

Proactive Group

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Wrong chord: Gibson Brands Inc. potentially facing bankruptcy

Gibson Brands Inc., the iconic manufacturer of classic guitars such as the Les Paul specials, could be on the brink of bankruptcy, according to media reports.

The privately-owned company's chief executive officer, Henry Juskiewicz, is reportedly under time pressure to decide whether to exchange the company's debt, look to swap it for equity, or declare bankruptcy.

Ongoing streamlining strategy will help

The issue stems from the departure of former Gibson chief financial officer Bill Lawrence, who left the firm just six months before US\$375mIn worth of senior secured notes were due to mature.

If these secured notes are not refinanced by mid-July, the reports said, the US\$145mIn in bank loans owed by Gibson will be due immediately.

A statement issued by Gibson said that an ongoing streamlining strategy would soon help it record the best financial results the company had seen in its history within the next year.

It also said that the firm would have the ability to pay back the company's debt in whole within seven years.

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