



AMERICAN
BANKRUPTCY
INSTITUTE

Mid-Atlantic Bankruptcy Workshop

Restaurant and Franchise Issues in Chapter 11

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RESTAURANT AND FRANCHISE ISSUES IN CHAPTER 11
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Warren – Anatomy of a Celebrity Chef Restructure

1) Overview:

- a) Jose Garces (Philadelphia): Successful sale of business in Chapter 11 and continuation of the brand and business;
- b) Mike Isabella (DC Metro): Conversion to Chapter 7 and liquidation.
- c) Three others: one via Chapter 11 and two out of Court.

2) Cause(s) of Distress:

- a) Rapid expansion without proper planning (high rent, poor concepts)
 - i) Easy availability of money to fuel the expansion including institutional financing (the industry was/is hot);
 - ii) Self-made restaurateurs/chefs typically are excellent at running one or two restaurants, but running 20 that the bank, private equity, or individual investors have just financed for you is a very different exercise, and
 - iii) Note the LDV model – akin to Medical Practice roll-up model.
- b) Cyclical nature of business (holidays, warm weather months, destination locations);
- c) Expensive litigation (e.g., internal strife with partners – present in both cases);
- d) Trends and tastes, e.g., celebrity status wanes, and here, two very different causes and results:
 - i) Garces: Forbes, 2018: Iron Chef Jose Garces Nearly Lost His Restaurant Empire; Instead He's Going Back To The Basics
 - ii) Isabella: Eater Magazine, Dec 2018: What happened to Mike Isabella?
- e) Bad Press – Retain PR Consultant
 - In both the Garces case as well as the Isabella case, it was mission critical to hire a PR consultant to assess, react, and deal with the PR impact on each of these businesses
 - i) Garces, we found that a once beloved staple in the Philly restaurant world was being accused of operating a Ponzi scheme

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- ii) Isabella, we found our Celebrity Chef wrapped up in the #metoo movement
 - Discussion – does the Attorney Client privilege extend to PR professionals?
 - Conflicting decisions:
 - California case: *Stardock Systems Inc. v. Ford et al* (11-30-2018): The court held that communications between Ford and its PR firm were protected by the attorney-client privilege because the defendants’ counsel, not the defendants themselves, hired the PR firm. In addition, the attorney’s communications with the PR agent were related to the case’s litigation strategy and involved legal advice.
 - *Gottwald v. Sebert* (2017), a New York court refused to apply the attorney-client privilege to communications between singer/songwriter Kesha, her lawyers, and a PR firm hired by the lawyers, where the PR firm’s involvement was “primarily for the purpose of advancing a public relations strategy” as opposed to “developing or furthering a legal strategy.” The court here distinguished between communications focused on the effects of litigation, such as influencing the public for settlement purposes, which constitute ordinary PR strategies and communications that are necessary to obtain legal advice. The court found the focus of the communications was to ensure that developments in the case were being given their desired media spin and were “not coordination to facilitate legal advice.”
- f) New management—CRO, financial advisor
 - i) We all know the importance of hiring a financial advisor, but sometimes it may make sense, prepetition, to bring in a CRO that will continue through the bankruptcy. This was the case in Garces, where there were "F" word allegations ("fraud"), and we needed to assure the parties as well as the Court were unfounded and that there was no need for a chapter 11 trustee or dismissal
 - ii) Additionally, the structure of a restaurant empire is often complicated and riddled with multiple entities and intercompany transfers.

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Important for someone to come in and understand the inner workings, where you have a management company at the top, and LLCs that hold the assets of each restaurant operating under the management company

- g) Independent counsel for the Chef
- i) Employment agreements, book deals, appearances, fees, etc., often supplemental income to the Chef.

3) Legal Obstacle 1 – Authority to File

- a) Multiple entities, often with minority investors and supermajority voting requirements
- b) How to ensure proper corporate authority
- c) Dealing with angry/silent investors
 - i) PR layer – fight with minority shareholder, smear campaign

4) Legal Obstacle 2 – Credit Card Processing

- a) Credit card processing issues (particularly relevant with respect to business with thin margins)
- b) Amex Loan Offset issue.

5) Legal Obstacle 3 – PACA & Liquor Licenses

- a) The Perishable Agricultural Commodities Act (PACA) grants protection to those who sell perishable agricultural commodities. See 7 U.S.C. §499, et seq. Indeed, Congress saw fit to protect produce suppliers and created a comprehensive act to protect their interests. This protection extends as far as statutory constructive trusts for those products qualifying as perishable agricultural commodities.
- b) The PACA trust is imposed on any “merchant, dealer or broker” of produce. A produce “dealer” is subject to the PACA trust in the following circumstances:
 - (1) The buyer is licensed under PACA;
 - (2) The buyer purchases or contracts to purchase at least 2,000 pounds of produce in one day; or

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- (3) If “buying any such commodity solely for sale at retail”, the buyer purchases or contracts to purchase at least 2,000 pounds of produce in one day and at least \$230,000 worth of produce in one calendar year. 7 C.F.R. 46.2(m) & (x).
- c) Perfecting PACA trust is simple: boilerplate language in invoice: "The perishable agricultural commodities listed on this invoice are sold subject to the statutory trust authorized by §5(c) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. §499e(c))."
- d) Bankruptcy implications:
 - i) Can perfect a PACA claim without stay implications (PACA trust funds not property of estate)
 - ii) Upon perfection, primes all claims, including secured and admin claims (PACA trust funds not property of estate)
 - iii) Preference defense (PACA trust funds not property of the estate) → not a transfer of an interest of the debtor in property
 - iv) Aggregation: 2,000 pounds / \$230k annual requirement
 - v) Restaurant as Dealer? The first case to consider PACA's applicability to restaurants was *In re Magic Restaurants*, 197 B.R. 455 (Bankr. D. Del. 1996). In *Magic Restaurants*, a creditor who supplied the debtor with produce prepetition sought the immediate payment of its prepetition claim or a turnover of the produce. The court found that under the plain language of PACA, that a restaurant with the requisite volume of business fits the definition of both “retailer” and dealer.” Since *Magic Restaurants*, three Courts of Appeals (including the 3rd Circuit, affirming *Magic Restaurants*) have held that the statute is clear that the definition of “dealer” encompasses restaurants. See *In re Magic Rest., Inc.*, 205 F.3d 108 (3d Cir. 2000); *Royal Foods Co. v. RJR Holdings, Inc.*, 252 F.3d 1102 (9th Cir. 2001) (holding that a restaurant that buys the requisite quantities of produce is a “dealer” under PACA even if the produce is only used in the preparation of commercial meals and not resold in unprocessed form); *In re Old Fashioned Enters., Inc.*, 236 F.3d 422 (8th Cir. 2001).
- e) Liquor license issues, possible workaround of NJ statute for secured lenders (no lien on license)
 - i) Property of the estate: The threshold question in a bankruptcy proceeding is whether the liquor license constitutes “property of the

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estate” pursuant to 11 U.S.C. § 541. Unlike many other assets, liquor licenses require governmental approval and can be revoked upon proof of misconduct in most states. The majority of courts have held that a liquor license is “property” under the Bankruptcy Code, even if the license is not considered “property” under applicable state law. → See *In re Circle 10 Restaurant, LLC*, 519 B.R. 95 (Bankr. N.J. 2014).

