Deal to Restructure Portman Debt Delayed

After negotiating for nearly two years on a second major debt restructuring, architect-developer John C. Portman Jr. and his dozens of creditors will not complete the transaction this week as planned.

“Documents are being finalized, but the process is taking longer than we expected,” said Jack Ryan, president of Portman’s Atlanta Market Center. “We need internal bank approvals, which they are seeking from senior officials.”

The major creditors generally came to terms on the second restructuring plans months ago. However, the deal requires the approval of all creditors, including some former Portman employees who received ownership in some Portman ventures as part of their compensation.

“Portman advised me that it is not going to close Aug. 31, and probably is not going to close before the end of the year,” said ***Richard L. Robbins***, an attorney representing seven former Portman employees who own interests in a partnership affected by the restructuring.

Portman has offered to buy the interests of the former partners Robbins represents, but the price Portman offered “we do not find adequate,” Robbins said, adding that negotiations continue. He also said the partners have not yet been asked to consent to the pending restructuring.

Portman’s first debt restructuring was in 1990, when debts of more than $2 million nearly forced him into bankruptcy protection. However, the restructuring didn’t work, because Portman was unable to sell or refinance properties to meet the payment schedule.

In the new restructuring plan, Portman’s trade mart organization would be owned and operated by a company largely controlled by lenders. The arrangement would allow the banks to exchange their unsecured debt for 82 percent of interest in the new mart company. Portman would have a stake in the company and would manage the mart. Portman’s remaining real estate holdings would be put into a separate company that he has said would be owned by him, his family and affiliated interests. However, his once-substantial worldwide holdings have diminished considerably since 1990 as he has been forced to relinquish properties to creditors.

The partners Robbins represents generally own stakes of 2 percent to 5 percent in Tradewell Group, which owns California Gift Shops.

Earlier this summer, Portman’s former right-hand man, Sam A Williams, filed a lawsuit in U.S. District Court against Portman and his wife, alleging securities fraud in a transfer of his 23 percent Tradewell interest to the Portmans. He also alleged the Portmans provided false information for an appraisal that undervalued the partnership, and that a $23 million loan to Portman in effect drained assets from Tradewell.

The lawsuit, which sought $9.5 million, was settled out of court less than a week after it was filed. Terms of the settlement were not disclosed.