

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
CRAFTWORKS PARENT, LLC, et al.,	:	Case No. 20-10475 (BLS)
	:	
Debtors.¹	:	(Jointly Administered)
	:	

**MOTION OF DEBTORS FOR ENTRY OF AN ORDER (I) ESTABLISHING
TEMPORARY PROCEDURES AND (II) GRANTING RELATED RELIEF**

CraftWorks Parent, LLC and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), respectfully represent in support of this motion (the “Motion”) as follows:

PRELIMINARY STATEMENT

1. As a result of the unprecedented and unforeseen outbreak of COVID-19 that had an extremely negative impact on the Debtors’ business operations, the Debtors were served with a notice of default and termination of their postpetition debtor in possession financing facility (the “DIP Facility”) on March 18, 2020. Since then, the Debtors have ceased operating all of their 261 restaurants and have commenced the work necessary for the mothballing of their operations.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Big River Breweries, Inc. (6292); Brew Moon Colorado, Inc. (5001); Chophouse License, LLC (2340); Craft Brewery Holding, Inc. (1228); CraftWorks Holdings, LLC (7163); CraftWorks Intermediate Co, LLC (9810); CraftWorks Parent, LLC (3345); CraftWorks Restaurants & Breweries Group, Inc. (4820); CraftWorks Restaurants & Breweries, Inc. (2504); CraftWorks Restaurants & Breweries, LLC (0676); GB Acquisition, Inc. (5175); GB Franchise, LLC (7716); GB Kansas, LLC (0924); GB Maryland, Inc. (6439); GB Parent, Inc. (1281); GBBR Texas, Inc. (9904); Gordon Biersch Brewery Restaurant Group, Inc. (8023); Harbor East Brewery, LLC (7759); Logan’s Restaurants, Inc. (9987); Logan’s Roadhouse, Inc. (2074); Logan’s Roadhouse of Kansas, Inc. (8716); Logan’s Roadhouse of Texas, Inc. (2372); LRI Holdings, Inc. (4571); Old Chicago Franchising LLC (7249); Old Chicago of Colorado, Inc. (4857); Old Chicago of Kansas, Inc. (0606); Old Chicago Oregon, LLC (5083); Old Chicago Parker Crossing, Inc. (9218); Old Chicago Taproom, LLC (5838); Old Chicago Westminster, Inc. (5759); Roadhouse Intermediate Inc. (6159); Roadhouse Midco Inc. (6337); Roadhouse Parent Inc. (5108); Rock Bottom Arizona, Inc. (4848); Rock Bottom License, LLC (9033); Rock Bottom of Minneapolis, Inc. (5762); Wadsworth Old Chicago, Inc. (4849); Walnut Brewery, Inc. (7405). The Debtors’ mailing address is 3011 Armory Drive, Suite 300, Nashville, TN 37204.

The Debtors hope that they will be able to restart their operations at some point in the future, but there are many preconditions to a restart, including the obtaining of financing, the hiring of staff, and the ability to create a coherent and profitable business plan, among other factors. The shutdown could persist for a prolonged period of time, if not permanently.

2. That being said, the Debtors are expecting the possibility that creditors and other parties in interest may seek relief before the Court. We are all in this together—everyone is suffering and some more than others. The Debtors encourage all creditors and parties in interest to give the Debtors a necessary breathing spell of at least sixty (60) days—and possibly longer—as we all deal with COVID-19 and its implications on human life, business and the economy as a whole. In that regard, the Debtors file this Motion in order to obtain approval for certain Temporary Procedures (as defined below) to deal with those who are incapable of resisting seeking relief before the Court. **The Official Committee of Unsecured Creditors (the “Committee”) consents to the implementation of the Temporary Procedures (as defined below) and the other relief as requested in the Motion.**

RELIEF REQUESTED

3. By this Motion, and pursuant to sections 102(1), 105(a) and 105(d) of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 1015(c), 2002(m), 9007, 9014 and 9036 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Debtors seek entry of an order, substantially in the form attached hereto as Exhibit A (the “Proposed Order”), (i) establishing certain temporary procedures (the “Temporary Procedures”) for the filing of Pleadings (as defined below) and Hearings (as defined below) to be held in these Chapter 11 Cases and (ii) granting related relief.

4. The Debtors request that, to the extent any of the Temporary Procedures conflict with the provisions of the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Temporary Procedures shall govern and supersede such provisions and rules.

JURISDICTION AND VENUE

5. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012 (the “Amended Standing Order”). This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of the Chapter 11 Cases and this Motion is proper in this District under 28 U.S.C. §§ 1408 and 1409.

6. Pursuant to Bankruptcy Rule 7008 and Local Rule 9013-1(f), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection therewith consistent with Article III of the United States Constitution.

