

## **Lavalley & Associates Hired to Monitor Regional Propane Distributor & Retail Store**

Lavalley & Associates was hired by a national bank to review the borrowing base certificate of a regional propane distributor and multi-location retailer of propane fireplaces, grills and related outdoor accessories after questions arose regarding the collateral securing the company's line of credit.

During the first meeting with the company, Lavalley & Associates was provided with six months of historical accounts receivable statements for the distribution division's primary client, which accounted for over 98% of all the company's accounts receivable. Upon review, a significant discrepancy arose between the bank reports and the supporting accounts receivable documentation.

Further investigation revealed that the person responsible for completing the borrowing base certificate had manipulated the accounts receivable statement from their primary client resulting in an overstatement of receivables.

Upon learning this information, the bank required the company to work with Lavalley & Associates until the distribution division's sale was finalized and the bank's loan was paid. The bank increased its reporting requirements to include a weekly borrowing base certificate, a daily cash flow, and a full physical inventory of its retail stores and distribution division. Lavalley & Associates assisted in the creation of the cash flow, the modification of the borrowing base certificate to better show the bank's collateral position, participated and coordinated the physical inventory of the respective divisions and conducted random on-site visits on behalf of the bank.

The distribution division's sale was consummated and the bank loan paid-in-full.