Comdisco collects and corrects

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Nobody has enjoyed losing money in the stock market crash of 2008, just as nobody liked it when the dot-com bubble burst eight years ago. A group of senior executives from Chicago's once-great Comdisco Inc. really didn't like it. And ever since their company failed in 2001, they've been fighting in court to avoid paying the bill for a stock deal gone bad. Now, after years of legal wrangling, the day of reckoning could be near. Comdisco was a technology icon until the founder's son, Nicholas Pontikes, took over in the midst of Internet mania. He poured the computer-leasing company's capital into risky ventures, including an ill-fated broadband play called Prism. Bankruptcy swiftly followed.

Three years before it went belly up, Comdisco had advanced a scheme that typified the highflying dot-com era: The company would arrange personal loans to its brass, who would use the borrowed money to buy the stock. If the shares soared, then their gains would be multiplied. As recent market trends vividly demonstrate, stocks go down as well as up, and the crash of Comdisco left more than 100 senior executives holding the bag from the 1998 Shared Investment Plan, including Pontikes. In the aftermath of the bankruptcy filing, he and some of his former colleagues reached a settlement, paying as little as 20 percent of what they owed. The company offered a further discount for those financially unable to pay even that.

But dozens of the executives refused to settle, contending that they had been duped and owed nothing on the tens of millions of dollars at issue. They were forced into those loans, they said, because refusing to go along with the plan would have meant "political suicide" within the tight-knit company, effectively ending their careers. That was a plausible concern at an operation known for its entrepreneurial, risk-taking culture.

The ensuing legal brawl focused mostly on whether regulations were strictly observed. Earlier this month, a federal judge ruled that 28 of the executives had to pay back what they borrowed, plus punishing interest and fees. A parallel case involving different executives in state court remains ongoing.

Comdisco exists as more than a legal matter, however. A shell company is carrying on, publicly traded, under executives responsible for collecting what they can on behalf of creditors and shareholders.

They've had extraordinary success, recovering far more than expected. The company's private-equity investments, which looked like losers after the bubble burst, brought a good price several years afterward. Comdisco's overseas operations were sold for euros after the dollar had fallen to a historic low, boosting the return.

Unsecured creditors were paid in full, and even equity holders recovered a little. The executives in the stock-loan program argue that since Comdisco already has collected so much, their debt should be forgiven.

Fat chance: Comdisco's current chief executive, Randy Thornton, vows to carry out his duties despite feeling sympathy for ex-staffers. "It is quite unpleasant, but we are working late into the evenings to get this resolved, and one day we will resolve it," he said.

Now would be a good time to cut a deal, and perhaps set a useful precedent for

Chicago's General Growth Properties and other companies wrestling with executive loan-and-stock transactions in an unforgiving bear market.