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West Irving Die Casting closing

12/10/2008

By [Keith Lawrence](#) and James Mayse

Messenger-Inquirer

West Irving Die Casting, which opened its doors in MidAmerica Airpark in 1998, will soon close them, as the company dissolves and assets are sold to pay outstanding debt.

Employees were informed Tuesday the plant would cease operation, said Dave Mack, a certified turnaround professional with Morris Anderson and Associates. Mack is serving as assignee/trustee as the company enters assignment for benefit of creditors -- where a trustee liquidates a business' property and assets to pay debts.

"The company is going to wind down by the end of the year in both Kentucky and Illinois," Mack said.

The company, which made parts predominantly for the automotive industry, suffered severe economic hits when the company lost business from both Toyota and General Motors, Mack said.

"Quality was never an issue," Mack said.

"It was a \$60 million-plus business less than six months ago," Mack said. "Most of our business back in June was over 90 percent automotive."

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The combination of losing the General Motors business and \$20 million to \$25 million in work from a Toyota affiliate "pounded" the company, Mack said.

But there were other issues. Mack said the company had lost money for the past two years, was over-leveraged, had no cash reserves and had two plants -- in Owensboro and Sandwich, Ill. -- when only a single plant was needed.

"It just didn't have the staying power," Mack said. With the automotive work gone, the company did not have enough business to continue.

"The bank was willing to fund (on the potential of) consolidation if we could describe a real business," Mack said. "In the end, we couldn't."

Nick Brake, president of the Greater Owensboro Economic Development Corp., said: "We've been working with them for the better part of a year. They had some serious issues they just couldn't deal with."

The company's main problem, he said, was that it had aligned its business model with V-8 truck engines, particularly the Toyota Tundra, when it was still manufactured in Princeton, Ind.

Last summer, Toyota announced that it was shifting Tundra production to San Antonio.

Tundra sales -- and sales of low gas-mileage trucks in general -- began dropping this year as gas prices soared above \$4 a gallon.

"That really hurt them," Brake said.

He said the EDC worked with the company to try to reorganize and consolidate the plants in Owensboro and Sandwich. But the company couldn't overcome the combination of falling truck sales and the credit crisis, Brake said.

The company's Web site lists 125 employees in Owensboro and 175 in Sandwich.

"They've had a serious decline in jobs in recent months," Brake said. "I think there are 80 still there."

The company was founded in Bensenville, Ill., in 1947. Its Web site says, "Today West Irving is a \$65-million



die caster with casting and machining capability at both of its locations. With its existing facilities and equipment, the company has the capacity to generate \$90 million in sales."

Mack said employees "will be getting all the benefits due them, their wages. They're going to get an extra month of health care insurance." An ombudsman will also be at the plant to help employees look for other positions or research other career options, Mack said.

Brake said EDC is working with the company and the Rapid Response team to help workers deal with unemployment issues and help them find new jobs or training for new jobs.

"We're also helping them look at what the facility can be used for," he said.

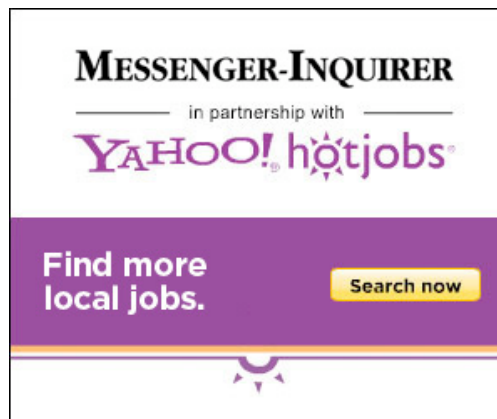
West Irving opened its Owensboro operations with a 40,000-square-foot plant and added 26,000 square feet within two years. In 2005, it expanded the plant by 52,000 square feet at a cost of \$2 million.

"We tried to help them find investors or venture capital," Brake said. "But with credit like it is now, we couldn't work anything out."

Mack said the company's assets likely would not be enough to completely repay its debts. Unsecured creditors would likely receive nothing.

"In this case, there's going to be a shortfall for the senior secured debt," Mack said.

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