- ii) Understand value of the license: New Jersey liquor licenses are some of the most valuable in the country, as they must be purchased from an existing licensee on the open market. You must learn/understand respective state law, state by state, or bring in the right experts, e.g., Pa.
 - iii) Is the Liquor License Transferrable? The bankruptcy trustee, stepping into the shoes of the debtor, must decide whether the liquor license is a saleable or transferable asset. Again, the transferability of a liquor license depends on the state of issuance and the type of license.
 - iv) Security interests in the liquor license: Each state treats security interests in liquor licenses differently, and some states expressly prohibit a lender from creating a security interest in a liquor license. For example, the New Jersey Alcohol Beverage Act prohibits any pledge or security interest in a liquor license. In 2014, the U.S. Bankruptcy Court for the District of New Jersey concluded that New Jersey statutes do not allow a private creditor to obtain a security interest in a liquor license, and can therefore not assert a secured claim for the proceeds of the sale the liquor license in bankruptcy proceedings.
- Workarounds: Landlord sale to tenant and repurchase option in a lease; or lender’s lien on an LLC holding the liquor license, rather than on the liquor license itself.

6) Paving the Way to a Sale

Marketing and selling assets in this niche industry

- a) Catering / events issues
- b) Restaurant Management Agreements / licensing deals

7) Takeaways

Shanti – Franchise Issues

8) Executory Contracts in the Franchise Context

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- a) Interplay of these contracts impacts whether they might be considered unitary or separate is often an issue in play
 - i) Franchise Agreements – long term commitments with qualifications, address standards, use of proprietary marks and compliance
 - ii) Development Agreements
 - iii) Leases and Subleases
 - iv) Service Contracts
 - v) Equipment Leases
 - vi) License Agreements/Trademark Rights
 - vii) Non-Compete Agreements
- 9) Pre- or Post-Petition Termination – often litigated because it will determine whether agreements are part of a bankruptcy estate and a tool that parties may use to gain leverage
 - a) A franchise agreement that has expired by its own terms or that is properly terminated under applicable state or federal law before a bankruptcy petition is filed will not be considered property of the debtor’s bankruptcy estate, and the debtor franchisee cannot revive a validly-terminated franchise agreement upon commencement of a bankruptcy case.
 - i) Franchisor must use clear and unambiguous language when attempting to terminate franchise agreements. *In re RMH Franchise Holdings, Inc.*, 590 B.R. 655, 661 (Bankr. D. Del. 2018).
 - ii) The automatic stay does not prevent the mere running of time under a termination notice where there is not anything left to be done for a termination to be complete. *See Days Inn v. Gainesville P-H Props., Inc. (In re Gainesville P-H Props., Inc.)*, 77 B.R. 285 (Bankr. M.D. Fla. 1987); *In re New Media Irjax, Inc.*, 19 B.R. 199, 201 (Bankr. M.D. Fla. 1982); *In re Beck*, 5 B.R. 169, 171 (Bankr. D. Haw. 1980).
- 10) In bankruptcy context: assumption vs. rejection. One of the fundamental rights afforded a bankrupt debtor is the right to assume or reject executory contracts.
 - a) The general rule in bankruptcy cases is that a trustee or debtor in possession can assume and assign an executory contract, even if there is a provision in the contract that prohibits or restricts assignment. 11 U.S.C. § 365(a) and (f)(1). In order to assume an executory contract, certain requirements must be met: (1) cure defaults (economic, noneconomic, or pecuniary) or provide

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adequate assurance of prompt cure; (2) compensate the non-debtor party for actual damages resulting from default or provide adequate assurance of prompt compensation; and (3) provide adequate assurance of future performance under the contract. 11 U.S.C. § 365(b)(1). In order to assign an executory contract, the trustee or debtor in possession must: (A) assume the contract in accordance with the Bankruptcy Code; and (B) provide adequate assurance of future performance under the contract by the proposed assignee. 11 U.S.C. § 365(f)(2).

- b) Rejection enables debtors to eliminate onerous, expensive or burdensome contractual obligations. The authority to reject executory contracts is broad and in the Debtors' business judgment.
- c) While the assumption and rejection rights are very broad, the Bankruptcy Code puts a limitation on that right in the intellectual property context. Most franchise agreements include revocable and nonexclusive licenses to use certain intellectual property, trademarks copyrights and other rights.
 - i) Section 365(c)(1) restricts the assumption or assignment of any executory contract or unexpired lease of the debtor, whether or not such contract or lease prohibits or restricts assignment of rights or delegation of duties, if — (A) applicable law excuses a party, other than the debtor, to such contract or lease from accepting performance from or rendering performance to an entity other than the debtor or the debtor in possession, whether or not such contract or lease prohibits or restricts assignment of rights or delegation of duties; and (B) such party does not consent to such assumption or assignment.
 - ii) A debtor's ability to assume or assign is limited when "applicable law" gives the non-debtor counterparty the right to deny consent. The general consensus is that applicable law means patent, copyright and trademark law. In application, courts have held that a licensor of intellectual property who does not consent to the assignment of a patent, copyright or trademark license to a third party, can prevent the assignment in bankruptcy.

11) Sales – can franchise agreements and the associated rights just be assumed and assigned to a buyer?

- a) How involved can a franchisor be to ascertain and protect operational capabilities, market expertise and brand reputation, and financial wherewithal?

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- i) Brand Preservation
- ii) Section 365 requires that all obligations under franchise agreements be honored. Debtors cannot amend contracts to accept certain terms that are favorable to a sales process while rewriting other provisions, absent consent of all parties.
- iii) Consent Rights

Mac – Two Broader Legal Issues/Concerns that are Often Present in Restaurant Cases: Fixtures and Merchant Cash Advance Loans:

12) Fixtures

- a) Classification of assets as fixtures can significantly reduce a debtor's payment obligations under a plan of reorganization.
 - i) To confirm a plan—whether under Subchapter V or in a traditional chapter 11 case—a debtor must pay creditors no less than the amount that would be received in a chapter 7 liquidation. 11 U.S.C. § 1129(a)(7).
 - ii) In a cramdown confirmation, creditors must also be paid the full value of the property securing their liens. 11 U.S.C. § 1129(b)(2)(A)
- b) For purposes of valuing a debtor's assets, and lienholders' rights, classification of an asset as a fixture can serve to remove the correlative property from a debtor's estate by placing the asset on a landlord's balance sheet. 11 U.S.C. § 541.
- c) In Virginia, *any* property—even if physically removable without the need to undo screws, bolts, welding, or other traditional means of attachment—could be considered a fixture if used in a manner consistent with the purpose of the physical space. *Taco Bell of Am., Inc. v. Commonwealth Transp. Comm'r of Va.*, 282 Va. 127, 710 S.E.2d 478 (2011). This includes pans and frying baskets, *id.*, even though those are items well removed from the normative notion of a fixture being—as titulary suggested—physically affixed. This creates significant conflict between Landlords and Lenders, when it comes to allocation of collateral packages in a restaurant restructuring or liquidation.

