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BANKRUPTCY TRUSTEE PART SWAT TEAM CHIEF, PART CEO

Master of disaster

By **Martha McKay**

Staff Writer

He's had a gun waved in the face.
He searched for dinosaur teeth.
And once, he sold a college library - all 160,000 volumes.

Say "bankruptcy trustee" to your friends and watch their eyes glaze over.

Spend some time with Charles M. Forman and you begin to see the job in a new light.

"With every case that comes along, you have surprises," said Forman, who compares his job running distressed businesses to a puzzle.

In a manner of speaking, he said, "I get the chance to play with a Rubik's Cube every day."

When a business falls on hard times and heads into federal bankruptcy court, a trustee is appointed to take charge.

And in the case of a company that files for Chapter 7 - meaning it's shutting down for good - the trustee must sell what ever's left of value to pay off the creditors.

Forman's job is part SWAT team leader, part CEO, part financial investigator.

He has to juggle the mundane- tracking down company car keys, hiring locksmiths to secure offices or factories - with the vital, such as marking sure a pension fund can keep operating after a company's principals flee.

He also needs to be a quick study.

When word comes from the U.S. Trustee's office in Newark (he's one of 43



CARMINE GALASSO/STAFF PHOTOGRAPHER

Charles Forman on a bridge linking Newark and Harrison. Behind him is the former headquarters of NorVergence, whose bankruptcy Forman is overseeing.

individuals - most of them lawyers - who serve as trustees in New Jersey), Forman knows he's about to parachute into a business disaster.

That was the case in early December 2000, when he was called on to run TSR Wireless, a fort Lee paging company that filed for Chapter 7, liquidation all assets.

When Forman walked into a windowless conference room to meet the remaining skeleton crew, he faced a company with \$200 million in debts and angry landlords across the country shutting down the company's antennas.

Worse still, he learned, about 2.5 million customers depended on TSR pagers including the doctors at Columbia-Presbyterian Medical Center in New York, the Florida State Police, and the crew that ran the nuclear reactors at Three Mile Island.

Charles M. Forman

Age: 54

Profession: Lawyer

Bankruptcies handled: 9,540

Firm: Forman Holt & Eliades

Location: Rochelle Park

Employees: 30

"His job was about 50 times harder than mine - he knew nothing about the business," recalled Ardon, "Arty" Beahm, who was TSR's top engineer at the time.

Forman made rapid decisions keep the paging network operating -

even filing paperwork to become licensed by the Federal Communications Commission to run the company over the next months.

Forman turned out to be one of the best "bosses" he's ever worked for, said Beahm. "We busted our butts for him and he busted his butt for us," said Beahm, who still keeps in touch with the bankruptcy lawyer.

Forman has served as a bankruptcy trustee since 1981 and two years ago was the first, and so far, the only trustee to be picked by the U.S. Department of Justice

CHARLES FORMAN : BANKRUPTCY TRUSTEE PART SWAT TEAM CHIEF, PART CEO

from the nation's 1,800 bankruptcy trustees for a top honor for his work on TSR.

Most recently, he was appointed trustee for NorVergence, a Newark-based reseller of telecommunications services whose multimillion-dollar collapse has spawned dozens of lawsuits and several state and federal investigations.

Bankruptcy trustees not only have to become students of the business they take over, but they need expertise in many areas of law, including property, financial, labor, patent, and more.

It also doesn't hurt to be street-smart.

At first glance, Forman seems like your run-of-the-mill lawyer - monogrammed cuffs, BMW, leather-topped desk.

But, as his friend and fellow bankruptcy lawyer Ben Becker said, "He's the iceberg - 10 percent above the surface and 90 percent below.

"He gets underestimated by the people that he's dealing with."

Friends say he's disarming. He's got a quiet, thoughtful demeanor, but can be tough and shrewd.

He'll recount tales of his brushes with underworld characters and odd situations, but he's not doing it to impress. He doesn't take himself too seriously, friends say.

In many respects, Forman is quintessential Jersey guy.