BACKGROUND

A. General Background

7. On March 3, 2020 (the “Petition Date”), the Debtors each commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code. The Debtors’ cases have been jointly consolidated for administrative purposes only.

8. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On March 12, 2020, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the Committee in these Chapter 11 Cases. No trustee or examiner has been appointed in the Chapter 11 Cases.

9. As of the Petition Date, the Debtors were the nation's leading operator and franchisor of steakhouses and brewery and craft-beer focused casual dining restaurants in the U.S., with 338 locations in 39 states and the District of Columbia and abroad in Taiwan.² The Debtors employed more than 18,000 team members and corporate and other support staff, including at its restaurants nationwide and at offices located in Nashville, Tennessee and Broomfield, Colorado.

10. The Debtors' four largest "core" brands are (a) Logan's Roadhouse, (b) Old Chicago Pizza & Taproom ("Old Chicago"), (c) Gordon Biersch Brewery Restaurant ("Gordon Biersch") and (d) Rock Bottom Restaurant and Brewery ("Rock Bottom"). In addition, the Debtors operate unique one-off "specialty" restaurants such as Big River Grille & Brewing Works and ChopHouse & Brewery ("ChopHouse"). The Debtors derive substantial revenue each year from franchising their Logan's Roadhouse, Old Chicago, Gordon Biersch and ChopHouse brands.

11. Additional information regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the commencement of the Chapter 11 Cases is set forth in the *Declaration of Hazem Ouf in Support of Chapter 11 Petitions and First Day Pleadings*, filed on March 3, 2020 [Docket No. 17] (the "First Day Declaration"), and incorporated herein by reference.

B. COVID-19 Outbreak

12. The unexpected and unforeseen outbreak of COVID-19 has suddenly and swiftly wreaked economic and social havoc not only in the United States but throughout the world. On March 13, 2020, President Trump declared a national state of emergency. Almost all of the states in which the Debtors operate have declared states of emergency. As of the filing of this

² Approximately 261 of the Debtors' restaurants are leased and approximately 77 are franchised.

Motion, many states have ordered an in-dining suspension for all bars and restaurants within their jurisdictions.

13. In an effort to fight this public health crisis of unprecedented proportions, all 261 of the restaurants that the Debtors operate have been forced to close, depriving the Debtors of vital cash flow, without which the Debtors are incapable of paying their creditors in the ordinary course, including employees, landlords, vendors, suppliers and others.

14. The Debtors' plan is to suspend as much of their operations—and related administrative expenses—as feasibly possible and cut expenses to the bare minimum, in hopes of re-starting their operations and re-opening their stores at some point in the future when the need for restaurants to be closed in order to combat the COVID-19 crisis will hopefully have passed. This is the only path that potentially leads to a survival of the Debtors' business, the reemployment of some of the Debtors' approximately 18,000 employees, and re-occupancy of some of the Debtors' 261 restaurants. In order to have a chance, however, the Debtors need to drastically limit all expenses, including professional fees.

15. The Debtors believe that establishing alternative procedures for the filing of Pleadings for an interim period of at least thirty (30) days—subject to an extension of an additional thirty (30) days—will greatly assist the Debtors and their estates by cutting professional expenses, and also reduce litigation that puts stress on a court system facing the unenviable challenge of trying to continue to serve its vital functions while keeping its court personnel and the public safe. The Temporary Procedures set forth herein will be less burdensome and costly than those typically followed under normal circumstances, which, in turn, will maximize the efficiency and orderly administration of these Chapter 11 Cases, while at the same time ensuring that appropriate notice and due process is provided.

C. Proposed Temporary Procedures

16. The Debtors submit that the following Temporary Procedures should govern the filing of Pleadings and the scheduling of Hearings in these Chapter 11 Cases for an initial period of thirty (30) days (the “Initial Period”) from the date on which the Proposed Order is entered:³

(a) Conferences Required Prior to the Filing of Pleadings

- (i) Prior to filing any notice, motion, pleading, adversary complaint, other requests for relief and all documents filed in support thereof that seek substantive relief (collectively, the “Pleadings”), other than a Motion for Admission to Practice *Pro Hac Vice*, the party seeking such relief or its counsel, as applicable (the “Moving Party”), shall (1) send an e-mail to proposed counsel for the Debtors, Katten Muchin Rosenman LLP at craftworkscoreteam@katten.com, and proposed counsel to the Committee, Pachulski Stand Ziehl & Jones LLP, Attn: Bradford J. Sandler, Esq. (bsandler@pszjlaw.com) and Robert J. Feinstein, Esq. (rfeinstein@pszjlaw.com) that includes (A) a description of the Moving Party, (B) the relief that such Moving Party requests, (C) the reason for such request and basis for relief and (2) confer telephonically with proposed counsel for the Debtors, Katten Muchin Rosenman LLP in a good-faith attempt to reach a consensual resolution without formal Pleadings needing to be filed.
- (ii) If counsel for the Moving Party and the Debtors are unable to reach a consensual resolution within five (5) business days, the Moving Party will make a written submission to the Court explaining the nature of the relief sought and briefly explaining its position. The written submission shall take the form of a letter, no more than three (3) pages in length, containing the certification described in paragraph (iii) below.
- (iii) The Moving Party will file the submission on the docket and serve it via overnight mail and e-mail on (1) proposed counsel for the Debtors, Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022, Attn: Steven J. Reisman, Esq. (sreisman@katten.com) and Bryan M. Kotliar, Esq. (bryan.kotliar@katten.com), (2) counsel for the agent under the Debtors’ prepetition first lien debt facility and debtor in possession