13) Merchant Cash Advances

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- a) These financing packages, which are now ubiquitous for many small businesses and in many industries, have played an increasingly prevalent role in restaurant bankruptcies
- b) The critical question is often whether a merchant cash advance (“MCA”) is a true sale of future receivables, along the lines of a traditional factoring arrangement, or is actually a disguised loan
 - i) The designation is often controlled by New York law, examining (i) whether there exists a so-called “reconciliation” provision in the agreement, (ii) the temporal duration of the agreement; and (iii) whether recourse exists in a hypothetical insolvency or restaurant closure circumstance. *In re Williams Land Clearing, Grading, & Timber Logging, LLC*, 2025 LX 61935 (Bankr. E.D.N.C. May 16, 2025)
 - ii) If designated as a loan, the arrangement may run afoul of usury laws in states where there exists a commercial usury rate
 - iii) If designated as a true sale, the arrangement may be avoidable as a fraudulent conveyance. 11 U.S.C. § 548. Since MCAs rarely come into existence with solvent debtors, and since the disparity in MCA arrangements—between monies received and future receivables bartered away—is so palpable, they appear ripe for challenge as fraudulent conveyances. *Id.*
- c) If an MCA is a fraudulent conveyance, the “cycle” of MCAs utilization pre-petition—where a new MCA arrangement is often used to retire the obligations of an old MCA arrangement, in a manner not dissimilar to that of pay day loans—may create a prism where a debtor’s estate is on solid footing to avoid the pre-petition retirement of old MCA obligations.

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An AI Comparison of P.A. and N.J. Sales of Liquor License Laws (Unverified)

Feature	New Jersey	Pennsylvania
Legal Status	Privilege, not considered “property” under state law.	Treated as a property interest under state law.
Transfer Authority	Local issuing municipality approves transfers.	Pennsylvania Liquor Control Board (PLCB) approves transfers.
Types of Transfers	Person-to-person, place-to-place, or both (double transfer).	Same — person-to-person, place-to-place, or both (double transfer).
Collateralization	Cannot be pledged as collateral in the same way as property; security agreements often involve sale contracts or escrows instead.	Can be pledged as collateral; security interests can be perfected (usually via UCC filing), but actual transfer still needs PLCB approval.
Market Mechanics	“Buying” means purchasing the rights from the current license holder, subject to municipal approval; value driven by scarcity in municipality.	License can be sold like an asset; price driven by scarcity in the county under the quota system; transfer must be approved by PLCB.
Scarcity Rules	License cap per municipality based on population (one retail license per 3,000 residents).	License quota per county based on population (one retail license per 3,000 residents).
Auctions	No statewide auction; transactions are private between parties, subject to local approval.	PLCB conducts periodic auctions for “expired” or “surrendered” licenses in each county.
Transfer Process	Local hearing → publication/posting → approval → closing.	PLCB application → posting period → investigation → approval → closing.
Treatment in Bankruptcy	License is not “property of the estate” under NJ law, but can be transferred with court/municipal approval.	License is property of the estate; trustee can sell it, subject to PLCB approval.

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ATTACHMENTS/FORMS

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UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-1	
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In Re:	Case No.: 18- 19054 (JNP)
Garces Restaurant Group, Inc., d/b/a Garces Group, <i>et al.</i> , ¹	(Jointly Administered)
Debtors.	Chapter: 11
Garces Restaurant Group, Inc., d/b/a/ Garces Group, <i>et al.</i> ,	Judge: Jerrold N. Poslusny, Jr
Plaintiff,	Adversary No.
v.	
American Express National Bank f/k/a American Express Bank, FSB and American Express Travel Related Services Company, Inc.	
Defendants.	

**VERIFIED COMPLAINT FOR TURNOVER OF ESTATE PROPERTY
PURSUANT TO 11 U.S.C. §§ 542 AND 549 AND TO AWARD DAMAGES
TO THE DEBTORS FOR DEFENDANTS' WILLFUL VIOLATION OF 11
U.S.C. SECTION 362**

¹ The Debtors in these cases and the last four digits of their employee identification numbers are: GRGAC1, LLC d/b/a Amada (7047); GRGAC2, LLC d/b/a Village Whiskey (7079); GRGAC3, LLC d/b/a Distrito Cantina (7109); GRGAC4, LLC (0542); Garces Restaurant Group, Inc. d/b/a Garces Group (0697); Latin Valley 2130, LLC; La Casa Culinary, LLC d/b/a Amada Restaurant (4127); Garces Catering 300, LLC d/b/a Garces Catering (3791); Latin Quarter Concepts, LLC d/b/a Tinto d/b/a Village Whiskey (0067); UrbanFarm, LLC d/b/a JG Domestic (3014); GR300, LLC d/b/a Volver (0347); GRG2401, LLC (7222); GRGChubb1, LLC (8350); GRGKC1, LLC; GRGWildwood, LLC (9683); GRGNY2, LLC (0475); GRGDC2, LLC d/b/a Latin Market (8878); and GRGBookies, LLC d/b/a The Olde Bar (4779). Pending joint administration: GRGAC5, LLC (9937).

Garces Restaurant Group, Inc., d/b/a Garces Group, *et al.* (the "Debtors" or "Plaintiffs"), by their proposed undersigned counsel, pursuant to sections 362, 541, 542, 549 and 550 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 7001 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), file this verified complaint (the "Verified Complaint") for turnover of property that is currently being held by American Express National Bank f/k/a American Express Bank, FSB ("Amex Bank") and for willful violation of the automatic stay provisions of the Bankruptcy Code by Amex Bank and American Express Travel Related Services Company, Inc. ("Amex Travel", and together with Amex Bank, the "Defendants").

NATURE OF ACTION

1. This action arises in connection with a prepetition Business Loan and Security Agreement dated August 9, 2017 between Amex Bank and Debtors Garces Catering 300, LLC, Latin Quarter Concepts, LLC and La Casa Culinary, LLC (the "Contract Debtors"), and a prepetition Card Acceptance Agreement between the Contract Debtors and Amex Travel.

