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## Barber files for clearing of debts

### Developer cites \$63 million owed

By Stacey Roberts

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LITTLE ROCK — Former Springdale-based developer Brandon Barber filed for Chapter 7 bankruptcy liquidation Friday, claiming no assets to offset debts estimated at more than \$63 million.

The voluntary petition filed by Fayetteville attorney Vaughn Knight on behalf of Barber is a personal filing stating that the accrued debts are primarily business-generated.

Barber, former chief executive officer of The BarberGroup and member of many business entities and partnerships in Northwest Arkansas, estimated he owes up to 50 creditors between \$1 million and \$100 million in unpaid debts, according to the voluntary petition.

Knight has until Aug. 17 to file a final list of creditors and the amounts owed to them. A statement of Barber's monthly income is due on the same day.

Barber, who said Wednesday that that he was greatly humbled, added he tried to avoid filing for bankruptcy for as long as he could.

"I made every effort to work with all my creditors. We've been battling this for more than three years now. I went on as long as I could," he said.

When asked what he would do next, Barber answered, "I don't know. That's a subject for another story, I guess."

The preliminary listing of debts shows 12 banks holding secured claims against Barber and nine holding unsecured claims. The total of the preliminary debt lists is \$63,639,888.59.

According to the petition, Barber owes Enterprise Bank and Trust of Clayton, Mo., \$19.15 million; First State Bank of Northwest Arkansas \$9.73 million; and Legacy National Bank of Springdale \$9.9 million, among others.

Some Northwest Arkansas businesses holding claims against Barber include National Home Centers Inc. of Springdale for more than \$2.13 million; Tom January Floors in Fayetteville for \$41,000; and Arkansas Insulation in Springdale for \$11,000. Telephone requests for comment to those companies were not returned Wednesday.

Barber owns no real or personal property that could offset the debts, the petition stated.

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The filing is not the first bankruptcy request submitted by Barber. He filed a Chapter 11 reorganization request in August for his company Lynnkohn LLC. The petition was dismissed by a federal judge in October.

The filing is not unexpected, said Kathy Deck, director of the Sam M. Walton College of Business' Center for Business and Economic Research of the University of Arkansas at Fayetteville. As the head researcher for a commissioned real estate survey in Benton and Washington counties, Deck monitored Barber's sudden rise in commercial real estate speculation in the past five years.

"When we were in the height of our building boom, he personified it," Deck said Wednesday.

During the boom years between 2003 and 2007, Northwest Arkansas seemed a place where anything was possible, Deck said.

The scene was set perfectly for a forward-thinking developer who wasn't afraid to take risks, "like Barber," Deck said. "There were plenty of people who thought it was going to work."

Barber's risk-taking personality was illustrated in the creditors list on the bankruptcy petition. He listed gambling debts incurred in June 2007 owed to two large casino companies, one for \$125,000 to Bellagio LLC and one for \$60,000 to Venetian Casino, both in Las Vegas.

Tim Yeager, associate professor and Arkansas Bankers Association chairman at the Sam M. Walton College of Business, said that most of Barber's outstanding loans would have been moved to the banks' nonperforming loan lists when they were more than 90 days past due.

"Banks have almost surely insured against these charges. It is possible that there will be no direct effect on the local banks," Yeager said.

The effect of uncollectable debts may be more evident to the small businesses and subcontractors Barber also listed, Deck said.

"Just how many small business fortunes were tied up in these big ideas? They've already been feeling the pain of the economy. Without repayment, their hope of recovery is greatly diminished," she said.

Barber and his companies have undergone legal and financial troubles for the past two years. The foreclosures, liens and lawsuits have taken their toll on the company.

Barber filed for divorce in Washington County Circuit Court in May from Keri E. Barber, his wife since 1999.

Keri Barber's sister, Laura P. Chambers, filed for Chapter 7 bankruptcy protection in the federal court in Fayetteville on May 14. Chapter 7 bankruptcy allows a debtor to liquidate assets and distribute the proceeds to debtors, according to the U.S. Courts Web site.

Chambers was married to Seth Kaffka, the former president of The Barber Group, who filed for Chapter 7 bankruptcy liquidation with no assets on May 22.

The two couples also signed as mortgage guarantors on some development projects in Northwest Arkansas. Several have legal challenges, including First State Bank's foreclosure filing against Lynnkohn LLC, a company held by Brandon Barber, Seth Kaffka and Laura Chambers in March.

Chambers is also a party in the completed foreclosure filing by Legacy National Bank for unpaid mortgages on the seven-story, 37-unit condo building by Lynnkohn LLC named The Legacy Building.

The building was sold in foreclosure auction in November for less than the amount owed against it. Chambers is one of the four personal guarantors of the mortgage with Brandon Barber, Keri Barber, and Seth Kaffka. The four owe the bank just less than \$8.5 million.

Lynnkohn, solely owned by Brandon Barber at the time, filed for bankruptcy and was dismissed by a federal judge in October, clearing the way for Legacy National Bank to put The Legacy Building on the auction block. Legacy National Bank was the lone bidder on the property.

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