taking steps to avoid one, the stakes cannot get any higher. In these situations, messages matter—not only their content but also their structure, the channel, the timing, and the tone in which they are delivered. What, when, and how executives communicate during a crisis are critical and can have a dramatic effect on the change process and resulting outcomes. The authors have developed a set of principles that business leaders can follow to communicate more effectively—and empathetically—during a crisis.

Understanding the Risks of Getting Crisis Communications Wrong

When a company is in deep trouble, the amount of time and attention it gives to its communications can unintentionally get minimized. An executive might quickly move past the issue of the importance of crafting the right message in the right tone and instead charge ahead, thinking that bad news is bad news and there is no real way to soften the blow. Such an approach can undermine otherwise constructive attempts to deal with the circumstances. If leaders fail to communicate with empathy, a number of repercussions are likely.

- **Morale often plummets.** When news of impending layoffs is communicated, workers can become distracted and might divert work time into efforts to understand how pending changes will affect them or their team. The organization's culture can suddenly shift from one of collaboration to one of competition and dissent, where employees seek to protect their roles and responsibilities, start to form alliances, and stop openly communicating with colleagues.
- **Engagement can drop.** Uncoordinated messaging often causes a disconnect from the work and engenders an environment of apathy. Often, employees react to ambiguity by creating stability on their own rather than remain in a state of insecurity. In extreme cases, they might begin actively searching for more stable jobs that have future growth opportunities.

- **Productivity can decline.** When the future and direction of the business are unclear, levels of employee commitment wane. Change can elicit a range of emotions, and for many, those emotions can be fear driven. That fear can cause employees to become immobilized, affecting productivity. Heavy-handed, poorly planned communications can quickly erode a company's culture, which may then take years to repair. On a personal level, careless or incomplete communication can undermine leaders' reputations and credibility and make it much harder to motivate and reengage the workforce after the crisis gets resolved.

Communicating Effectively in a Crisis

Many academic models have been developed for the management of change, but few deal with how leaders should communicate.[1] Four principles, summarized with the CARE acronym below, can serve as a foundation for effective communication in a crisis.

Chart a course

Map out the key events through the crisis. Where will stakeholders have questions? Where will the company need specific stakeholders to act or respond in a particular way to achieve a desired outcome? For each event, leaders will have to preemptively communicate clear and appropriate messages ahead of the event and then repeat those messages consistently during and after the event. In these situations, the more communication, the better. Regular meetings can also help; for example, a monthly town hall meeting at which the CEO updates employees on the current state of progress against established goals, with local leaders providing more-interpersonal messaging and support.

Address the issues

Rather than avoiding or minimizing difficult topics and potential consequences, leaders should tackle the issues directly. Staff members are usually more aware of underlying problems than management would like to believe, and downplaying issues can be counterproductive. It makes employees feel that the leaders are not honest, do not trust the staff to handle sensitive news, do not value staff input or contribution to the change effort, or are simply out of touch with reality.

Respect stakeholder needs

Each constituency has unique concerns and needs during a crisis. For example, employees may worry about job security or anticipated cuts to salaries or benefits. In extreme cases, they may wonder whether they're going to receive their next paycheck. External stakeholders, like vendors, may be anxious about getting paid and their rights if or when the company files for bankruptcy. Customers may need reassurance that supply will not be disrupted. Government agencies, tax authorities, shareholders and bondholders all have their own unique concerns as well. Good communication is a way to demonstrate both respect and reassurance to all stakeholders.

Empathize

Leaders should remain calm, professional, and direct. All communications should be nonpersonal and respectful, which requires a combination of courage, candor, and compassion. Messages that connect leadership with the audience, are sensitive to personal situations, and address uncertainty and apprehension will help create the right environment for change and transition.

1 For example, Kotter's Leading Change and Accelerate models address all aspects of change management. John P. Kotter, *Leading Change*, Boston: Harvard Business School Press, 2012.

Continued from p.15

Why Does CARE Work?

The psychology of the CARE principles is well established.[2] Communication is not a one-way process that is done to others. It must incorporate the audience's perspective, needs and voice to help shape the overall message and its meaning. In a context of change and crisis, leaders must serve as the guiding voice through the storm, be able to articulate the current situation directly and without panic or alarm, and be able to rally employees and teams so as to gain commitment and alignment to accomplish the necessary tasks ahead.

