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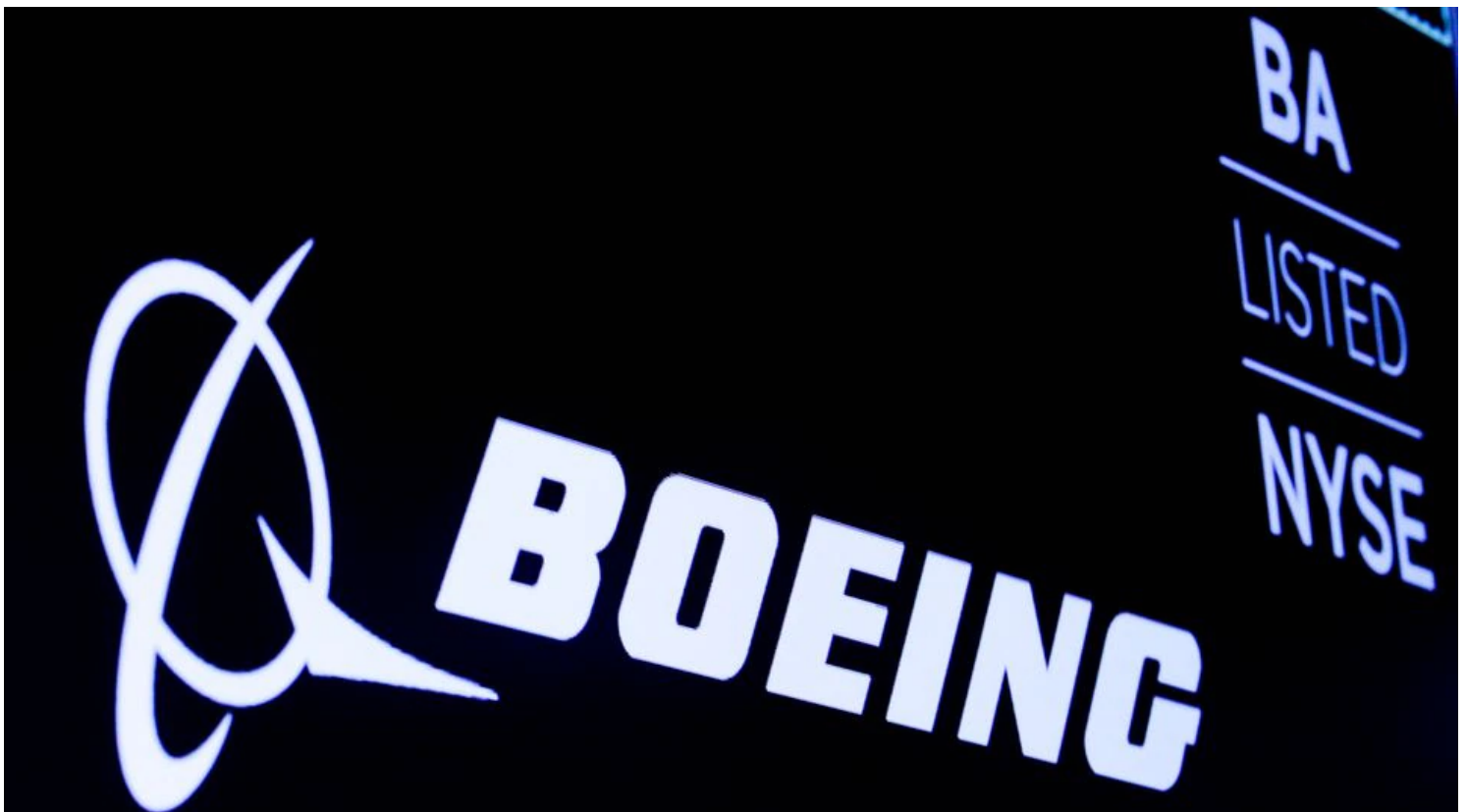
Legal


Boeing subcontractor GDC OK'd to tap loan as it maps out bankruptcy options

Maria Chutchian



3 minute read





The Boeing logo is displayed on a screen, at the New York Stock Exchange (NYSE) in New York, U.S., August 7, 2019. REUTERS/Brendan McDermid

Boeing Co subcontractor GDC Technics LLC has obtained court approval of a loan to keep operations afloat while it works to secure longer-term financing and devise a path out of bankruptcy.

During a virtual hearing on Tuesday, U.S. Bankruptcy Judge Craig Gargotta of the U.S. Bankruptcy Court for the Western District of Texas signed off on the \$500,000 loan, which is designed to hold the company over until next week, when it hopes to line up a larger financing deal with its lender. GDC, represented by Wick Phillips Gould & Martin, filed for Chapter 11 protection on April 26 with \$25 million in funded debt after Boeing terminated its contracts with the company.

GDC's business is focused on converting the interiors of standard airplanes into "flying palace(s)" to be used by heads of state, Jason Rudd of Wick Phillips said during Tuesday's hearing. The company, which operates mostly out of San Antonio and Fort Worth, most recently completed work on an aircraft for the Indian prime minister, he said.

The company, owned by Oriole Capital Group LLC, is also working on technology that will provide better internet connections for aircraft.

GDC had contracts with Boeing to work on two Air Force One aircraft, which Boeing attorney Oliver Zeltner of Jones Day called "critically important" to both Boeing and the U.S. Air Force. Boeing has been designing presidential aircraft for several decades.

Boeing sued GDC and terminated the contracts on April 7, accusing GDC of delays and other breaches of their contract. GDC contends that Boeing owes it \$20 million for work it has already completed on the project, which Boeing disputes.

The lawsuit is on hold while the bankruptcy proceeds.

Zeltner said during Tuesday's hearing that Boeing is "going to be engaged in the case," and hopes it can reach a deal with GDC.

Rudd said that although Boeing has, in recent years, accounted for more than half of the company's revenue, it is prepared to reorganize with a focus on other customers. However, it has not yet settled on a bankruptcy exit strategy and will continue working with its creditors on developing a plan, he added.

The company is in ongoing talks with Mazav Management LLC, which is providing the \$500,000 loan, as well as pre-bankruptcy lenders about longer-term financing options, which GDC hopes

to have lined up by next week.

The case is In re GDC Technics LLC, U.S. Bankruptcy Court, Western District of Texas, No. 21-50484.

For GDC: Jason Rudd, Scott Lawrence and Lauren Drawhorn of Wick Phillips Gould & Martin

For Boeing: Oliver Zeltner of Jones Day

For Mazav: Eric Taube and Trip Nix of Waller Lansden Dortch & Davis

For the pre-bankruptcy lenders: Gabe Morgan of Weil, Gotshal & Manges

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