

Alpha Omega files for Chapter 11

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January 03, 2008

By Michelle Graff

Boston—Alpha Omega Jewelers filed for Chapter 11 bankruptcy protection on Wednesday, three weeks after owner [Raman Handa](#) left the United States for India amid health problems and rumors that his company was in trouble.

Papers filed in U.S. Bankruptcy Court in [Boston](#) reveal that the company, whose corporate name is Lexington Jewelers Exchange Inc., is \$12.7 million in debt, 67 percent of which is owed to its top 20 creditors.

The top three creditors with unsecured claims filed against the company, which carved a niche for itself by selling high-end watches and was known for its "consistent advertising campaigns," are: Rolex, which claims it is owed \$1.5 million, *The Boston Globe* advertising, which claims it is owed \$1.2 million, and Swatch Group, which claims it is owed \$665,985. Other companies who claim to be owed money by Alpha Omega include New York-based diamond company Lazare Kaplan (\$345,975), Bulgari (\$335,80) and TAG Heuer (\$289,564). In court papers, all of the claims are listed as "disputed" by Alpha Omega.

According to court documents, as of Dec. 21, Handa and his wife, Nilma, appointed [Michael O'Hara](#) of Consensus Advisors LLC as chief restructuring officer, and Gordon Lewis III of Altman and Co. LLC as chief financial officer.

Court papers describe how the company rose from a single store in 1980 to a small chain of stores, now totaling seven in the Greater Boston area. Company sales grew to a high of \$39.6 million in 2004, by which time the retailer, known for its watches, had begun migrating into fine-jewelry sales.

"As the debtor grew its fine-jewelry offerings, the debtor's inventory grew from approximately \$15.1 million at the end of 2002, to a high of approximately \$27 million during the fall of 2007," O'Hara stated in court papers. "Unfortunately, in part due to its reputation as a watch-seller and not a traditional jeweler, and in part due to an overly ambitious jewelry-inventory-acquisition program, Alpha Omega's significant investment in fine jewelry did not yield a commensurate cash flow."

Alpha Omega has filed an emergency motion to hold a hearing as soon as today that would allow the company to

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continue doing business and pay its employees.

The company also is looking to schedule an auction later this month to sell its assets.

While the news about Alpha Omega's demise first surfaced in mid December, when Handa left the Boston area for India, court documents show that trouble had been brewing for some time.

According to a declaration in support of first day relief made by O'Hara, in spring 2007 Alpha Omega defaulted on its credit facility and attempted to restructure its business and debt, hiring Altman and Co. to serve as an advisor.

In November, court documents state, Alpha Omega hired Consensus Advisors to assist in either finding capital or a buyer.

O'Hara stated that, "in my view, the process, while necessary, was personally distressing to Mr. Handa."

The document goes on to state that Handa "reportedly" checked himself into a local hospital sometime around Dec. 12; on Dec. 16, O'Hara was "informed" that Handa had left for India to seek further medical treatment.

During the time Handa was gone, O'Hara stated the company's lender, LaSalle Business Credit, grew "increasingly concerned" over the business and decided to close Alpha Omega's stores and seize its collateral, forcing the stores to shut their doors on Dec. 20 and 21.

At that point, the Handas passed a resolution to install O'Hara and Lewis to run the company and to enter into an agreement with Tiger Capital Group LLC to consult and aid in the holiday and year-end sales for the company.

Alpha Omega's stores reopened on Dec. 22 in an effort to "maximize the last few days of the Christmas shopping season," court papers said. Alpha Omega operates seven stores in the Boston area: full-service stores in Boston, Burlington, Cambridge and Natick, and Express stores, which specialize in watches ranging from \$100 to \$1,000, in Boston, Burlington and Cambridge.

Editor's note: For earlier developments in this story, see [Alpha Omega reopens doors](#).

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