Expressions of humanity, understanding and patience are very effective communication tools for building trust, reassurance and commitment among the workforce.

Core Strategies for Empathetic Crisis Leadership

- Share information with employees in a timely manner.
- Give employees multiple opportunities and various means to raise concerns, ask questions and offer ideas; make it a priority to follow up unfailingly with answers not currently known and updates.
- React sensitively to signs of stress and emotional reactions in employees.
- Show genuine interest in the needs of others; listening can often diminish negative reactions to stress.
- Be a voice of support, and offer assistance willingly.
- "De-confuse" the process—employ visioning, chartering of change teams, planning sessions, PowerPoint presentations and other methods—maintaining focus on true communication.

Example: Reducing staff turnover at a manufacturing plant in crisis

A manufacturer had to dramatically improve performance at one of its main plants. The plant was losing more than $10 million a month, requiring the parent company to file for bankruptcy. Aging equipment led to downtimes of 20 to 50%, with even higher scrap rates. Plummeting morale had resulted in high levels of absenteeism, poor productivity, and staff turnover of 10% monthly, which meant the company struggled to maintain the required number of skilled workers to operate the plant.

This history of deteriorating conditions had left managers and employees with the expectation that nothing would be done.

The management developed a multi-tiered communication plan to help employees understand the path they would take to fix operations and save the facility. The company held daily meetings with plant managers to set priorities and work through roadblocks; weekly shift meetings for all affected employees to air their concerns and communicate results; and town hall meetings to share the current direction, expectations and challenges. Focus groups were conducted with tenured employees to keep skilled workers engaged and committed to the plant.

As a result, employees had a clear vision of what the company was trying to accomplish. Absenteeism and turnover fell sharply, and there was a marked reduction in overtime as a percentage of hours worked—from 35% to 14%—all thanks to increased employee retention. Longer term, the company stabilized the workforce at a smaller size and achieved much stronger performance. The number of plant shutdowns dropped, spending on contractors fell, and production rates quadrupled.

2 Pamela Walaski, *Risk and Crisis Communications: Methods and Messages*, Hoboken, NJ: Wiley, 2011.

Pulling It Together

Applying the CARE principles through real-world actions requires commitment and a structured process. A core group of operational leaders and communications experts needs to come together during the early, course-charting phase. This group will build a timeline that clarifies what the team members know and what they do not know. The group will also identify key events in the restructuring process that require explanation, especially if the events need others to react in specific ways so as to achieve or accelerate a result.

For each key event identified, the leadership and the communication teams determine the specific message or messages, set the story line for each set of stakeholders and decide how to deliver the message to the right group at the right time and with the right level of detail—whether it is in a letter, at a meeting, or through a formal or social media channel. The team will also have to designate who will deliver specific messages; specify the messages' aspects those designees should and should not emphasize; and anticipate how to react to a variety of questions that may arise.

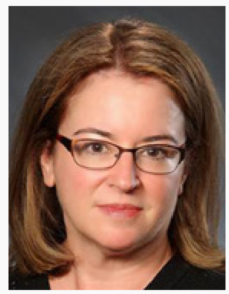
Lastly, if management historically has not been good at communicating, the team might want to start by educating company leaders about the value of good communications for each stakeholder audience, and ways to keep messages based in reality and focused on the future.

The bottom line? The way executives communicate during a crisis can have a major impact on how employees engage and how the company performs both during the crisis and afterward. It takes time to craft and then deliver clear, consistent communication and to make people feel heard and valued during what is invariably a stressful period for the executive team and the entire company; however, the rewards justify thoughtful efforts. Moreover, communicating empathetically is simply the right way to treat people.

ABOUT THE AUTHORS

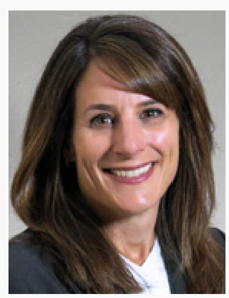
Ted Bililies, PhD

Ted serves as Managing Director and is the firm's first Chief Talent Officer. He has worked with boards, global investors and CEOs around the world on their toughest talent issues, including how to assess, align, and develop talent in their top teams; how to select and develop the next generation of an organization's leadership; and how to leverage talent strategically to position organizations for maximum profitability and financial success. Ted has helped global leaders achieve enduring change in their organizations, in their teams and within themselves, by expanding their psychological, behavioural and organizational intelligence and insight.



