

# WHITE PAPER

## Accelerated Relief Option for Gulf Coast Businesses Impacted by BP Oil Spill

The economy has been difficult for many businesses all over, but a “double whammy” hit a segment of businesses in the Gulf Coast region of the Southeast and South Central United States. The 2010 BP Oil Spill seemed to have come at the very worst time for businesses who were already struggling with sales losses and soft markets. The loss of tourism, fishing, and business tied to the regional economies kicked them when they were down, and made turnaround harder as the economy started to improve.

Many businesses have sought relief through the recovery fund that BP has established – over \$7 Billion dollars – to aid the businesses injured from the economic disaster.

I spoke to one business, a jet ski and boat repair company, who had to close his business from the loss of the summer tourist season and its revenue, and sought to financing its restart. He was anticipating receiving \$80,000 which will make a world of difference for him. Sadly, however, the claims process is complicated and slow – he expected to wait at least 6 months and he will miss another season if he continued to wait on the claim payment....he needed the settlement funds right way

In some cases, if a claim is pending, financing is available to bridge the gap though an advance on the claim. The amount of the advance is based on a variety of factors, size of the claim, who helped the business process the claim, their overall financial condition, and a few other nuances.

The cost varies based on the size, but primarily on the length of time the advance is open. Businesses can expect to pay rates similar to factoring rates.

There are generally no payments on the advance required, the advance along with the interest, is paid off from the claims payment.

The cycle time on funding varies as well, and can be as short as a week or around 30 days – again depending on the size, and complexity and some other nuances.

A handful of boutique lenders that specialize on difficult situations are ‘cherry picking’ these deals, but are anxious to get their capital out.

The window for filing claims ends in 2014, so there will be about 2 years when businesses can benefit from this shot in the arm during the recovery, and I think we, in the Gulf Coast region, would like the recovery to come sooner rather than later.

*On a side note, you don't think about it, but because of the complexity of the process, 'experts' are needed to help the injured business through the claims process. Many of these are law and accounting firms, many of them working on a contingency fee basis. I have seen several law firms who would like to take on helping more businesses, but have all their firms working capital locked up in man hours of processing the claims, and can't take on any more until they get paid. Advances on their fees, can be a welcome option to them.*

### About the Author:

Lunelle Siegel is Funding Manager at Corporate Funding, a personalized matching service for businesses seeking capital. For over 25 years Lunelle has financed small and medium sized companies, not only at major regional commercial banks including First Union and Barnett but also at national finance companies including GE Capital and Textron Financial. She has worked in the areas of conventional lending, SBA lending, import/export finance, factoring, asset based lending, and real estate construction lending on commercial, investment and residential projects.

Lunelle is accredited as an Economic Development Finance Professional through the National Development Council. Lunelle is a tenacious advocate for small business and is a frequent speaker, panelist and moderator at business owner and advisor events, meetings and conferences. Recent appearance include the May and September 2012 Florida Institute of CPA's semi-annual conference, and the Florida Small Business Development Center's Professional Development Conference. She earned her B.S. in Finance from Florida State University.

Lunelle has served in numerous capacities on the International and Chapter level of the Turnaround Management Association (TMA), including past President of the Florida Chapter. She is a member of the Association for Corporate Growth (ACG), where she is a past board member of the Tampa Chapter.. She is the Founding President of the Tampa Bay Chapter of the Commercial Finance Association.

Lunelle currently serves on the Loan Committee of Gulf Coast Business Finance, the St. Petersburg, Florida based SBA 504 Certified Development Company. “Save Our Economy Save Jobs” is her community project, which was created as part of her participation in the Self Expression and Leadership Program of Landmark Education. Reach Lunelle at 888-831-9477 or [Lunelle@bpclaimsadvance.com](mailto:Lunelle@bpclaimsadvance.com)