2. Notwithstanding the Debtors' bankruptcy filing on May 2, 2018 (the "Petition Date"), the Defendants have continued to collect on prepetition debt in violation of the automatic stay provisions of the Bankruptcy Code.

3. As a result of Defendants' actions, the Debtors and their estates have incurred significant losses. The Debtors seek to recover monies collected by the Defendants post-petition in violation of section 362 of the Bankruptcy Code, as well as actual and punitive damages flowing from the Defendants' stay violations.

JURISDICTION AND VENUE

4. On May 2, 2018, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

5. The United States Bankruptcy Court for the District of New Jersey (the "Court") has jurisdiction to hear this action based upon 28 U.S.C. § 157(a) and sections 362, 541, 542, 549 and 550 of the Bankruptcy Code.

6. Venue in this Court is appropriate under 28 U.S.C. §§ 1408 and 1409(a).

PARTIES

7. The Plaintiffs are debtors and debtors-in-possession in the above-captioned chapter 11 matter before this Court.

8. Upon information and belief, American Express National Bank f/k/a American Express Bank, FSB is incorporated under the laws of the United States as a federal savings bank and has a principal place of business at 4315 South 2700 West, Salt Lake City, Utah 84184.

9. Upon information and belief, American Express Travel Related Services Company, Inc. is an affiliate of American Express Bank, FSB. Upon information and belief, American Express Travel Related Services Company, Inc. is incorporated in the state of New York and has a principal place of business at 200 Vesey Street, New York, New York 10285.

STATEMENT OF FACTS

10. Amex Travel and the Contract Debtors are parties to a prepetition "Card Acceptance Agreement", which governs the Debtors' acceptance of American Express credit cards at their restaurants and other facilities.

11. Amex Bank and the Contract Debtors entered into a Business Loan and Security Agreement dated August 9, 2017.

12. Pursuant to the Business Loan and Security Agreement, Amex Bank loaned the Debtors \$1,000,000, with a non-default "Repayment Rate" of 12%.

13. The \$1,000,000 loan (the "Prepetition Loan") made by Amex Bank to the Debtors was made prior to the Petition Date.

14. The Prepetition Loan is secured by all assets of the Contract Debtors, as evidenced by UCC Financing Statement # 2017082400599 filed in Pennsylvania. The Prepetition Loan/UCC Financing Statement is junior in time to the security interest of M&T Bank.

15. Pursuant to the Business Loan and Security Agreement, the Contract Debtors authorized and directed Amex Bank to contact Amex Travel and "instruct [Amex Travel] to remit the amount equal to the Repayment Rate (as adjusted from time to time in accordance with this Agreement) of the Settlement Amounts to Amex Bank, rather than to disburse such amounts to [the Contract Debtors]" until such time as the loan is repaid in full.

16. Since the Petition Date, the Defendants have continued to collect monies from the Debtors on account of the Prepetition Loan.

17. The normal Repayment Rate, pursuant to the Business Loan and Security Agreement, is 12%. In other words, if a customer were to spend \$100.00 (referred to as the "Settlement Amount" in the Loan agreement) at, for example, the Debtors' Tinto restaurant in Philadelphia, then after payment of Amex Travel's regular merchant bank processing fees, Amex Travel would routinely then pay over to Amex bank 12% of the remaining customer funds that would otherwise be paid over to the Debtors and remit the remaining 88% of customer net proceeds to the Debtors.

18. This regular course of dealing caused the loan to be paid down from \$1,000,000 as of August 9, 2017, to \$373,798.32 as of the Petition Date.

19. Immediately upon the filing of the Debtors' bankruptcy petitions, and without notice to the Debtors, the Defendants increased the Repayment Rate from 12% to 31%, and on May 26, 2018, again without notice to the Debtors, further increased the Repayment Rate from 36% to 100%.

20. All told, since the Petition Date, the Defendants have seized, collected and retained some \$205,223.22 of the Debtors' customer revenues, thereby reducing and repaying the Prepetition Debt from \$373,798.32 as of the Petition Date to \$168,575.10 as of June 6, 2018.

21. Of this amount, only \$49,173.02 represents the normalized 12% contractual deduct whereas \$156,050.20 represents extraordinary post-petition deductions.

22. Currently, since May 26, 2018 and continuing unabated through the current date, the Defendants are deducting 100% of the Debtors' customer revenues for customers who use Amex cards, meaning that the Debtors are providing goods and services to customers each and every day without receiving post-petition revenues in return.

23. The Defendants received notice of the Debtors' bankruptcy filings and are on the Debtors' "Master Service List." Thus, the Defendants have been receiving all pleadings filed in the Debtors' bankruptcy cases.

24. In addition, the Defendants were notified telephonically on or about May 17, 2018 when Defendants asked the Debtors to make a one-time payment of \$78,000 and the Debtors refused, advising that such a payment would violate the automatic stay.

25. Notwithstanding requests by the Debtors to the Defendants to cease their collection activities post-petition, the Defendants continue to seize, collect and offset 100% of the Debtors' Amex customer revenues in violation of the automatic stay.

COUNT I
(Turnover Pursuant to 11 U.S.C. §§ 541 and 542)

26. The Plaintiffs incorporate the allegations contained in the previous paragraphs as if fully set forth herein.

27. Section 541(a) of the Bankruptcy Code provides, in pertinent part:

(a) The commencement of a case under section 301, 302 or 303 of this title creates an estate. Such estate is comprised of all of the following property, wherever located and by whomever held:

(1) Except as provided in subsections (b) and (c)(2) of this section, all legal or equitable interests of the debtor in property as of the commencement of the case.

11 U.S.C. § 541.

28. Section 542(a) of the Bankruptcy Code provides, in pertinent part:

(a) Except as provided in subsection (c) or (d) of this section, an entity, other than a custodian, in possession, custody, or control, during the case, of property that the [Plaintiffs] may use, sell, or lease under section 363 of this title, or that the debtor may exempt under section 522 of this title, shall deliver to the [Plaintiff], and account for, such property or the value of such property, unless such property is of inconsequential value or benefit to the estate.

11 U.S.C. § 542.

29. The Defendants have seized \$205,223.22 of the Debtors' post-petition funds through June 6, 2018, \$156,050.20 of which represents seized funds in excess of the 12% normalized agreement set forth in the contract. Such funds are not of inconsequential value or benefit to the Debtors' estates.

30. Pursuant to section 542 of the Bankruptcy Code, the Defendants are obligated to release the Debtors' funds in excess of the 12% normalized draw, totaling at least \$156,050.20 to the Debtors forthwith.

