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# Fuelish Pleasure



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*With more than eight years of investment banking and financial restructuring experience, Chabina has advised clients across a wide range of industries that include energy, consumer products, retail, health care, specialty finance, telecommunications, building materials, aerospace/defense, specialty foods, marketing and media, specialty chemicals, manufacturing, and automotive. He holds a bachelor's degree in economics from Colgate University.*

**Q:** It seems that everyone in the turnaround industry started out somewhere else. Was that the case for you?

**CHABINA:** Sort of. We are generalists, as you may already know. The first couple of years of my career at Carl Marks, I was primarily focused on healthy sell-side M&A, debt and equity capital raises, and matters of that nature. I was working less in restructuring, primarily because of the mix of business that was in-house at the time and where the markets were, although I did work on some restructuring engagements here and there.

I suppose that the big watershed moment for me was Halloween 2008, when a company called VeraSun Energy filed for bankruptcy rather tumultuously. We represented the senior secured lenders to one silo of the collateral in that deal consisting of seven of the company's 16 production facilities. At the time, VeraSun was the largest ethanol producer in the country, perhaps in the world, and was the first major bankruptcy in the sector. We got into that business pretty deep from there on out.

With VeraSun, it was a very quick learning curve in many respects. I recall we got the case on a Friday, and we had boots on the ground the following day. We ended up spending the next 3½ to four months in Sioux Falls, South Dakota, at the company's headquarters.

Our scope was both operational and financial, which is a great deal of work. We had to review everything, ranging from cold

and hot idle budgets to determining what facilities of ours, if any, to shut down or start up and the financial implications of doing so, as well as assisting the senior lenders size, structure, and execute on a credit bidding procedure for six of the seven plants in bankruptcy court, which were then subsequently sold to third parties.

That was my first soup-to-nuts restructuring engagement, and it turns out that it was probably one of the most productive cases of my career to date. I learned a great deal on that engagement, and we had a successful outcome for our constituency, all things considered.

**Q:** So you were bitten by the restructuring bug at that point?

**CHABINA:** It's true. It was an interesting case with a lot of complexity, both from a capital structure and operational point of view. It was also my big segue into the renewable energy sector. Since then, we have advised on 13 other engagements in ethanol alone, so we've really carved out a niche in renewable energy and advanced biofuels.

It's been a surprisingly interesting road for me. Obviously, flying out in November to Sioux Falls, South Dakota, where wind chills can reach minus 30 degrees, is less than attractive on the surface, but it ended up being one of the more productive and interesting deals I've ever worked on.

**Q:** Renewable energy is both a professional and personal interest of yours. Is that where the personal interest came from, working on that deal?

**CHABINA:** I think it really started to grow out of that engagement. I had always been interested in renewable energy generally before I worked directly in the space. Marrying a professional specialty with a personal interest is just, I suppose, a benefit, and I'm happy to have that opportunity. You're right, though, it's definitely an interest of mine. I try to read various whitepapers, newspapers, and trade magazines on these sectors regularly. It's amazing how energy policy impacts everything—politics, the economy, and obviously the environment.

I didn't know I was as interested as I am when I first got into VeraSun, but it is nice that I've had the opportunity to work deeper in that space.

**Q:** Do you have any mentors? Who inspires you professionally and personally?

**CHABINA:** I'm lucky to have a wide range of support and motivation from my family. My grandfather started a family business, which is now a third-generation business on Long Island and where many of my family members work today. It's a very entrepreneurial spirit. My grandmother, who's 92 years old, still goes into work, not that she has to, of course. She's obviously a large inspiration for me and my other family members.

My wife Logan is also a huge source of motivation. She's grown an incredibly successful business as well. She was the

second person at a restaurant and night life/hospitality company back in 2006. They now have more than 800 employees at their various properties. She's been incredibly supportive. I basically draw my inspiration from my family and that support system. They're all incredibly successful in their own right.

**Q:** What kind of business is the family business?

**CHABINA:** It's insurance, and there is some real estate work, but insurance is the core focus. The running joke is that no one in my family can possibly dream of retirement if my grandmother is 92 and still comes into the office—it would just look bad.

All of my family members are passionate about what they do and it's admirable. They have a good value system. They work very hard and are very supportive people.

**Q:** The VeraSun engagement sounds like it was probably one of your favorite, most gratifying ones. Are there any others?

**CHABINA:** There are a lot of different types of gratification, I think. Certainly in some situations, given our line of work, you may not always reach what is objectively considered a "successful" outcome. But, all things considered, you reach a consensus that delivers as much value as possible to your respective constituency. It can be difficult to find the right balance among competing interests, but that challenge makes the job rewarding.

VeraSun was a great case that combined different strengths of our firm—our operational/consulting side and investment banking side—and we were able to deliver a successful outcome to our client. But there are other instances in which I've had a lot of gratification for different reasons.