Pilar Tarry, CIRA

Pilar is director of AlixPartners' Turnaround and Restructuring Services group. She helps large and middle-market companies devise and implement complex restructuring solutions, primarily within a court-supervised framework. She brings more than 15 years of expertise to bear in helping clients with contingency planning and case management, negotiation of the recapitalization of debt obligations, and the design of crisis communication programs by leading vendor management programs and implementing restructuring transactions, primarily section 363 sales and recapitalization transactions. Pilar holds an MBA in finance from Michigan State University and is a Certified Insolvency and Restructuring Advisor.



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Megan brings 18 years of business experience managing numerous large scale projects across a variety of industries. As a process improvement specialist, Megan is adept at quickly and effectively assessing client needs, generating turn-key operational designs and services, building process efficiency necessary to support and achieve key deliverables. As an effective strategic partner, Megan is able to quickly assess, discern critical competency drivers and customize highly targeted client solutions aligned to strategic organizational outcomes. Leadership development training programs are a particular content expertise, especially within the energy and pharmaceutical sectors.

New CIRAs

Congratulations to the following members who recently earned the designation Certified Insolvency and Restructuring Advisor!

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Shawna Amarnani is a Senior Consultant at KapilaMukamal, LLP where she specializes in providing bankruptcy consulting, litigation support, and forensic investigation services. She provides services to debtors, creditors, receivers, assignees, federal bankruptcy trustees and examiners. Her areas of expertise include insolvency analyses, bankruptcy restructuring, asset-tracing and Ponzi scheme investigations. Ms. Amarnani holds a BS degree with dual majors in Accounting and Finance from Florida State University. She is also a Certified Public Accountant and Certified Fraud Examiner.

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Saby Bose is a Senior Consultant at Walker Nell Partners where he provides a range of financial advisory services to clients in areas focused on corporate restructuring, turnarounds, valuations, and fiduciary services. In addition to assisting both debtors and creditors in bankruptcy and troubled debt restructuring matters, Saby also provides litigation support and forensic analysis assistance on financial and accounting issues. His industry experience includes financial services, real estate and housing, healthcare, retail, and nonprofit organizations. Saby holds a B.S. in Finance, cum laude, from Drexel University where he was a nationally ranked tennis player.

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Matt Brinkmann is a Manager at Huron Consulting Group where he specializes in transaction advisory services and turnaround management to under-performing companies. His primary focus is on providing financial advisory services to the healthcare and life sciences industries. Roles include interim management and due diligence reporting. Matt holds an MBA from Fordham University's Gabelli School of Business.

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Katie Chekan is a Senior Consultant in the Arlington office of Deloitte Advisory. Katie has provided cash flow and risk management analyses, as well as supported settlement agreement negotiations, to clients in the Federal government since 2014. Previously she worked in both private equity and investment banking as a financial analyst.

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Marie Olga De La Rosa Stella is the Founder/ CFO of De La Rosa Stella CPA LLC with over 20 years' experience in private and corporate accounting. She has provided audit, tax and forensic services as well as business valuations, fraud investigations, bankruptcy consulting and other litigation services. Mrs. De La Rosa Stella has clients in retail, wholesale, manufacturing, services, government, university and not for profit, among others. She is expert in proceedings of the US Bankruptcy Court to provide guidance for financial reporting by entities reorganizing under Chapter 11. Previously, Mrs. De La Rosa spent three years at Deloitte in the auditing group. Fully bilingual in Spanish and English, she is a CPA, CFE, and Chartered Global Management Accountant, with a BBA in Accountancy from University of Sacred Heart

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Chris Hebard is a Senior Director in Ankura Consulting Group's Turnaround and Restructuring practice. Mr. Hebard has more than 8 years of experience providing financial advisory services across multiple industries. He has represented private and public companies, not-for-profit institutions, secured lenders, and other related parties. Mr. Hebard has extensive experience in cash flow forecasting, cash management, financial modeling, business plan review, strategic alternatives analysis, and bankruptcy administration matters. He is also a Certified Public Accountant (CPA).