WHEREFORE, the Plaintiffs seek the following relief:

A. An Order voiding the transfer of all post-petition monies of the Debtors to Amex Bank and/or Amex Travel in excess of the 12% Repayment Rate on account of the Prepetition Loan, including \$156,050.20 earned by the Debtors post-petition, pursuant to sections 541 and 542 of the Bankruptcy Code;

B. An Order requiring all post-petition transfers to Amex Bank and/or Amex Travel in excess of the 12% Repayment Rate on account of the Prepetition Loan be transferred to the Plaintiffs; and

C. An Order for counsel fees and costs and for such other relief as the Court shall deem just and equitable.

COUNT II

(Turnover Pursuant to 11 U.S.C. §§ 549 and 550, In The Alternative)

31. The Plaintiffs incorporate the allegations contained in the previous paragraphs as if fully set forth herein.

32. Section 549 of the Bankruptcy Code provides, in pertinent part:

(a) Except as provided in subsection (b) or (c) of this section, the trustee may avoid a transfer of property of the estate –

(1) that occurs after the commencement of the case; and

(2)

(A) that is authorized only under section 303(f) or 542(c) of this title; or

(B) that is not authorized under this title or by the court.

11 U.S.C. § 549.

33. Section 550 of the Bankruptcy Code provides, in pertinent part:

(a) Except as otherwise provided in this section, to the extent that a transfer is avoided under section 544, 545, 547, 548, 549, 553(b), or 724(a) of this title, the trustee may recover, for the benefit of the estate, the property transferred, or, if the court so orders, the value of such property, from—

- (1) the initial transferee of such transfer or the entity for whose benefit such transfer was made; or
- (2) any immediate or mediate transferee of such initial transferee.

34. Amex Travel was in possession of no less than \$156,050.20 of funds earned by the Debtors from the Petition Date through June 6, 2018.

35. Rather than transfer such monies to the Debtors, Amex Travel illegally transferred such funds to Amex Bank in order to repay Amex Bank on account of the Prepetition Loan.

36. The \$156,050.20 was transferred to Amex Bank after the Petition Date.

37. The \$156,050.20 transferred to Amex Bank was property of the Debtors' estates.

38. Amex Bank and Amex Travel were either initial transferees or immediate or mediate transferees of no less than \$156,050.20.

39. Neither the Bankruptcy Code nor any Court order in these cases authorized or permitted the transfer of \$156,050.20 to the Defendants.

WHEREFORE, the Plaintiffs seek the following relief:

A. An Order voiding the transfer of all post-petition monies of the Debtors to Amex Bank and/or Amex Travel on account of the Prepetition Loan in excess of the 12% Repayment Rate, including \$156,050.20 earned by the Debtors post-petition, pursuant to sections 549 and 550 of the Bankruptcy Code;

B. An Order requiring all post-petition transfers to Amex Bank and/or Amex Travel in excess of the 12% Repayment Rate on account of the Prepetition Loan be transferred to the Plaintiffs; and

C. An Order for counsel fees and costs and for such other relief as the Court shall deem just and equitable.

COUNT III
(Willful Violation of 11 U.S.C. § 362(A)(3))

40. The Plaintiffs incorporate the allegations contained in the preceding paragraphs as if fully set forth herein.

41. Section 362(a)(3) of the Bankruptcy Code automatically stays (among other things) "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." 11 U.S.C. § 362.

42. Pursuant to section 541 of the Bankruptcy Code, the funds totaling no less than \$156,050.20 that were earned by the Debtors in excess of the 12% Repayment Rate are property of the estates and are currently in the possession, custody and control of the Defendants.

43. Pursuant to section 542 of the Bankruptcy Code, the Defendants are obligated to deliver to the Plaintiffs all funds in excess of the 12% Repayment Rate, including the funds totaling no less than \$156,050.20.

44. In the alternative, pursuant to sections 549 and 550 of the Bankruptcy Code, the Debtors may avoid and recover the transfer of \$156,050.20 to the Defendants.

45. The Defendants have been on notice of the Debtors' bankruptcy cases since at least the Petition Date. Notwithstanding attempts to recoup the \$156,050.20 from the Defendants, including recent telephonic conversations between the parties, the Defendants refuse to deliver such funds to the Debtors.

46. By withholding and refusing to deliver such funds to the Debtors, and by continuing to take Debtor funds in excess of the Repayment Rate to repay prepetition debts, the Defendants are in violation of section 362(a)(3) of the Bankruptcy Code.

47. Accordingly, the Plaintiffs are entitled to recover, at a minimum, reimbursement for actual damages, including reimbursement costs and attorneys' fees that were incurred as a result of the Defendants' violation of the automatic stay.

WHEREFORE, the Plaintiffs seek the following relief:

A. An Order declaring the transfer of \$156,050.20 and any other post-petition monies of the Debtors in excess of the 12% Repayment Rate to the Defendants on account of the Prepetition Loan to be in violation of the automatic stay provisions of the Bankruptcy Code under section 362;

B. An Order fixing damages to be awarded in favor of the Plaintiffs and against the Defendants pursuant to section 362(k)(1) of the Bankruptcy Code; and

C. An Order for counsel fees and costs and for such other relief as the Court shall deem just and equitable.

Dated: June 7, 2018

Respectfully submitted,

PORZIO, BROMBERG & NEWMAN, P.C.
Proposed Counsel to the Debtors

By: /s/ Warren J. Martin Jr.
Warren J. Martin Jr.

2025 MID-ATLANTIC BANKRUPTCY WORKSHOP

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VERIFICATION

I, JOHN FIORETTI, of full age, certify:

I am the Interim CEO of the Garces Restaurant Group, Inc., d/b/a/ Garces Group, *et al.* I have read the Verified Complaint and certify that the factual allegations contained in the Verified Complaint are true to the best of my knowledge and belief.

I certify that the foregoing statements made by me are true. I am aware that if any are willfully false, I am subject to punishment.

/s/John Fioretti

John Fioretti

Dated: June 7, 2018

AMERICAN BANKRUPTCY INSTITUTE

Case 18-01269-JNP Doc 1-1 Filed 06/07/18 Entered 06/07/18 23:10:50 Desc

Summons Page 1 of 1
UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In the matter of:

Garces Restaurant Group, Inc., d/b/a Garces Group, et al.

Debtor

Garces Restaurant Group, Inc., d/b/a/ Garces Group, et al.,

Plaintiff(s)

Case No. 18-19054 (JNP)

v.

American Express National Bank f/k/a American Express
Bank, FSB and American Express Travel Related Services
Company, Inc.

Adversary No. _____

Defendant(s)

Judge: Jerrold N. Poslusny, Jr.

SUMMONS AND NOTICE OF PRETRIAL CONFERENCE
IN AN ADVERSARY PROCEEDING

YOU ARE SUMMONED and required to submit a motion or answer to the complaint which is attached to this summons to the clerk of the bankruptcy court within 30 days after the date of issuance of this summons, except that the United States and its offices and agencies shall file a motion or answer to the complaint within 35 days.

Address of Clerk	U.S. Post Office and Courthouse 401 Market Street Second Floor Camden, NJ 08101
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At the same time, you must also serve a copy of the motion or answer upon the plaintiff's attorney.

