

Chrysalis Capital Helps Plymouth Rubber Emerge From Ch. 11

BY [MATTHEW MONKS](#)

9/6/2006 – Plymouth Rubber Co. has emerged from bankruptcy under the new ownership of distressed investor Chrysalis Capital Partners LP.

Chrysalis' investment vehicle Long Dash PRC LLC provided \$3 million in exit financing to the Canton, Mass., manufacturer of vinyl and rubber tape. Wells Fargo provided a \$7 million revolving credit facility.

Plymouth Rubber's subsidiary, Brite-Line Technologies Inc., will use the proceeds to expand its sales, marketing and customer service programs. Brite-Line makes the bright yellow tape used to mark highways.

Plymouth Rubber filed for Chapter 11 bankruptcy protection in July 2005, after the Pension Benefit Guaranty Corp. failed to reach an agreement with the company's lenders and placed liens on its assets because the pension plan was underfunded. A bankruptcy judge granted Plymouth Rubber's request to terminate the plan a month later, leaving the PBGC with about \$12 million in unfunded pension benefits to cover.

Bankruptcy proceedings were drawn out while the previous majority owners, the Hamilburg family, squabbled with creditors for control over the 100-year-old company. The initial reorganization plan called for Clarendon Capital Group LLC, a firm controlled by Plymouth Rubber President and Co-Chief Executive Maurice Hamilburg, to invest \$2 million in exchange for Plymouth Rubber's new equity.

LaSalle Bank, which was owed \$14 million, filed a rival plan to liquidate the company via a \$16 million sale to Ideal Industries Inc., of Sycamore, Ill. A bankruptcy judge approved a modified plan on July 26, which brought in the new equity investor and improved the treatment of LaSalle's claim.

Under that plan, LaSalle will hold an \$11.3 million secured claim and a \$2.9 million unsecured claim. The secured claim will bear interest at the rate of prime plus 3.75%, rather than the rate of prime plus 1.75% previously provided under the plan. LaSalle also will hold a \$600,000 claim arising from the company's use of its cash collateral, which will be converted to an unsecured claim.

LaSalle has also agreed to the sale of Plymouth Rubber's Canton facility and some surrounding property. Chicago's Napleton Acquisition LLC bought the property for \$5.26 million last month, with the proceeds expected to go to LaSalle. Plymouth Rubber will lease the property until 2007, when the company will move its tape production to either its facility in Spain or to a plant in Shanghai that it formed in 2004 with Hebei Huaxia Group. Brite-Line will continue to operate in Denver as its parent moves production overseas.

Chrysalis Capital, of Philadelphia, recently closed its debut fund at \$300 million, \$100 million ahead of its target. Reach Chrysalis Capital Partners at 215-609-3400.