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Grant is a Senior Manager within the Financial Advisory department of Deloitte in the Cayman Islands. He specializes in a variety of cross border insolvency and restructuring engagements, and advising clients on the realization of illiquid alternative investment positions. Grant has extensive experience in managing both court appointed and voluntary liquidations, the restructuring and wind down of Cayman Islands and Delaware domiciled investment fund entities, and the sale of illiquid alternative investment positions. He has a MA and BBA from Texas State University.

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Ahmad Iqbal is the president of BPM Advisors, LLC, a Los Angeles based boutique turnaround and restructuring advisory firm. Ahmad's expertise includes managing complex turnaround and restructuring projects using his background in business process re-engineering, technology and finance a diverse group of clients in multiple industry segments. He has served as Assistant Professor of Business for the College of Arts & Sciences, and adjunct professor for graduate programs of the School of Business, at the University of Redlands. Ahmad holds an Executive MBA from The Peter Drucker School of Business from Claremont Graduate University and a Master of Science in Electrical Engineering from Capitol College.

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Paul Jansen is a Managing Director in Conway MacKenzie's turnaround, crisis management and restructuring practice. He has extensive experience providing executive management to both publicly traded and privately held energy companies. Mr. Jansen earned a Master's degree in Economics from Maastricht University and is a Certified Public Accountant.

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Jarod Kimble is a Director within Ernst & Young's Restructuring practice with over 10 years' experience in the financial industry, specifically in restructuring advisory, private equity, operational turnaround consulting, and valuation services. Mr. Kimble specializes in evaluating the impact of restructuring and recovery alternatives/analysis, contingency planning, cash flow forecasting, liquidity management, multi-year business plan assessment and development of financial models and forecasts for distressed/bankruptcy situations and mergers and acquisitions analysis.

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Don Koetting is a Senior Associate with Alvarez and Marsal's Turnaround and Restructuring practice in Houston. Mr. Koetting's area of focus is complex restructurings and bankruptcies primarily in the energy and oil field service sectors. His main areas of expertise are liquidity review and planning, business plan preparation, evaluation of organizational and operational issues, and bankruptcy preparation and management. Mr. Koetting has a B.S. in Economics with a concentration in finance from the Wharton School of Business at the University of Pennsylvania.

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Marc Levee is a Director in the FTI Consulting Corporate Finance & Restructuring practice and is based in Atlanta. He has more than 5 years of experience in the consulting and restructuring space. Mr. Levee's assignments have included out-of-court engagements, debtor and creditor proceedings, and corporate finance transactions. He has a BS from the University of Arizona and an MBA from Fordham University.

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Carrie McEntire is a Consultant at D. R. Payne & Associates, Inc. in Oklahoma City, Oklahoma. She has five years' experience in public accounting, specifically, in the preparation of business valuation reports, expert witness reports, bankruptcy court reports and other special project reports used in litigation proceedings. Ms. McEntire also holds the title of Certified Public Accountant (CPA) granted by the Oklahoma Accountancy Board and the title of Certified Valuation Analyst (CVA) granted by the National Association of Certified Valuators and Analysts. She earned her BS in Accounting at the University of Central Oklahoma.

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Misael Natal has over 20 years' experience including public accounting and private sector, with specialization in litigation support in bankruptcy cases and out-of-court restructuring. He has been responsible for coordinating, planning, supervising and executing financial and operational audit engagements in a diversified portfolio of privately held companies engaged principally in the fields of Retail, Construction, Government, Services and Insurance. Mr. Natal has been involved in providing other services, including reviews, compilations, agreed upon procedures and compliance with laws and regulations. He has a bachelor degree in Business Administration from the University of Puerto Rico.

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New CIRAs

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Todd Newsom is an Analyst with AlixPartners' Turnaround & Restructuring practice (TRS) where he specializes in advising troubled Oil & Gas companies through the bankruptcy process. His primary areas of concentration include developing tailored financial forecasting and reporting solutions, 13-week cash flow forecasts, actuals to forecast variance analysis, and integrated three-statement business plan models. Mr. Newsom earned an MBA from Southern Methodist University with a focus in finance and a Bachelor's degree in management from Baylor University.

ZACHARY PARKINS
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Zachary Parkins is a Vice President in the Disputes & Investigations service line at Duff & Phelps, LLC. He has over seven years' experience in Chapter 7, 9 and 11 Bankruptcy cases as well as experience in fraudulent transfers, preferences, solvency analyses. He has also worked on multiple litigation engagements with issues such as money laundering and corruption. Mr. Parkins has a B.S. in Economics from The Ohio State University and a J.D. from The University of Miami School of Law.