Name and Address of Plaintiff's Attorney	Warren J. Martin Jr., Esq. Porzio, Bromberg & Newman, P.C. 100 Southgate Parkway Morristown, New Jersey 07962
---	--

If you make a motion, your time to answer is governed by Fed.R.Bankr.P. 7012.

YOU ARE NOTIFIED that a pretrial conference of the proceeding commenced by the filing of the complaint will be held at the following time and place.

Address	Courtroom: _____ Date and Time:
---------	---------------------------------------

IF YOU FAIL TO RESPOND TO THIS SUMMONS, YOUR FAILURE WILL BE DEEMED TO BE YOUR CONSENT TO ENTRY OF A JUDGMENT BY THE BANKRUPTCY COURT AND JUDGMENT BY DEFAULT MAY BE TAKEN AGAINST YOU FOR THE RELIEF DEMANDED IN THE COMPLAINT.

Jeanne A. Naughton, Clerk

Date: _____

By: _____
Deputy Clerk

rev. 1/4/17

Pursuant to D.N.J. LBR 9019-2, Mediation: Procedures, there is a presumption of mediation in all adversary proceedings. For more information regarding the mediation program see the related Local Rules and forms on the Court's web site: nj.uscourts.gov/mediation.

2025 MID-ATLANTIC BANKRUPTCY WORKSHOP

Case 18-01269-JNP Doc 4 Filed 06/08/18 Entered 06/08/18 19:22:25 Desc Main Document Page 1 of 4

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-1	
PORZIO, BROMBERG & NEWMAN, P.C. 100 Southgate Parkway P.O. Box 1997 Morristown, New Jersey 07962 (973) 538-4006 (973) 538-5146 Facsimile Warren J. Martin Jr., Esq. (wjmartin@pbnlaw.com) Kelly D. Curtin, Esq. (kdcurtin@pbnlaw.com) Rachel A. Parisi, Esq. (raparisi@pbnlaw.com) <i>Proposed Counsel to Debtors</i>	
In Re:	Case No.: 18- 19054 (JNP)
Garces Restaurant Group, Inc., d/b/a Garces Group, <i>et al.</i> , ¹	(Jointly Administered)
Debtors.	Chapter: 11
Garces Restaurant Group, Inc., d/b/a/ Garces Group, <i>et al.</i> ,	Judge: Jerrold N. Poslusny, Jr.
Plaintiffs,	Adversary No. 18-01269 (JNP)
v.	
American Express National Bank f/k/a American Express Bank, FSB and American Express Travel Related Services Company, Inc.	
Defendants.	

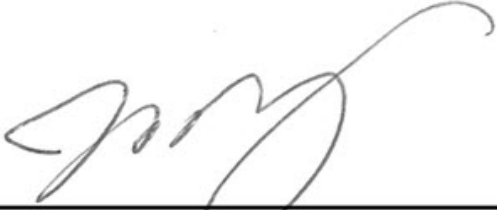


Order Filed on June 8, 2018 by
Clerk U.S. Bankruptcy Court
District of New Jersey

**ORDER TO SHOW CAUSE FOR A TEMPORARY RESTRAINING
ORDER AND PRELIMINARY INJUNCTION**

DATED: June 8, 2018

¹ The Debtors in these cases and the last four digits
LLC d/b/a Village Whiskey (7079); GRGAC3, LL
Garces Group (0697); Latin Valley 2130, LLC; La
Catering (3791); Latin Quarter Concepts, LLC d/b
LLC d/b/a Volver (0347); GRG2401, LLC (7222)
(0475); GRGDC2, LLC d/b/a Latin Market (8878)
LLC (9937).


Honorable Jerrold N. Poslusny, Jr.
United States Bankruptcy Court

THIS MATTER having been brought before the Court by the Plaintiffs in the above-captioned adversary proceeding, through their proposed counsel, by Order to Show Cause seeking a temporary restraining order and preliminary injunction pursuant to Bankruptcy Rule 7065 and Local Bankruptcy Rule 7065-1, and upon the Verified Complaint, Memorandum of Law, and other supporting documents submitted herewith, and it appearing from the Verified Complaint that the Defendants are seizing, offsetting and/or otherwise converting to their own use in repayment of prepetition debt, 100% of the Debtors' post-petition customer revenues resulting from customers' usage of American Express credit cards, and the Court having determined that good and sufficient reasons exist to proceed by way of Order to Show Cause, and for good cause shown.

IT IS on this ____ day of _____, 2018,

ORDERED that the Defendants appear and show cause on the ____ day of _____, 2018, before the United States Bankruptcy Court for the District of New Jersey, Honorable Jerrold N. Poslusny, Jr., at the Mitchell H. Cohen U.S. Courthouse, 400 Cooper Street, 4th Floor, Camden, N.J. 08101, Courtroom 4C, at __:__ __.m., or as soon thereafter as counsel can be heard, why an Order should not be entered:

1. Enjoining and restraining the Defendants from collecting more than the 12% Repayment Rate permitted under the terms of the Business Loan and Security Agreement between the Contract Debtors² and Amex Bank dated August 9, 2017;

2. Enjoining and restraining the Defendants from applying any monies received from the Debtors post-petition in excess of the 12% Repayment Rate to prepetition debts allegedly owed by the Plaintiffs;

² Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Verified Complaint.

Case 18-01269-JNP Doc 4 Filed 06/08/18 Entered 06/08/18 10:03:25 Desc Main Document Page 3 of 3

3. Requiring the Defendants to turnover any monies belonging to the Debtors that were obtained post-petition in excess of the 12% Repayment Rate to satisfy any alleged prepetition debt, including funds totaling \$156,050.20; and

4. Granting such other relief as the Court deems equitable and just.

And it is further **ORDERED** that pending further hearing on this Order to Show cause, the Defendants shall be and hereby are temporarily restrained and enjoined from:

5. Collecting more than the 12% Repayment Rate permitted under the terms of the Business Loan and Security Agreement between the Contract Debtors and Amex Bank dated August 9, 2017.

6. Applying any monies received from the Debtors post-petition in excess of the 12% Repayment Rate to prepetition debts allegedly owed by the Plaintiffs.

7. A copy of this Order to Show Cause, Verified Complaint, and any supporting documents shall be served upon the Defendants via overnight courier service today.

8. Defendants may present objections orally at the hearing.

AMERICAN BANKRUPTCY INSTITUTE

Case 18-01269-JNP Doc 4-1 Filed 06/08/18 Entered 06/08/18 10:03:25 Desc
Notice of Order Entry Page 1 of 1

Form order – ntcorder

UNITED STATES BANKRUPTCY COURT

District of New Jersey
401 Market Street
Camden, NJ 08102

In Re: Garces Restaurant Group, Inc.
Debtor

Case No.: 18–19054–JNP
Chapter 11

Garces Restaurant Group, Inc.
Plaintiff

v.

