FOR IMMEDIATE RELEASE
03.07.16

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Buffets, LLC, To File Chapter 11 Bankruptcy

Leader in self-service, all-you-can eat buffets seeks to restructure.

SAN ANTONIO, Texas – Buffets, LLC, comprised of Ryan's®, Fire Mountain®, Country Buffet®, Old Country Buffet®, Tahoe Joe's Famous Steakhouse® and Hometown Buffet®, is set to file Chapter 11 bankruptcy so that it can restructure its debts and liabilities, strengthen its operations by closing certain weaker restaurants and recapitalize its business. Customers will continue to enjoy the same quality food and service as prior to the proceedings, and vendors will be largely unaffected. As a measure of management's confidence, a multi-million dollar loan is being extended to Buffets, LLC, to assist in the restructuring.

"Buffets, LLC, was acquired by merger in August of 2015. The Chapter 11 filing is prompted by the discovery of liabilities, or alleged liabilities, that we believe were not disclosed in our negotiations," says Peter Donbavand, Vice President for Business Development. "We intend to investigate the propriety of the disclosures, and intend to consult with our counsel regarding any remedies we may have."

Among other matters which were made known only after the acquisition is an $11.37 million default judgment against Buffets, LLC, (formerly known as Buffets, Inc.) which was awarded to plaintiffs in October 2015 arising out of a 2014 court case for an incident dating back to 2010. Such lawsuit was not disclosed by the sellers, and Buffets, LLC, is attempting to overturn such judgment on the basis of the wrong defendant entity having been sued and other grounds. Buffets, Inc., the named defendant, was not the entity actually operating the restaurant where the alleged incident occurred.

Donbavand also commented that in addition to a precipitous decline in sales at the restaurants that, in his experience, was unusual, several large, long-term contracts were only recently determined to be, or alleged to be, in arrears and have had to be addressed in order to continue restaurant operations. "All of these issues are being reviewed by financial and legal professionals," says Donbavand. "However, we are completely committed to the continued operation of these brands, and this is a necessary step for us to take to make this happen."

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