

Mexican restaurant chain files for bankruptcy

Publisher's note: A corporate official with Real Mex on Oct. 5 told Lake Tahoe News all restaurants are slated to remain open, including the Chevys in South Lake Tahoe.

By Jacqueline Palank, Wall Street Journal

Real Mex Restaurants Inc., the operator of Chevys Fresh Mex and other Mexican restaurants, Tuesday filed for Chapter 11 bankruptcy-court protection and said it plans to sell its assets after failing to strike a deal to restructure its debt obligations.



The casual-dining restaurant chain operates or franchises nearly 200 restaurants, mostly in California. In addition to Chevys, its brands include Acapulco and El Torito restaurants. It employs about 11,000 full- and part-time workers.

Real Mex pinned its financial woes on the economic downturn that gripped the U.S. starting in 2008. As fewer consumers dined out, the restaurant chain's revenue took a hit. Annual revenue fell to \$478 million last year from \$500 million in 2009 and \$553 million in 2008.

The company's struggles are familiar to many restaurant chains, from Sbarro Inc. to Perkins & Marie Callender's Inc., that have endured a similar squeeze and filed for bankruptcy protection this year.

The Cypress, Calif., company said in court papers that its bankruptcy filing comes after months of talks with its lenders over a possible comprehensive debt-restructuring plan—talks that ultimately weren't successful and placed the company at

risk of default.

The company determined the most cost-effective way to preserve value and maintain uninterrupted business operations was to seek protection from creditors and pursue a sale of its assets, said Real Mex Chief Financial Officer Richard P. Dutkiewicz in a court filing.

Real Mex reported assets and debts each in the range of \$100 million to \$500 million in its bankruptcy petition, which it filed with the U.S. Bankruptcy Court in Wilmington, Del.

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