Raised from a young age in Harrison, he went to Newark College of Engineering (now NJIT) for an engineering degree in the late 1960s and entertained thoughts of medical school.

After dropping out for a year to protest the Vietnam War (Forman, dry-witted and mirthful, called it a "diversion" before being pressed for details), he decided to leave the sciences and take up law.

He worked as a law clerk and ran the bookstore at Seton Hall University's Law school to pay his tuition.

After graduating in 1976, he got a job at the state Department of Environmental Protection. He left and later opened a law firm in Rosedale with two law school buddies - Peter Rodino III, son of the former congressman, and Raymond D'Uva.

It was there that Forman fell into bankruptcy practice, and it stuck.

They dissolved that firm and in 1997 Forman founded his own firm - Forman, Holt & Eliades.

He's made a reputation for himself as a trustee who can handle large, complex cases. Although his firm handles other

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BEN BECKER,
FORMAN FRIEND AND FELLOW
BANKRUPTCY LAWYER

aspects of bankruptcy work - representing individual and corporate debtors and creditors - the bulk of Forman's days are spent doing trustee work.

For the large business cases, he's paid by commission when the case is complete, which can often take up to three years.

Colleagues say he learns about a business quickly by observing and is able to look at processes.

"He thinks like an engineer," said his law partner, Erin Kennedy.

In 1991, Forman was handed the keys to an aging Lyndhurst chemical plant where 200 tons of a highly toxic liquid chemical used to make insecticide threatened to leach into the ground, and four employees were left to cope with the potential disaster.

Four years later, he dismantled bankrupt Upsala College, coped with radioactive chemicals in the science lab, and found a buyer for the library (a college in Florida bought it). In trying to find all possible means to raise money and pay off the school's debt, he launched a search for valuable dinosaur teeth supposedly owned by the college. They were never found.

The gun incident occurred in 1989 at a bankrupt liquor store in Newark where he confronted the distraught owner who pulled a pistol from his desk drawer. Forman, who has a penchant for understatement, said the owner was using the firearm "to suggest he didn't want me to shut him down."

At that suggestion, Forman retreated down a narrow hallway.

Once a month, he spends a long day holding as many as 90 bankruptcy hearings, mostly for individuals who file for bankruptcy but also for businesses.

On a recent afternoon, in a nondescript hearing room in Newark, Forman presided.

A parade of the state's down-on-their-luck citizens faced him across a table.

Forman put the same rote questions to each person, basically asking how they ended up so deep in a hole.

Most people answer the questions. Some squirm. It's not unusual to have people break down in tears.

"You can't fathom how so many bad things can happen to some people" observed Forman.

Although he has a lot of fans among his co-workers and legal colleagues, his friends will say he can be exasperatingly thorough, a stubborn perfectionist, and a workaholic.

He's made some mistakes, especially early in his career.

He was "overwhelmed" at first by a controversial Sussex County nursing home bankruptcy marked by scandal and corruption.

He wrote a perfunctory letter, but didn't follow up to make certain there was fire insurance in place. The place burned to the ground a few days later. Fortunately, it turned out there was insurance, but for several days Forman believed the building's value was gone.

"I lost sight of some of the fundamentals," recalled Forman. "It taught me a lesson."

Forman said he's learned some key things over the years, including the need to think more like a businessman and less like a lawyer.

"You can't get lost in an interesting legal issue which may seem provocative," he said.

More often than not, the detritus left by failed companies - mail, records, bills, tax forms - ends up in boxes lining the hallways at Forman's law firm.

The mass of paper is the tedious stuff of bankruptcies and when the workload is overwhelming in a large case, he'll hire outside lawyers, investigators, patent experts, and forensic accountants to do some specialty work.

Then there are the times when he's out in the field.

Surveying mountains of decomposing organic waste, rooting through dumpsters, or wondering how he's going to get top secret military clearance to dismantle a company that makes parts for nuclear submarines.

Just another day in the life of a bankruptcy trustee.