³ The Debtors propose that the Temporary Procedures will not apply to the U.S. Trustee.

financing facility, King & Spalding LLP, 1180 Peachtree Street NE, Atlanta, GA 30309, Attn: W. Austin Jowers, Esq. (ajowers@kslaw.com), (3) proposed counsel for the Committee, Pachulski Stand Ziehl & Jones LLP, 919 N. Market Street, 17th Floor, Wilmington, DE 19801, Attn: Bradford J. Sandler, Esq. (bsandler@pszjlaw.com), Robert J. Feinstein, Esq. (rfeinstein@pszjlaw.com) and Colin R. Robinson, Esq. (crobinson@pszjlaw.com), and (4) the Office of the United States Trustee, 844 King Street, Suite 2207, Lock Box 35, Wilmington, DE 19801, Attn: Linda Casey, Esq. (linda.casey@usdoj.gov) (collectively, the “Notice Parties”). Such written submission shall contain a certification of counsel that the Moving Party complied with the requirements to send an e-mail and hold a telephonic conference set forth in Part (a)(i) above.

- (iv) Within five (5) business days of the filing of the Moving Party’s written submission, the Debtors and any other parties-in-interest who oppose the relief requested (the “Opposing Party”) may make a written submission briefly explaining their position for opposing the relief sought. Any responsive written submission shall also take the form of a letter, no more than three (3) pages in length and contain the certification described in paragraph (iii) above. The Opposing Party shall file the submission on the docket and serve it by overnight mail and e-mail on (1) the Moving Party and (2) the Notice Parties.
- (v) After review of the written submissions, the Court may, among other things, (1) hold a telephonic conference with the parties or (2) direct the Moving Party to file its proposed Pleading on the docket and served in accordance with the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, and set a schedule by which responses and replies should be filed on the docket and served on the parties.

(b) All Hearings to be Held Telephonically

- (i) There shall be no periodic omnibus hearings scheduled in these Chapter 11 Cases until further order of the Court.
- (ii) All Hearings held in these Chapter 11 Cases shall be by telephonic appearance only. Parties are instructed to arrange for their participation in such telephonic hearings through CourtCall by phone at (888) 882-6878 or by email at info@courtcall.com. Any party may use a live- or listen-only line through CourtCall without seeking permission from the Debtors or the Court.
- (iii) Any party that files a Pleading in accordance with the Procedures set forth in part (a)(v) above shall obtain from the Court a hearing

date in advance of the filing of such Pleading, and file substantially contemporaneously with such Pleading a notice of hearing (the "Hearing Notice"). Each Hearing Notice shall include instructions for how parties may arrange for their participation with CourtCall and the procedures for doing so.

17. The Debtors propose that they may obtain a thirty (30) day extension of the Temporary Procedures beyond the Initial Period with the consent of the U.S. Trustee and counsel for the Committee and the DIP Agent by filing a statement on the docket.

18. To ensure that parties-in-interest in these Chapter 11 Cases are made aware of the Temporary Procedures, the Debtors will direct their claims and noticing agent, Prime Clerk LLC (the "Claims and Noticing Agent") to (a) serve the Temporary Procedures on the Notice Parties (as defined below) and (b) post the Temporary Procedures on the website maintained by the Claims and Noticing Agent (the "Case Website"), which is available at <http://cases.primeclerk.com/craftworks>. In the event the Temporary Procedures are modified during these Chapter 11 Cases, the Debtors will ensure that the Claims and Noticing Agent (1) updates the version of the Temporary Procedures available on the Case Website, (2) files a notice of the same electronically on the docket, and (3) serves such updated procedures on the Notice Parties.