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RJ Prossner is a Director at Conway MacKnezie where he specializes in providing financial and operational consulting services to performing and under-performing companies. He has experience working with public and private companies across varying situations and stages. Mr. Prossner specializes in a number of industries, including: higher education, manufacturing, automotive, consumer products, retail, distribution, metals and specialty metals, telecommunications and technology. He earned his Bachelor of Science in Mechanical Engineering from Union College, in Schenectady, New York. He also earned a Master of Business Administration from Michigan State University Eli Broad College of Business.

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Jon Tatum is a Consulting Manager at Hogan Taylor in the Advisory Services Practice. He has over 25 years' accounting, tax and consulting experience in a variety of industries, including manufacturing, auto parts supply, medical, publishing, financial services, and non-profit. He has served in various financial leadership positions such as CFO, Controller and Finance Director. Mr. Tatum has experience in operating receiverships, M&A consulting, and as VP of Audit at a leading royalty management and royalty audit services consulting firm in Nashville. Since 2010 he has served as Turnaround Consultant for distressed organizations, court appointed/approved bankruptcy financial advisor, DIP representative, and bankruptcy administrator. He is a CFE and holds a BBA in Accounting from Oklahoma State University.

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Erik White is a Manager in the Business Turnaround and Restructuring practice at Bridgepoint Consulting in Austin. Erik has experience advising public and private debtors and secured and unsecured creditors across a variety of industries in complex restructurings and reorganizations. Prior to joining Bridgepoint, Erik was a Director of Corporate Finance / Restructuring at FTI Consulting in Dallas. Erik earned a BSE from Princeton University in Operations Research and Financial Engineering, and a MBA from the University of Michigan Ross School of Business.

New CDBVs

Congratulations to the following members who recently earned the designation Certification in Distressed Business Valuation!

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Scott Cockerham is a Senior Director in the Houston office of Huron Transaction Advisory, the broker dealer of Huron. He works with investment banking clients, both private and public, across a host of industries on a wide range of services, including mergers and acquisitions, acquisitions and divestitures, capital raises, restructuring and turnaround advisory, and valuations. Mr. Cockerham also holds FINRA Series 7, 24, 63, and 79 licenses. He has a BS from the United States Naval Academy and an MBA from the University of Michigan.

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Alfredo DeAngelis is a Senior Managing Director with the Gapstone Group and holds both the CIRA and CDBV designations. Mr. Deangelis has over 25 years of experience in corporate and structured finance, including in financial restructuring and turnaround assignments. Prior to joining Gapstone, he was a Director in Merrill Lynch's Structured Solutions Group, a senior member of AIG Trading's Structured Transactions Group, and a portfolio analyst with Fidelity Investments in the Global Bond Division where he ran asset allocation, security selection, and currency overlay strategies for its bond and balanced portfolios. Mr. DeAngelis holds a B.A. and M.S. in Mechanical Engineering from M.I.T., and has completed requirements toward a PhD (ABD) as a Research Fellow of the Charles Stark Draper Laboratory developing machine learning algorithms.

VIKRAM KAPOOR
Navigant Capital Advisors LLC
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A Managing Director in Navigant Consulting's New York office, Vikram Kapoor has earned both the CIRA and the CDBV designations. Mr. Kapoor specializes in the valuation of distressed assets and trading and analyses of structured products and derivative securities. Matters on which he has been engaged include Lehman Brothers, Countrywide, Enron, Adelphia and WorldCom. Mr. Kapoor has also worked on restructuring and liquidation of hedge funds, and testified as an expert witness in matters related to valuation and trading. Mr. Kapoor is registered with FINRA and has passed the series 7 and series 63 qualifying exams. He holds an MBA in finance and an undergraduate degree in electronic engineering.

