PRACTICE POINTERS

Company Uses Chapter 11 Debtor To Go Public

Alliance Research Corp. of Chatsworth, Calif., now known as **Ora Electronics**, recently used Chapter 11 debtor **North American Energy of Delaware Inc.** to go public.

"North American was insolvent for several years, but had maintained its publically traded status while waiting for a merger candidate," said **Dwight Yellen** of **Ballon, Stoll, Bader & Nadler** in New York, who along with **Howard Bader** and **Robert Shepard** represented the debtor.

Alliance, which makes attachments for cellular phones, found they could take the publically traded status of the debtor and issue shares pursuant to Section 1145, which exempted them from registration under the securities laws.

"The merger candidate wanted to go public and didn't want to spend a lot of money on underwriters [etc.]," Yellen said. "We plan in the future to pursue this approach with many of our debtors. This approach allows us to take advantage of securities law exemptions to create additional value for the creditors."

North American filed Chapter 11 Aug. 21, 1996 before **Judge Jeffrey Gallet** (Bankr. S.D.N.Y.). The debtor had $15,000 of unsecured debt, which had agreed to accept shares of the new coporation. The plan confirmed Nov. 22, with the plan effective date in mid-December.

Alliance was represented by **Larry Braun**, **John Newby** and **Sarah Keller** of **Sheppard, Mullin, Richter & Hampton** in Los Angeles.