BASIS FOR RELIEF

19. The Bankruptcy Code, the Bankruptcy Rules and the Local Rules provide the Court with authority to approve notice, case management and administrative procedures. In particular, Bankruptcy Rule 2002(m) provides that the "court may from time to time enter orders designating the matters in respect to which, the entity to whom, and the form and manner in which notices shall be sent except as otherwise provided by these rules." Fed R. Bankr. P. 2002(m); *see also* Fed. R. Bankr. P. 9007 ("When notice is to be given under these rules, the court shall

designate, if not otherwise specified herein, the time within which, the entities to whom, and the form and manner in which the notice shall be given.”). In addition, Bankruptcy Rule 9036 authorizes parties-in-interest to request that “all or part of the information required to be contained in the notice be sent by a specified type of electronic transmission[.]” Fed. R. Bankr. P. 9036.

20. Section 102(1) of the Bankruptcy Code provides that, where the Bankruptcy Code provides for an action to occur “after notice and a hearing,” such action may occur “after such notice as is appropriate in the particular circumstances, and such opportunity for a hearing is appropriate in the particular circumstances.” 11 U.S.C. § 102(1)(A). Therefore, the Debtors submit that telephonic appearances at hearings and electronic notice of proposed Pleadings prior to filing should be required to alleviate the burden on the Debtors, the Court, the Clerk of the Court and other parties-in-interest. Thus, the relief requested is supported by Bankruptcy Rule 1015(c), which provides that when two or more cases are being jointly administered, as these Chapter 11 Cases are, the Court may enter orders “as may tend to avoid unnecessary costs and delay.” Fed. R. Bankr. P. 1015(c).

21. Furthermore, pursuant to the General Order of the U.S. Bankruptcy Court for the District of Delaware, dated March 16, 2020 (the “March 2020 General Order”), the Court issued an order requiring that all hearings prior to April 15, 2020 be held telephonically and/or by video conference unless otherwise ordered by the presiding judge. The Temporary Procedures are consistent with the March 2020 General Order as they continue the requirement for having telephonic hearings rather than holding them in person.

22. Section 105(a) of the Bankruptcy Code provides in relevant part that, “[t]he Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). The Debtors submit that implementation of the

Temporary Procedures is appropriate and necessary to carry out the provisions of Bankruptcy Code and well within the equitable powers of the Court under section 105(a), given the extraordinary nature of the current circumstances brought about by the COVID-19 outbreak.

23. The Debtors submit that approval of the Temporary Procedures is in the best interests of the Debtors and their estates and creditors. The closure of the Debtors' restaurants necessitated by the COVID-19 outbreak has placed an almost insurmountable strain on the Debtors' financial condition. In order to preserve their chances of reopening their restaurants in the future, the Debtors will have to drastically cut costs and expenses until such time as the restaurants are able to re-open. Such cost-cutting measures necessarily include limiting professional fees and expenses in the Chapter 11 Cases.

24. The Temporary Procedures, by requiring that prior to the filing of a Pleading, the parties must first confer in good faith and, second, participate in a telephonic conference with the Court, should eliminate unnecessary motion practice and thereby reduce the cost of administration of the Chapter 11 Cases. Similar procedures have been successfully followed by numerous courts and judges for years to manage discovery disputes and curtail the filing of unproductive disposition motions in civil litigations. Given the enormous strain on the Debtors' business and the Court system occasioned by the COVID-19 crisis, the Debtors submit the circumstances warrant such procedures here for a limited interim period of at least thirty (30) days.

25. The Debtors submit that establishing the foregoing Temporary Procedures will significantly aid the efficient administration of these Chapter 11 Cases and lower the costs of case administration during this period of extraordinary crisis. Accordingly, the relief requested is in the best interests of the Debtors' estates and creditors and parties-in-interest.

NOTICE

26. The Debtors will provide notice of this motion to: (a) the U.S. Trustee; (b) Pachulski Stang Ziehl & Jones LLP, as proposed counsel to the Committee; (c) King & Spalding LLP and Hunton Andrews Kurth LLP, as counsel to the agent under the Debtors' prepetition first lien debt facility and the Debtors' debtor-in-possession financing facility; (d) Morgan, Lewis & Bockius, LLP, as counsel to the agent under the Debtors' prepetition second lien debt facility; (e) all other holders of other debt instruments issued by the Debtors; (f) all parties asserting liens against the Debtors' assets; (g) counsel to equity holders of Debtor CraftWorks Parent, LLC; (h) the state attorneys general for all states in which the Debtors operate; (i) the U.S. Attorney's Office for the District of Delaware; (j) the Internal Revenue Service; (k) all counterparties to the Debtors' nonresidential leases of real property; and (l) any party that requests service pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties"). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

27. No prior request for the relief sought herein has been made to this or any other court.

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WHEREFORE, the Debtors respectfully request that the Court (a) enter the Proposed Order in substantially the form attached hereto and (b) grant such other and further relief as may be just and proper.

Dated: March 20, 2020
Wilmington, Delaware

/s/ Domenic E. Pacitti

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