

Broward orthodontics business files Chapter 11 bankruptcy

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A Fort Lauderdale-based orthodontics business filed for Chapter 11 reorganization with more than \$10 million in liabilities.

Freeman Orthodontics has offices in Plantation, Fort Lauderdale and Coral Springs, while its mobile orthodontics business operated as Swanky Smiles and had an office in Springdale, Arkansas.

The Covid-19 pandemic created challenges for orthodontics practices because patients have been reluctant to visit medical offices in order to avoid contracting the virus. However, the financial woes for Freeman Orthodontics began before the pandemic.

In January, The Woodlands, Texas-based Woodforest National Bank filed a \$6.9 million lawsuit against Freedman Orthodontics and loan guarantors Christopher Scott Freeman, Wayne Pearson and Jeffrey Wilson. The lawsuit was over a loan securing the commercial assets of the business.

The Chapter 11 filings, in U.S. Bankruptcy Court in Fort Lauderdale on May 17, stayed that case, which was pending.

Six companies submitted related Chapter 11 petitions: Freeman Orthodontics, Freeman Mobile Orthodontics, Interstellar Disruption LLC, Freeman Holdings LLC, Freeman Holdings II LLC and FWP Realty Holdings.

The same day, Freeman filed personal Chapter 11. He listed some of the business debts, including four bank loans totaling \$12.6 million, as his personal debts, as well. His total liabilities were nearly \$13 million. He is the lead orthodontist at the practice.

Boca Raton attorney Aaron Wernick, who represents the debtors in all seven cases, said the businesses are preparing a plan to restructure all of their collective debts.

"It was determined that implementing this financial restructuring plan through a court-supervised process was the best path to ensure that Freeman Orthodontics and its affiliated businesses will build on their over 15-year history to serve their patients and communities for decades to come," Wernick said. "They are continuing to serve their patients as they move through this process, and will continue to provide the same exceptional level of service and product that they are known for. They look forward to emerging from this restructuring as a stronger organization, continuing to innovate, provide high-quality patient care, and focus on satisfying customers' wants and needs."

Freeman, Pearson and Wilson co-founded Swanky Smiles, a mobile orthodontics business with vans that visit customers, in 2017. It offers appointments 15 hours a day, seven days a week. The website claims the process saves patients time.

Of the six companies that filed Chapter 11, Freeman Orthodontics had the most liabilities, at \$10.5 million. None of the petitions listed the assets of the companies, although they did have real estate holdings.

Freeman Holdings owns the office in Plantation, Freeman Holdings II owns the office in Fort Lauderdale, and FWP Realty Holdings owns the office in Springdale. The Coral Springs office is leased from a third party.

The loans listed in the petitions include:

- \$6.9 million from Woodforest National Bank.
- \$5 million from the Maclellan Foundation in Chattanooga, Tennessee.
- \$2.9 million from Rogers, Arkansas-based Arvest Bank to secure equipment.
- \$1.7 million from Bank of America, securing the 10,751-square-foot office at 1825 N.E. 45th St., Suite A in Fort Lauderdale, and the 2,316-square-foot office at 8200 W. Sunrise Blvd., Suite B-3, in Plantation.
- \$1.3 million from Arvest Bank to secure an office at 803 Quandt Ave. in Springdale.
- \$200,000 from the Francis E. McEvoy and Joanne Morgan trust as a second mortgage on the Springdale office.
- \$270,558 with American Express.
- \$250,000 from GM Financial for several vehicles.

In addition, San Jose, California-based Align Technology had a \$2.4 million claim as a vendor. There were also claims of \$278,412 from Facebook and \$239,400 from Salesforce. Seven individuals made personal loans ranging from \$150,000 to \$200,000 to Interstellar Disruption.

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