

Easy Life Furniture to liquidate in Chapter 11

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Easy Life Furniture Inc., a family-owned and operated furniture retail chain in Southern California, filed bankruptcy with plans to liquidate its assets and cease operations.

The Buena Park, Calif., company, which filed Chapter 11 on Thursday in U.S. Bankruptcy Court for the Central District of California in Santa Ana, said in a declaration that financial difficulties resulting from the lingering effects of the 2008 recession are forcing it to shut down.

Easy Life plans to liquidate and close its remaining 14 showrooms by May 31 and wind down and close its warehouse and headquarters by June 30.

Company president Jimmy Hsieh said in a declaration that a reduction in credit to manufacturers and retail enterprises during the recession and a drop in consumer demand had a negative effect on Easy Life's business which lingered over the past five years.

By 2010, many of its leases were above market, the declaration said, and it determined that several locations in non-core markets would not recover in the near term. The company approached landlords, seeking rent concessions and lease restructuring without success.

In February 2011, Easy Life hired consultants and attorneys to help with negotiations. It was able to reduce its lease obligations by early 2012 to eliminate unprofitable stores through lease terminations, lease amendments, forbearance and other concessions.

The company thought signs of an economic recovery and uptick in consumer spending would turn its business around, but its financial difficulties continued. In 2011 and 2012, it was unable to obtain financing from commercial lenders and relied on friends and family members to provide bridge loans to fund operations.

It also faced tax problems after underpaying taxes from 2009 to 2012 to the California **Board of Equalization**. The company resolved its tax issues in 2013, according to court papers.

Easy Life sought investors to infuse new capital into the company without success. It even offered to sell itself in exchange for \$1 and assumption of liabilities, but investors were still not interested. Consumer demand for the company's products continued to decrease in 2013 and sales were sluggish in the first quarter of 2014.

Easy Life determined that it would not be able to meet operating expenses or maintain California state tax payments if it remained in business. Since a going concern sale or other reorganization was not possible, it filed Chapter 11 with plans to liquidate.

The company will reject leases, continue reducing its workforce, consolidate operations and ultimately liquidate all assets by the end of May, the declaration said. Easy Life plans to close five stores by May 9, another five by May 16 and the remaining four by May 31. The company's warehouse and headquarters will close by June 30.

Easy Life was established in 1996 in Laguna Hills, Calif., and grew to 18 showrooms with 300 employees in Southern California at its peak prior to the recession. The company leased all of its locations and owned no real estate.

Easy Life said it supplied good quality furniture at low prices by acquiring products directly from factories and cutting out the middleman. It also offered a variety of financing programs.

The company had total sales of \$43 million in 2013. It had \$6.7 million in assets and \$12.4 million in liabilities as of April 18, according to the declaration. It said it does not have any significant secure creditors except for an equipment lease with Toyota Motor Credit Corp.

Easy Life listed \$10.2 million in claims on its petition that are owed to its 20 largest unsecured creditors, including California Board of Equalization (\$2.9 million), Ying-Chiao Wei (\$2.4 million), Charles Shue (\$600,000), Steve Hsu (\$400,000), Klaussner Furniture Industries (\$389,712), Acme Furniture Industry Inc. (\$354,390), and 2000 Design Inc. (\$340,535.)

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Practice Areas

Bankruptcy and Restructuring