

E-Brands Restaurants equity for sale

BY ANJALI FLUKER

A local restaurant group that boasts locations in tourist areas like Orlando and the Las Vegas Strip has its ownership up for grabs through its Chapter 11 bankruptcy reorganization.

Orlando-based E-Brands Restaurants LLC, parent company of Timpano Italian Chophouse & Martini Bar and Samba Room, is putting its equity as a reorganized entity on the bankruptcy auction block on Feb. 23. Initial bids on the firm's equity start at \$1.75 million.

The move is an effort to keep the company operating.

The firm has nine restaurants, including two in Central Florida. It had net sales of \$43.8 million in 2009, down 22.8 percent from \$56.7 million in 2008.

E-Brands' related concepts, Paradiso 37 in Downtown Disney and the restaurants at Epcot's Morocco pavilion, are not part of the auction sale.

The sale would include a financ-

ing package of \$9.7 million with E-Brands' major creditor, General Electric Capital Corp./General Electric Capital Business Asset Funding Corp. of Connecticut (GE), putting the total value at nearly \$11.5 million. A hearing to finalize the auction sale is set for Feb. 25.

E-Brands representative Richard Prosser, with Stichter, Riedel, Blain & Prosser PA in Tampa, didn't respond by press time.

Orlando restaurant owner/consultant David Manuchia, who isn't involved in the case, said a restaurant group may find value in the offering if they want to convert the existing restaurants to more viable concepts. Manuchia, president of Restaurant Partners Inc., said if investors could take a \$4 million restaurant and put in a \$10 million concept instead, "that's eminently more valuable."

The initial bidder at \$1.5 million is a group that includes several exist-

ing E-Brands shareholders, including CEO/Chairman Rashid Choufani and President/Chief Operating Officer Charly Robinson. If that group wins the bid, it would resolve the money owed to GE by renegotiating the loan and maintain the existing ownership.

Orlando bankruptcy attorney Scott Shuker, who isn't involved in the E-Brands reorganization, said by putting in additional capital, E-Brands can bypass any objections from the unsecured creditors committee, which last October battled E-Brands' first reorganization plan. The unsecured creditors then would split the proceeds of the auction.

The first proposed reorganization plan had members of the LLCs that comprise E-Brands' affiliate restaurants contributing \$500,000, discharging almost \$14 million in unsecured



Shuker

In brief

Case: E-Brands Restaurants LLC reorganization, No.: 8:10-bk-18282-KRM

Court: U.S. Bankruptcy Court for the Middle District of Florida, Tampa

Date filed: July 30, 2010

Status: Bids for equity ownership due Feb. 21; equity auction on Feb. 23; confirmation hearing on Feb. 25

debt. It was a plan the unsecured creditors considered "woefully deficient."

But under the new plan, the court would require the unsecured creditors to accept the payout from the auction.

"It's a well-constructed plan," said Shuker, a partner at law firm Latham, Shuker, Eden & Beaudine LLP. Shuker added he had a client who had expressed interest in a few of E-Brands' concepts, but likely wouldn't participate since the winning bidder would assume all the restaurants, which doesn't interest his client.

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