For instance, we do our share of sell-side M&A, and sometimes we have family business owners who might have a third- or fourth-generation business their family members started. It can be a little bittersweet for them when they sell because, while it's certainly a successful transaction and something they have engaged us to accomplish, it can be difficult to say goodbye to a business like that. I can relate, given my own family's entrepreneurial background and their self-starter family-owned business mentality. It can really be their "baby." So it's an interesting mix of business between sell-side M&A and restructuring. I think there are different levels of success. It's rather subjective, I guess.

**Q:** What role has TMA played in this?

**CHABINA:** TMA's been great. I've been involved for a few years now. I'm on the board of the New York Chapter, and I'm currently chair of the New York Chapter's NextGen Committee. Obviously, having like-minded people who want to network and meet other people is great, but that's sort of scratching the surface of TMA. The programming is really amazing now. It's remarkable to think the NextGen Committee itself has only been around for two years or so.

We have some tremendous programming events going on right now. We just had an examination of the recent Hawker Beechcraft bankruptcy, which was an incredibly interesting case. The key professionals from that case participated on our panel. Now we have coming up on July 24 an examination of the shipping industry with some very high-profile industry experts.

It's a great opportunity to find people who want to find creative ways to work together and who have like-minded interests. TMA has always been very supportive. It's been a great tool for me personally and professionally.

**Q:** Speaking of the programming, it's gratifying to see the willingness of some senior people to come in and talk to TMA NextGen groups.

**CHABINA:** Absolutely. In fact, the anchor panelist for our shipping panel on July 24 is Wilbur Ross. His reputation obviously precedes him, and he's clearly a very successful investor. He's developed a thesis on the shipping and various shipping credits and has gotten deeper into the space recently. I don't know if there is a more appropriate person to comment on the activity in that sector at this time. Also, we have restructuring professionals from Lazard, AlixPartners, AMA Capital Partners, and Houlihan Lokey lined up as well. It should be a great event.

**Q:** Has your involvement in TMA connected you with someone it might have been harder to connect with otherwise?

**CHABINA:** Definitely. You always meet people through active engagements, but this is an incredible way to have a forum of professionals with different connections to the restructuring industry. It is relatively broad, insofar as there could be legal advisors, financial advisors, distressed investors, etc. This is a great way to bring these types of professionals together and perhaps meet people you would not have had the opportunity to cross paths with, particularly early in your career.

**Q:** I would suspect that you end up crossing paths with people you run into later on a deal. You achieve a different comfort level when you already know people involved.

**CHABINA:** Absolutely. Within the NextGen Committee, everyone's passionate about what types of programs we put on and the educational element to the TMA. But certainly it's a great opportunity to network with other professionals that you might not have the chance to meet as well.

**Q:** What advice do you have for someone who's new to the industry or is thinking about joining it? Do you encourage people to go into the turnaround industry?

**CHABINA:** I would encourage people to go into the turnaround industry in whatever capacity that may be for their respective career. It's very interesting work and takes a creative mind. There obviously are certain constraints

professionals must adhere to with the U.S. Bankruptcy Code and things of that nature, but there are really no limits to what a creative person can accomplish, building consensus with different constituencies and working out these types of complex situations.

It's very satisfying. It's gratifying to bring a distressed situation to a successful close for your client. No day is exactly the same as the day before in the restructuring industry. It's very dynamic. If someone is interested in that type of work, I would encourage them to get into it.

I think that you definitely need to go in with your eyes and ears open to new types of industries, engagements, and experiences. Personally, I never sought to be an advanced biofuels expert, but I have been fortunate to have continued working in a sector that was otherwise very new to me just five years ago. I believe that it's very easy, particularly for younger people, to get compartmentalized on an engagement, but you can't operate successfully with blinders on. You have to see how your role affects the larger engagement and think critically about everything you're doing.

**Q:** What would people who only know you in a professional capacity be surprised to learn about you?

**CHABINA:** Other than the fact that my first name is not really Scott? It's Clifford. Other than that, for a long time I wanted to approach this industry from a different perspective. I had wanted to be a lawyer since college, or probably way

before that. In college, I was the chair of our prelaw society for a time and thought that I would be going to law school. For whatever reason, I went a different direction coming out of school, and I'm thankful that I did. It's been a great experience, a great ride for me.

**Q:** What do you do outside the office?

**CHABINA:** I had previously been the vice president of the Junior Committee of the Alzheimer's Association in New York. I've been involved with that very worthy cause for some time. My grandfather had Alzheimer's, so I have a personal connection to it.

It's been amazing to see how big that Junior Committee has become. They've grown exponentially since I was involved at the executive level, and it's really rewarding to see. The funds they raise now dwarf what we were doing just a couple years ago. They've rolled out new and worthwhile fundraising efforts. So it's been great to watch this happen. While it used to be a success to have 10 people at a meeting, they now have closer to 35 or 40.

**Q:** What do you do for fun?

**CHABINA:** I love to golf. I love to be on the water. I grew up on Long Island, so I have a connection to being out on the water and try to get outside when I can. Based on where my golf game is at the moment, that should keep me busy for awhile.