American Express National Bank
Defendant

Adv. Proc. No. 18–01269–JNP

Judge: Jerrold N. Poslusny Jr.

NOTICE OF JUDGMENT OR ORDER
Pursuant to Fed. R. Bankr. P. 9022

Please be advised that on June 8, 2018, the court entered the following judgment or order on the court's docket in the above-captioned case:

Document Number: 4

Order to Show Cause for a Temporary Restraining Order and Preliminary Injunction. Service of notice of the entry of this order pursuant to Rule 9022 was made on the appropriate parties. See BNC Certificate of Notice. Signed on 6/8/2018 Show Cause hearing to be held on 6/11/2018 at 10:00 AM at JNP – Courtroom 4C, Camden. (cmf)

Parties may review the order by accessing it through PACER or the court's electronic case filing system (CM/ECF). Public terminals for viewing are also available at the courthouse in each vicinage.

Dated: June 8, 2018

JAN: cmf

Jeanne Naughton
Clerk

RESTAURANT AND FRANCHISE ISSUES IN CHAPTER 11

Warren J. Martin Jr., Porzio, Bromberg & Newman, P.C.

Shanti M. Katona, Polsinelli PC

Mac VerStandig, The VerStandig Law Firm, LLC

Iron Chef Jose Garces Nearly Lost His Restaurant Empire; Instead He's Going Back To The Basics

Nurin, T. (2018, December 31). Iron Chef Jose Garces Nearly Lost His Restaurant Empire; Instead He's Going Back To The Basics. Forbes.

<https://www.forbes.com/sites/taranurin/2018/12/31/iron-chef-jose-garces-nearly-lost-his-restaurant-empire-instead-hes-going-back-to-the-basics/>

Don't call it a comeback. Iron Chef José Garces will be here for years.

After an exceedingly tough run that forced him to declare bankruptcy and shutter three of his 16 restaurants in Philadelphia, New York and Atlantic City, the beloved celeb chef is back in the kitchen looking slimmer and younger than I'd seen him in ages. Garces has partnered with Ballard Brands, a family-owned Southern Louisiana company that specializes in fast-casual concepts like Wow Café and PJ's Coffee of New Orleans, to create Ideation Hospitality, which now owns all of his remaining brands and catering contracts. The sale brought a reported \$8 million in cash.

Instead of worrying about managing the cross-country empire he built -- over just 13 years - out of a single Spanish tapas restaurant in Philly, he's now culinary director for the merged company and gets to focus on just one thing: food.

"This merger has allowed me to get back to my roots," he told me during a private chat inside the bar at Volvér, a fine-dining space in the Kimmel Center for the Performing Arts.

After signing an autograph from a very excited woman who came from out of town to celebrate her birthday at Volvér, the overly ambitious entrepreneur who spent a decade opening 25 restaurants in six states and Washington, D.C., 13 of which remain open, said, "I'm a lot more free of those other responsibilities."

The dining public has mistakenly believed that Garces had been forced to leave all or most of his corporate assets behind since the press reported in April that at least six of his suppliers, original investors and a landlord were suing to recoup money he owed but couldn't pay once the beleaguered Revel casino in Atlantic City that housed four of his newest restaurants had closed in 2014, just two years after its opening date. In truth, Garces had merely declared bankruptcy and sealed off three additional spaces outside the casino: the controversial Garces Trading Company and 24, both in Center City Philly, and Distrito, an experiment in South Jersey's Moorestown Mall, which lost a high-profile Marc Vetri concept in 2015. He'd already closed unsuccessful projects in places as far-flung as Chicago, Palm Springs and Scottsdale, Arizona.

But despite whatever wounds he may have needed to lick, instead of retreating into oblivion, the James Beard award-winning chef spent the time retrenching and readying himself for his next course. In May, he and three Ballard brothers formed Ideation out of their individual

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entities, and Garces has been working behind the line for months to carve out slightly new directions for many of his menus.

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How Mike Isabella's Restaurant Empire Came Crashing Down

Burton, M. (2018, December 13). How Mike Isabella's restaurant empire came crashing down. Eater. <https://www.eater.com/2018/11/27/18114509/mike-isabella-dc-restaurant-empire-fall-washingtonian>

Washington D.C. chef Mike Isabella was once one of the biggest names in D.C. dining, but over the past year, the chef was embroiled in multiple lawsuits, closed several restaurants, and, ultimately, filed for bankruptcy. This week, the Washingtonian published an in-depth account of how too-rapid growth, a sexual harassment lawsuit that was later settled, and Isabella's own alcohol abuse precipitated his restaurant empire's downfall. And while the facts of the events have been covered before, here are five takeaways from the piece.

Isabella scaled way too quickly, in part because there was little risk

Isabella's restaurant group, Mike Isabella Concepts, grew as Washington's dining scene did. According to the Washingtonian, developers believed in the Top Chef star's ability to draw business to less trafficked areas of the city and gave him money to open multiple restaurants. Offers came from around the country: Isabella says he turned down 10 offers to open restaurants in New York City alone, echoing his assertion in a September Washington Post interview that the empire was not overextended compared to its opportunities. "You know why I didn't think it was too much?" he said at the time. "Because I had about 20 other fucking deals on the table."

Isabella tells the Washingtonian, "Each project, I'd get more and more and ask for more and more." In these deals, the landlords took on much of the risk. The Mike Isabella Concepts staff, meanwhile, felt stretched thin, and on top of managing back-to-back restaurant openings, they were tasked with managing their boss's behavior.

Mike Isabella Concepts staff knew their boss had a drinking problem

Drinking was a problem for Isabella. At the Graffiato location in Richmond, bartenders would have top-shelf gin ready for the chef's visits, and the Washingtonian reports, he would sometimes "demand" that staff join him at a strip club. Isabella's drinking would sometimes spill over into interactions with customers. According to a bartender at Graffiato Richmond, drinking made him belligerent and rude to restaurant patrons, so much so that the restaurant's staff learned to trick Isabella into drinking less, putting less and less gin in his gin and tonics over the course of a night.

The openings of the Requin at the Wharf was a disaster

In October 2017, Isabella's restaurant empire started to fracture. The company was set to open three new restaurants: Kapnos Taverna in College Park, the multi-concept Isabella Eatery at Tyson's Galleria in McLean, Virginia (which is now closed), and Requin at the

RESTAURANT AND FRANCHISE ISSUES IN CHAPTER 11

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Wharf, in a new multi-billion-dollar D.C. development. The Wharf project in particular came with a high profile: “The Wharf has the potential to be unlike any other place in the District,” the Washington Post wrote of the anticipated 24-acre development.