For more details on the CIRA & CDBV programs or to enroll visit

www.aira.org

Members in the News & on the Move

Paul Hammer Selected for Caribbean Businesses' 2016 Top 40 Under 40 in Puerto Rico

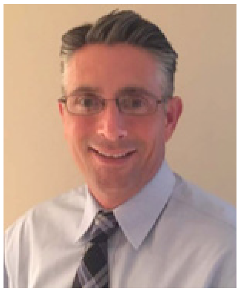
Paul Hammer leads Estrella LLC's Financial Reorganization/Bankruptcy Practice. He has distinguished himself as a consultant, negotiator and litigator with a specialization in both the bankruptcy and federal forum in Puerto Rico. Mr. Hammer also provides troubled debt restructuring and interim financial management consulting services. He has participated in some of the largest bankruptcy cases in Puerto Rico, including the reorganizations of Puerto Del Rey, Berwind Realty, and Autos Vega, Inc. Mr. Hammer also teaches CLE seminars on wide array of topics in Bankruptcy law and has published a number of articles. His credentials include Loyola New Orleans College of Law/J.D./Summa Cum Laude/2006; and University of Louisiana, Lafayette/B.S., Management & Accounting/Magna Cum Laude/2002.

AlixPartners Director Spencer Ware, CIRA, NYIC Future Leader of the Year

The New York Institute of Credit (NYIC) named Spencer Ware, CIRA, a Director at AlixPartners, the recipient of its 5th Annual Future Leader of the Year Award. Alan Holtz, Managing Director of AlixPartners and a past president of AIRA, presented the award to Spencer at a ceremony on October 24. The NYIC Future Leader of the Year award recognizes a future leader who has supported NYIC and helped build the NYIC Future Leaders Division. Mr. Ware has been an active member of the NYIC for several years and has been instrumental as a speaker, mentor, and industry leader among young professionals.

"We are proud of Spencer's contributions to the New York Institute of Credit. He is a strong professional in the bankruptcy and restructuring industry and is an eager mentor for young people establishing themselves in the industry," said Holtz.

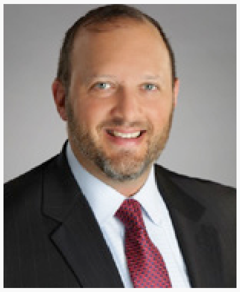
KapilaMukamal Announces New Principal of Firm: Kevin McCoy, CIRA



KapilaMukamal is pleased to announce the promotion of Kevin McCoy as a Principal of the firm effective October 1, 2016. Kevin joined the firm in 2012 after fifteen years in private industry and running his own business. Kevin concentrates on providing forensic investigation, bankruptcy consulting and litigation support services to debtors, creditors, receivers and bankruptcy trustees. His expertise encompasses insolvency analyses, investigating preferential payments/fraudulent transfers, Ponzi schemes, check kiting and financial fraud. He is seasoned in analyzing budgets, projections and feasibility studies.

McCoy was recently named a Certified Insolvency and Restructing Advisor (CIRA) of the AIRA, receiving a Certificate of Distinguished Performance Award for exceptional scores on the CIRA exam.

MorrisAnderson Welcomes Todd A. Zoha, CIRA, as Managing Director



MorrisAnderson, a financial and turnaround management consulting firm, is pleased to announce Todd A. Zoha has joined the firm as a managing director, based in the Chicago office. Mr. Zoha specializes in crisis and interim management, corporate restructurings and transformations, financial and operational turnarounds, cash enhancement and performance improvement initiatives. "Todd has an incredible track record working through complex large restructuring deals, both as an outside advisor and internal C-level executive," said Dan Dooley, MorrisAnderson's chief executive officer.

Mr. Zoha's previous work on Momentive Performance Materials, a $2.5 billion producer of silicones and silicone derivatives, earned a Restructuring of the Year Award in 2015 by M&A Advisors. Mr. Zoha became a member of AIRA in 2004 and has been a Certified Insolvency & Restructuring Advisor since 2010.

IWIRC Names Carlyn Taylor, CIRA, as the 2016 Woman of the Year in Restructuring

Carlyn Taylor, Global Co-Leader of the Corporate Finance & Restructuring ("CF&R") segment at FTI Consulting, has been named the 2016 Woman of the Year in Restructuring by the International Women's Insolvency & Restructuring Confederation (IWIRC).

Ms. Taylor is a trailblazer with a superb track record and a passion for mentoring the next generation of leaders. With more than 25 years of experience, Ms. Taylor is widely sought for her depth and breadth of expertise, having led more than 140 bankruptcy and restructuring engagements. Her clients include companies in the telecommunications, media and technology ("TMT") industries, financial institutions and funds.

