

Background

In 2023, due to the unfortunate passing of the owner of VP Aviation, his widow decided to sell the business. Two long-time employees of the organization took the helm as new owners. One of the new owners, Michael Chally, brought with him valuable connections, including his close relationship with a law firm client of the bank, a trusted contact within Wintrust Financial Corporation.



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The Challenge:

Upon taking ownership, the new leadership sought to restructure the company's financial foundation. Their main objectives were:

- 1. Acquisition Financing:** Securing a loan to finalize the purchase of the business.
- 2. Accounts Receivable Financing:** Finding a solution to manage and finance the accounts receivables, which had been previously managed through a factoring relationship.

The law firm client of the bank reached out to Wintrust Financial Corporation for assistance in securing alternative financing solutions. He contacted **Dave Wyent**, president of sponsor and fund finance at Wintrust, and **Jaime Hung**, senior vice president at Wintrust Private Client. After thorough discussions, it was determined that the sponsor and fund finance group and private client group were unable to meet the client's needs due to two key factors:

- The absence of an equity sponsor.
- The need for a business acquisition loan rather than a personal loan.

Solution Development:

Despite the initial hurdles, the opportunity was then brought to **Doug Boersma**, CEO at Wintrust Bank, who recognized the dual financing need:

- **A term loan** to assist with the purchase of the business.
- **Receivables financing** to replace the company's factoring arrangement.

However, Doug expressed concerns about financing due to the company's balance sheet, which showed limited accounts receivables because of the existing factoring relationship. This issue made it challenging to secure a traditional line of credit. To explore a potential solution, Doug involved **Nathaniel Falk**, assistant vice president of commercial lending at Wintrust Commercial Bank, who reached out to TRICOM, a trusted partner known for its expertise in payroll financing.

Collaborative Solution:

Nathaniel and **Shelly** at TRICOM had an initial conversation where they determined that while TRICOM could not provide the loan for the business acquisition, they could finance the company's accounts receivables and replace the factoring relationship. TRICOM's familiarity with the business, along with its control mechanisms — payments funneled through TRICOM's lockbox, and ongoing monitoring by the portfolio management team — ensured that TRICOM could provide payroll financing without undue risk.

With these assurances in place, Doug felt comfortable moving forward. **Wintrust Bank** agreed to provide a **\$900,000 term loan** for the acquisition, while TRICOM would manage the receivables financing and payroll.

Results:

The collaboration between Wintrust and TRICOM resulted in a customized, multi-faceted financing solution for VP Aviation:

- **\$900,000 term loan** from Wintrust to support the acquisition.
- **Accounts Receivable financing** from TRICOM to replace the prior factoring arrangement, ensuring a smooth and controlled transition of the company's financial operations. TRICOM was able to provide a \$2.5 million facility for VP Aviation.

This case highlights the importance of strong relationships, creative problem-solving, and partnership-based solutions when addressing complex financial needs in a changing business landscape. Through effective collaboration, VP Aviation's new owners were able to secure the necessary funding to take the business forward, ensuring continuity and stability in a time of transition.