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DISTRESSED DAILY: Bigger Blacklists Lock In Owners of Bad Loans
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By Bloomberg News

(Bloomberg) -- Let's say you bought a loan. Let's say things go sour and you want to get out by selling to the highest bidders. Let's say you're not allowed, because the would-be bidders are on a list of banned buyers.

* This could be a real and growing problem, according to analysts at Xtract Research LLC. While it's not so unusual for loan agreements to include blacklists of disqualified entities, a rising number permit the list to be expanded long after the loan is in place.

** "These provisions are ripe for abuse, and their increased prevalence is disturbing," wrote Xtract's Dino Peragallo. "This may be fine in good times, but you'll be left holding the bag in bad times."

* Sure, a borrower might legitimately want to ban assignments of its loans to competitors, vulture funds or some other institution with whom they've had bad blood. But Xtract says there's talk that one borrower added more than 100 entities to its updated DQ list.

** In terms of raw numbers, Xtract found only 3.2% of agreements in the first half of 2018 permitted updates after closing. For the full year, the figure rose to 7.4%. So far this year, it's 12%. "We are not trending in the right direction," Peragallo wrote.

* DATA POINTS

* QUOTABLE

* "Carrying around their cup was a status symbol. They were the first store in New York to offer extra virgin olive oil. Now Amazon has extra virgin olive oil. Everyone has extra virgin olive oil."

** Joshua David Stein, food writer and restaurant critic, on the struggles of Dean & DeLuca amid heightened competition for the gourmet grocer

* DEADLINES AND DOCKETS

** All times are U.S. Eastern unless specified and are subject to late revision or cancellation.

* Thursday, July 18

** Blackstone, owner of GSO, reports earnings

** Cloud Peak Energy bankruptcy omnibus hearing, 10 a.m

** Lehman Brothers Holdings bankruptcy hearing on adversarial proceedings, 2 p.m.

* Friday, July 19

** Philadelphia Academic Health Systems bankruptcy hearing on rules to govern the company's sale of assets, 11 a.m.

* READING LIST

** News, research and insight relevant to distressed investing

* Mallinckrodt Bonds Hit New Low After Cancelled Acthar Trial

* Luxury Grocer Dean & DeLuca Struggles to Survive as Sales Fall

* Frac Sand Miner Emerge Energy Can Tap \$35 Million DIP Loan

* Beaten Back Retailer Francesca's Stages Rally on Activist Stake

* California Pizza Kitchen Cut By S&P on Covenant Breach Potential

* Fairway Energy's Final Liquidation Plan Approved by Court

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