In her current role, Ms. Taylor co-leads FTI's CF&R group, with more than 850 professionals in 41 offices and 14 countries. She is also the FTI Industry Initiative Leader and CEO of FTI Capital Advisors. Ms. Taylor has been instrumental in the creation and global expansion of FTI Consulting's Women's Initiative, FTI WIN, which aims to attract, retain, develop and promote outstanding talent among women.

Ms. Taylor joined FTI Consulting in 2002 through its acquisition of PricewaterhouseCoopers' (PwC) Business Recovery Services group, where she founded the TMT practice. Turning lemons into lemonade when the telecom industry experienced major industry disruption and crashed, Ms. Taylor transferred her entire team into the bankruptcy/restructuring space. She worked on more than 95 restructurings during the period of 2000-2005.

Ms. Taylor began her career as a consultant at PwC, climbing the ranks to become one of the youngest partners of the firm. Ms. Taylor graduated as Valedictorian at the University of Southern California with a B.A. and M.A. in Economics.

SUBMIT YOUR ANNOUNCEMENT FOR THIS SECTION—AIRA members and their representatives are invited to submit material for the Members in the News/on the Move section of *AIRA Journal* at any time. AIRA Journal is published quarterly and announcements will be included as space allows in each edition. Please send notices of about 150 words and photos (900kb or larger size) to Valda Newton vnewton@aira.org.

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John Walsh
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CLUB 10

Organizations with 10+ professionals who are active CIRAs or have passed all three parts of the exam

FTI Consulting, Inc.	**55**
Alvarez & Marsal	**51**
AlixPartners, LLP	**45**
Deloitte CRG	**41**
Ernst & Young LLP	**31**
Berkeley Research Group, LLC	**28**
Huron	**26**
KPMG LLP	**22**
Conway MacKenzie, Inc.	**20**
Protiviti Inc.	**19**
Pension Benefit Guaranty Corporation	**15**
Zolfo Cooper	**15**
BDO USA, LLP	**12**
CohnReznick LLP	**12**
Office of the U.S. Trustee	**12**
GlassRatner Advisory & Capital Group LLC	**11**
PricewaterhouseCoopers LLP	**11**
EisnerAmper LLP	**10**
SOLIC Capital Advisors, LLC	**10**

2016 JUDICIAL SERVICE AWARD

AIRA Recognizes the Honorable Christopher S. Sontchi at New York POR Conference

On November 14, 2016, at the 15th Annual Advanced Restructuring and POR Conference in New York City, the Honorable Christopher S. Sontchi, United States Bankruptcy Judge for the District of Delaware, was presented with the AIRA's 2016 Judicial Service Award in recognition of his substantial contributions, both on and off the bench, to the restructuring practice and profession.

Pictured at left are Thomas Morrow, CIRA, AIRA Executive Director, and Angela Shortall, CIRA, AIRA President, with Hon. Christopher S. Sontchi (center). The award was presented during a reception in the library of the Union League Club of New York.

AIRA Grant Newton Endowment Fund

The Mission of the AIRA Educational Endowment Fund is to further educational programs and funding of research focused on the areas of accounting, restructuring and insolvency including establishments of scholarships; sponsorships and encouragement of research and educational forums; education of judges, court personnel and governmental and other not-for-profit personnel; and providing other projects, materials or educational benefits to the bankruptcy and insolvency community.

A Gift for Supporters:

As part of a special fundraising campaign, contributors of $200 or more will receive a Grant W. Newton commemorative desk ornament (while supplies last). This limited edition, hand painted bobble head was created to recognize Grant's retirement after over three decades of service to the Association and its education program.

Making a Contribution or Pledge:

Online: To make a contribution visit https://www.aira.org/aira/endowment_fund

Check: Make payable to "*AIRA Grant Newton Educational Endowment Fund*" and mail to AIRA, 221 W. Stewart Avenue, Suite 207, Medford OR 97501

For More Information:
Contact AIRA Controller, Sue Cicerone, at scicerone@aira.org

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The Association of Insolvency and Restructuring Advisors is governed by a board composed of up to 40 directors (several former directors continue to serve as directors emeritus). Directors are elected by majority vote at a meeting of the Board, serve for a term of three years (or such less term as the Board may determine or until their successors are duly elected and qualified) and may serve an unlimited number of terms, whether or not consecutive. The majority of the directors on the Board must have a CIRA Certificate; although most are financial advisors, a number of directors are attorneys. New officers assumed their duties at the end of the June Annual Conference and will serve for one year.

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