

## LPM Outsourcing gears up as insolvencies increase



**Philip Davies**

LPM Outsourcing, the specialists in back office administration for the leasing and asset finance sectors (previously Lease Portfolio Management), has bolstered its run-out portfolio services following increased levels of interest from hedge funds, insolvency practitioners and private equity houses.

With 20 years experience managing run-out portfolios, LPM Outsourcing has considerably augmented its management teams in order to offer an increased level of service in response to the gloomy economic outlook, and the record levels of insolvencies anticipated within the financial sector. By acting as a partner to the new portfolio funder, LPM Outsourcing is able to take immediate control of the portfolio to secure the best possible cash flow and returns for creditors.

Recent reports within the media have highlighted the interest among hedge funds and private equity houses in particular who have identified the investment potential of distressed debt portfolios. However to take advantage of this unique scenario, speed is critical, and would-be purchasers must identify a way to preserve the payment streams from customers with as little discontinuity as possible.

LPM Outsourcing was proven during the early 1990s recession, including

enabling one appointed administrative receiver, KPMG, to realise the full £47 million book value from a portfolio run-off for Dominion, an insolvent finance company with a highly distressed portfolio of 4,700 customer agreements. In the case of Dominion, LPM Outsourcing's performance was considerably better than the original collection estimate, based on recouping 60p in the pound.

"Given the unique financial climate we are facing, with experienced management, distressed debt portfolios can be very attractive both for the Insolvency Practitioner and investment buyers," says Philip Davies, Managing Director of LPM Outsourcing. "For the private equity house there are obvious financial gains from buying a valuable portfolio at well below market value, but for the Insolvency Practitioner, they can take advantage of specialist service providers such as ourselves to realise excellent creditor recoveries. The key as always is finding a partner able to move swiftly, and this is where we excel."

### 'Has over £1 billion in receivables under management'

LPM Outsourcing is a division of Five Arrows Leasing Group, and a member of the NM Rothschild banking group. It was formed in 1988 to offer a complete back office administration service to organisations in the business of installment finance, and equipment leasing and finance. LPM Outsourcing has over £1 billion of receivables currently under management from its clients which include Cisco Capital, British Transport Police, and MAN Financial Services. Their track record includes managing the run outs of Euro Commercial Leasing, Sketchley Vending, British Equipment Leasing, TEFCO (owned by National Home Loans), Atlantic Medical, I B & L, Gauntlet and Consolidated Microvision.

### REVOLTING BROKERS?



**William Flatau**

The website where brokers can speak out has arrived, according to broker William Flatau. [www.lendertracking.org](http://www.lendertracking.org) is a campaign to get the banks lending again to businesses in the UK. Broker William Flatau has launched the website to find out what brokers on the front line say about which banks are really lending. He believes that pressure from UK brokers acting together will help get the market moving. The website has a forum for brokers to tell their stories, anonymously if they wish, to find out what is really happening in the commercial world. Just a week into the launch, with 500 visitors to the site, there is a groundswell of support for the campaign.

The brokers' trade body the NACFB which represents the majority of brokers in the UK has joined the campaign to get the lenders lending again. Chief executive Adam Tyler said, "We are pleased to support the campaign by [LenderTracking.org](http://LenderTracking.org) to help Britain's small businesses. We will be looking to lobby Parliament, and work with lenders to get the market moving again."

The website has a forum for brokers to comment and carries a roundup of news about businesses that need finance.

There are plans to carry out polls and lobbying statements.

William Flatau, who owns First Finance commercial brokerage, has spoken to hundreds of brokers who are frustrated with the banks' bland reassurances, "The big banks tell us that they are open for business. But the story on Main Street is different, rates are being pushed out, loan to value ratios are being cut and business facilities and overdrafts are being systematically cut down leaving companies under intense cash flow pressure," he said. "The banks have taken £37 billion of taxpayers' money, and now it is payback time. The banks must start lending again to get UK plc back on track."