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Area realty exec files for bankruptcy

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NORTHWEST ARKANSAS — The principal broker and general manager for one of Northwest Arkansas' leading real estate companies filed for personal Chapter 7 bankruptcy Saturday, estimating his liabilities could total \$100 million to \$500 million, according to court documents.

John David Lindsey, general manager of Lindsey & Associates since 1998, filed the voluntary petition through Fayetteville attorney Jill Jacoway. The U.S. Bankruptcy Courtsystem uses electronic filing, which allows for authorized court filings at any time, according to a court clerk.

Chapter 7 bankruptcy allows for liquidation of assets to satisfy outstanding debts. Lindsey filed for individual bankruptcy but marked the debt as primarily business debts.

Lindsey has invested in residential and commercial real estate and operates dirt excavation and transport services through various companies.

Lindsey & Associates was founded in Fayetteville in 1973 by John David Lindsey's father, Jim Lindsey, and J.W. Gabel, according to the company's Web site. Lindsey & Associates is a real estate investment and management company with more than 200 agents in Northwest Arkansas, according to the Web site.

The petition estimates that John David Lindsey owes the \$100 million to \$500 million to between 200 and 999 creditors. It estimates assets at \$10 million to \$50 million.

Two telephone calls to Lindsey's offices were not returned Monday.

A preliminary list of 321 creditors was attached to the petition. The final number, with total owed to each, will be filed within 15 days unless an extension is granted, the clerk said.

The amount of debt Lindsey owes guarantees that the bankruptcy's impact will be widely felt across Northwest Arkansas, said Kathy Deck, economist and director of the Sam M. Walton College of Business' Center for Business and Economic Research.

"This is another head wind to overcome in our recovering economy," Deck said. The amounts owed to Northwest Arkansas banks is expected to be large in a bankruptcy of this size, she said.

First Federal Bank of Arkansas in Harrison is listed as a creditor in the filing, but bank President and Chief Executive Officer Larry Brandt said Monday that he could not comment on the case or confirm that Lindsey is a customer. Other banks listed include Arvest Bank, First Western Bank,

First Security Bank, First National Bank of Fort Smith, Bank of Fayetteville, Chambers Bank, Liberty Bank, Community First Bank and Metropolitan National Bank.

“Banks are critical pieces of the economic engine of Northwest Arkansas. Their health is a very important factor of our economy. This is a blow to their health,” Deck said.

Tim Yeager, associate professor and Arkansas Bankers Association chair at the college of business, estimated damage the bankruptcy could do to area banks, particularly the 14 banks that have significant operations in Northwest Arkansas.

Yeager said that the total amount of bad debts written off by those banks in 2009 is about \$80 million, and banks usually recover about 60 percent of their investment through asset sales.

“If you assume that banks have all the exposure for about \$100 million of that debt, then they will be out about \$40 million or onehalf of all bad debt last year in one bankruptcy. That’s huge,” Yeager said.

Some area banks may have already written off some of the Lindsey debts, Yeager said.

“Bankruptcies of this size are not a surprise. I’m sure that banks have been trying working with the debtor. They would know that the bankruptcy is coming and tried to minimize the damage,” he said. “Still, the debt is extremely large, there is stillgoing to be some impact.”

Deck agreed.

“You’d like to think that is the end, but I think that 2010 is going to be a bad year. When the numbers are that big the impact is going to be far reaching,” she said.

Another high-profile bankruptcy is still pending in court.

Former Springdale-based developer Brandon Barber filed for personal Chapter 7 bankruptcy in August, claiming no assets to offset debts estimated at more than \$63 million.

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

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