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## **Carls Furniture says it has deal to emerge from Chapter 11**

### **Will keep its three largest South Florida stores open**

*By Clint Engel -- Furniture Today, October 21, 2011*

AT THE MARKET — Jeff Baker, president of Coconut Creek, Fla.-based Carls Furniture, said the company has reached a deal with the unsecured creditors committee that will enable it to emerge from Chapter 11 protection in a few months.

Baker said the deal was announced to Bankruptcy Court Judge John Olson at an Oct. 18 hearing and is pending approval by all unsecured creditors.

In a release, the South Florida company said, "the plan will provide for a dividend to unsecured creditors and protect the customers of Carls who have ordered furniture."

Contacted at the furniture market here, Baker said Carls would continue with three large stores - its 70,000-square-foot headquarters store in Coconut Creek, the 55,000-square-foot store in Fort Lauderdale and the 60,000-square-foot Carls in Pompano Beach.

Carls currently is running a going-out-of-business sale at its North Dade showroom in Miami and plans to close its 30,000-square-foot Lauderhill store, he said.

Baker wouldn't disclose terms of the deal with the creditors committee but said the dividend is based on a percentage of outstanding debt claims and that Carls' owners - which include the Baker family and Robert Dragin - have agreed to infuse additional capital into the ongoing business.

In addition, the landlords of the three continuing stores, which include Carls' owners and outside partners, have waived claims due to the landlord as part of this settlement, and also have reduced rents to make them "more commensurate with the current business climate," he said.

"I'm very happy we were able to reach an agreement and will continue to be able to serve (consumers in) South Florida," Baker said. "My goal is to be a major player and a factor in the South Florida market in the future."

Baker said he expects Carls to emerge from Chapter 11 in 60 to 90 days.

Carls filed for Chapter 11 bankruptcy protection on May 24, listing assets of \$6.1 million and debts of \$9.1 million. A dozen industry-related companies were listed among its 20 largest unsecured creditors and were owed \$2.4 million.

Baker said nearly all the suppliers it was dealing with before the filing "have stayed with us," and said the company will reward them with continuing and expanded business.

According to court records, top industry creditors included Klaussner, Century, the former LeatherTrend, Lane, Lauren/Ralph Lauren, Natuzzi, Rachlin Group, Bernhardt, Jonathan Louis International, American Drew, Schnadig and Stearns & Foster.

Baker added that Carls' strategy of keeping most of its largest stores will give the retailer the space it needs to broaden its assortments at the lower end of its price-spectrum. That means Carls will look to add more upper-midpriced goods, including fabric sofas from \$699 to \$899 and bedroom groups from about \$1,700 to \$3,000.

Baker said he already has been approached by Florida landlords who want the retailer to expand again in South Florida after it emerges, and said that with the settlement agreement and additional funding it has secured, Carls will be "in a position to open several stores."

Syd Platzer, attorney with New York-based Platzer, Swergold, Karlin, Levine, Goldberg and Jaslow, representing the creditors committee, confirmed that there was a deal but said only, "An agreement has been reached subject to the filing of a plan and disclosure statement."