

## TOP STORIES

# Fairway files for bankruptcy, will keep operations

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**T**he parent company of gourmet grocer Fairway Market has filed for bankruptcy protection after reaching a restructuring deal with creditors.

The bankruptcy filing will not affect customers, suppliers or employees, the retailer said. It will continue to operate its 15 Fairway locations and four Wine and Spirits stores in New York, New Jersey and Connecticut, including three supermarkets on Long Island.

Manhattan-based Fairway Group Holdings Corp. reported total assets of \$230 million and total liabilities of \$387 million in Chapter 11 papers filed late Monday in Manhattan bankruptcy court. The company's proposed restructuring plan would reduce its debt by about \$140 million.

"We believe that implementing this prepackaged plan is the best opportunity for Fairway to restructure its balance sheet on an expedited basis, strengthen its operations, retain jobs and create long-term value," Fairway chief executive Jack Murphy said in a statement.

A "prepackaged" bankruptcy typically involves negotiating with creditors before a bankruptcy filing to get their support, said Marc Hamroff, managing partner of the Garden City-based law firm Moritt Hock & Hamroff.

"The prepackaged nature of Fairway's plan sends a message to all of Fairway's trade creditors and unions that Fairway intends this process to be short-lived and as pain-free as possible," Hamroff said.

"The reorganization will probably protect" Fairway, said Jeffrey Cohen, tax partner for accounting firm Grassi & Co. based in Jericho.

Fairway has been facing growing competition from grocery chains Whole Foods and Trader Joe's, said retailing consultant Howard Davidowitz of the retail consulting and investment firm Davidowitz & Associates Inc. in Manhattan. Moreover, the company's leveraged buyout in



Fairway, which has three markets on the Island, says the filing will not affect its customers or employees.

2007 and subsequent quick expansion sharply increased the company's debt.

The chain's first Long Island store opened in Plainview in 2001. The second store opened in Westbury in 2012, followed by a third store in Lake Grove in 2014.

"The company added a tremendous debt that was deadly," Davidowitz said.

Fairway said its five collective bargaining agreements with four unions will remain in effect. The unions represent more than 3,000 employees, including 600 on Long Island, according to a spokesman of United Food and Commercial Workers International Union's Local 1500 based in Westbury.

Fairway was founded in 1933 by Nathan Glickberg as a fruit and vegetable stand. Sterling Investment Partners took a majority ownership stake in 2007.

Fairway's shares have plunged 99.58 percent since the company went public in April 2013. Shares of Fairway fell nearly 13 cents, or 62.46 percent, to close Tuesday at nearly 8 cents on the Nasdaq Stock Market.