

DELOREAN FIRM FILES CHAPTER 11 PETITION

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Author: BEN JOHNSON Free Press Business Writer, Associated Press

John Z. DeLorean 's auto company filed for Chapter 11 bankruptcy reorganization in Detroit Monday, while **DeLorean** himself remained jailed on cocaine charges in Los Angeles, unable to post \$5 million bail.

The bankruptcy petition effectively freezes all legal action by the firm's 730 secured and unsecured creditors. The petition did not list the total amount owed creditors or the assets of **DeLorean Motor Co.**

According to the petition, the three largest unsecured creditors -- who have no collateral for the money the company owes them -- are Renault, the French automaker which manufactured engines for **DeLorean** 's gull-winged, stainless steel sports car; the Northern Ireland Department of Commerce, which provided some funding for **DeLorean** 's Belfast factory, and Kimmerly, Gans and Shaler, a Bloomfield Hills law firm.

According to a clerk for the bankruptcy court, **DeLorean** 's attorneys have 10 days to file a complete list of creditors and assets. According to federal bankruptcy law, a meeting of **DeLorean** 's creditors must be held within 30 days.

LAWRENCE K. SNIDER, the Detroit attorney representing **DeLorean Motor Co.**, said the company filed the bankruptcy petition because two firms and a former **DeLorean** executive filed legal actions against the company. The bankruptcy petition effectively halts all legal proceedings by creditors, Snider said.

Chapter 11 permits a firm to continue operations while it reorganizes and works out a way to repay creditors.

The **DeLorean Motor Co.** has been in receivership since February. The Belfast, Northern Ireland, plant was closed last Tuesday, a few hours before **DeLorean** 's arrest in Los Angeles.

DELOREAN IS ACCUSED of trying to arrange a \$24 million cocaine deal to save his ailing auto company. Efforts continued by a real estate agent to sell off **DeLorean** 's 48-acre estate near San Diego, Calif., to raise bail money.

DeLorean, 57, is charged with conspiracy to possess for distribution 220 pounds of cocaine worth an estimated \$24 million.

Also being held at the Terminal Island federal prison are **DeLorean** 's alleged associates in the case: William Hetrick, 50, owner of a Mojave, Calif., aircraft service company, and Stephen Arrington, 24, of San Diego, described as an associate of Hetrick.

Bail for Hetrick, described by the FBI as a major cocaine distributor, was set at \$20 million. Arrington is being held in lieu of \$250,000 bail.

MEANWHILE, TWO Ohio companies announced separate offers to save the Belfast plant and keep producing the sports cars.

The president of Columbus-based Consolidated International Inc., Sol A. Schenk, said he visited the Belfast factory on Friday and made "a very interesting cash offer."

He declined to discuss details, but indicated that his company, which specializes in liquidating bankrupt concerns, had offered less than \$100 million.

Larry Watts, a Cleveland investment executive, said he had put together a \$200 million loan proposal hours before **DeLorean** was arrested by narcotics agents.

Production of the **DeLorean** is being proposed by Gordon Johnston, an owner of Geometrics Engineering and Design in Oxford, a Detroit suburb, and William Charles Young, a car designer who works for Southern Indiana Gas & Electric.

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