With a staff nearing 800 people, Isabella finally added an HR department after years without a corporate structure, having previously opted for an “everything in the family” approach to promotions that even divided shares of the company. And it was during the Requin opening that one of the incidents chronicled in Chloe Caras’s harassment lawsuit, filed in March, occurred.

In preparation for opening Requin at the Wharf, managers worked 100-hour weeks, according to a former employee. Manager Chloe Caras was in charge of running the rushed restaurant debut, and according to her lawsuit against Isabella, the chef and his partners made the event all the more challenging by drinking and commenting on the appearance of women passersby. When Caras asked to split the tips from the day’s food stand, Isabella allegedly threw a calculator at the wall near her head. Less than two months later, Caras alleges she was fired after another conflict with Isabella during preparations for the Isabella Eatery opening.

Apologizing was never part of Isabella’s plan

The fallout from the harassment lawsuit was immediate — Isabella’s publicist left him and the Washington Nationals removed Mike Isabella stands from their ballparks. (Isabella subsequently blamed “bad press” for his financial woes.)

Rather than step away from operations and apologize, Isabella continually denied creating a hostile work environment, and as the Washingtonian reports, even decided “play even rougher” in response to Caras’s lawsuit. Isabella and the partners still on his side tried to “dig up dirt” to discredit Caras. According to a Mike Isabella Concepts employee, two partners even took a trip to the Apple store in an attempt to find potentially incriminating texts on an old iPhone. “They honestly thought they were going to be able to win and come out the victors,” one employee told the Washingtonian. “They were going to be the first guys that were part of this #MeToo thing that pushed back and won.”

Isabella did end up apologizing weeks after filing for bankruptcy in September, saying on Fox 5 evening news, “There’s no one who’s untouchable. Everyone has to be held accountable.”

Isabella has fallen far, but he’s not at all done with restaurants

Since the settlement, things haven’t gotten better for Isabella. He was hospitalized for a panic attack and ordered to stop drinking. He now employs 400 people, not 800, and he’s not making money off of appearances as a celebrity chef. He’s also not done closing restaurants — Kapnos Taverna in College Park, Maryland will close December 1.

RESTAURANT AND FRANCHISE ISSUES IN CHAPTER 11

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Mac VerStandig, The VerStandig Law Firm, LLC

But, Isabella still has 10 restaurants to operate, and despite the events of the past year plus, the Washingtonian reports that there are investors out there who would still invest in a Mike Isabella restaurant. So while this is by no means a redemption narrative, future redemption is still on the table.

Update: December 13, 2018, 12:00 p.m.: On December 12, the Washingtonian reported that Mike Isabella filed for Chapter 7 bankruptcy. Once again, the chef cited bad press for his business's failure, writing in the US Bankruptcy Court filing, "I am facing the sad realization that I no longer believe that any restaurant associated with my name can recover from the negative press that has enveloped me for nearly the entirety of 2018."

Mike Isabella Concept restaurants will close by December 27, making Isabella the first chef involved in a #MeToo scandal to see his empire completely dissolve.

Iron Chef Jose Garces Nearly Lost His Restaurant Empire; Instead He's Going Back To The Basics

Nurin, T. (2018, December 31). Iron Chef Jose Garces Nearly Lost His Restaurant Empire; Instead He's Going Back To The Basics. Forbes.
<https://www.forbes.com/sites/taranurin/2018/12/31/iron-chef-jose-garces-nearly-lost-his-restaurant-empire-instead-hes-going-back-to-the-basics/>



How Mike Isabella's Restaurant Empire Came Crashing Down

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<https://www.eater.com/2018/11/27/18114509/mike-isabella-dc-restaurant-empire-fall-washingtonian>

Faculty

Shanti M. Katona is a shareholder with Polsinelli PC in Wilmington, Del., and vice chair of the firm's national Bankruptcy and Restructuring practice. She regularly works with debtors, creditors, purchasers, sellers and other interested parties in all capacities and stages within complex bankruptcy and restructuring transactions. She also has experience representing financial institutions and other creditors in the enforcement and workout of commercial and real estate loans, in both federal and state courts. Ms. Katona's litigation experience includes a variety of matters, from investigating and litigating insider causes of action, fraudulent transfers and preferences before bankruptcy courts across the country to litigating complex commercial cases in Delaware's state and federal courts. She has been named a *Delaware Super Lawyers* "Rising Star" and was selected as one of the inaugural class of ABI's "40 Under 40" in 2017. Prior to becoming a lawyer, Ms. Katona was a social science research analyst with the Social Security Administration working on policy initiatives relating to the Supplemental Security Income program. She received her undergraduate degree from the University of Pennsylvania and her J.D. from Washington University in St. Louis.

Warren J. Martin, Jr. is a principal of Porzio, Bromberg & Newman, P.C. and co-chairs the firm's Bankruptcy and Financial Restructuring department in Morristown, N.J., where he practices in the areas of bankruptcy, workouts, financial reorganizations and creditors' rights. He specializes in working with the financial services and life sciences industries. Mr. Martin has been a member of the New Jersey Supreme Court Committee on Character since 2015, co-chaired ABI's Health Care Committee, chaired the Lawyers' Advisory Committee to the Bankruptcy Court, is a member of the New Jersey State Bar Association's Creditor/Debtor Section and the Turnaround Management Association, and served as an adjunct professor of bankruptcy law at Rutgers University School of Law. He has been recognized in *The Best Lawyers in America* for 2012-18 and in *Chambers USA* for 2009-16, and has been listed in the *Super Lawyers Business Edition* and in *New Jersey Super Lawyers*. He is admitted to practice in New Jersey and before the U.S. Court of Appeals for the Third Circuit, the U.S. District Court for the Eastern District of Michigan, and the U.S. Supreme Court. Mr. Martin received his undergraduate degree with high honors from Rutgers University in 1983 and his J.D. *cum laude* from Georgetown University Law Center in 1986.

Maurice B. VerStandig is the managing partner of The VerStandig Law Firm in Washington, D.C., where his practice is focused on the representation of debtors and creditors in chapter 11 proceedings, as well as the defense of high-risk adversary proceedings. He splits his practice between the District of Columbia and Fargo, N.D., having served on the Local Rules Committee of the Washington, D.C., bankruptcy court since 2020. Mr. VerStandig was named one of ABI's "40 Under 40" in 2024 and has contributed articles to the *ABI Journal*. He also regularly speaks on emerging bankruptcy-centric legal topics at conferences across the country. Mr. VerStandig takes on *pro bono* clients and regularly advises charities at no cost. He is AV-rated by Martindale-Hubbell, is listed as a "Rising Star" by *Super Lawyers* and sits on the local rules committee for the U.S. Bankruptcy Court for the District of Columbia. He regularly appears in courts throughout the U.S. Mr. VerStandig received his B.A. with honors in 2006 from the University of Wisconsin-Madison and his J.D. *cum laude* from the University of Miami School of Law in 2009.