

LEVITZ FURNITURE: Files for Chapter 11 Protection in New York

Troubled Company Reporter , Nov 12, 2007 (Source: TCR)

Levitz Furniture has filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the Southern District of New York.

The filing became necessary as a result of insufficient liquidity to support the company's current operations. The filing is part of the company's strategic effort to evaluate its options, including a sale or identifying new financial investment. The company has obtained the consent of its lenders to use funds to continue to operate its business.

The company has filed a variety of "first day motions" for approval from the Court to support its employees, vendors, customers and other stakeholders. The filings request, among other things, approval to continue fulfilling existing customer orders, honoring customer deposits, and maintaining payroll and employee benefits. The company has also sought approval to pay for goods and services "post-petition."

"We are hopeful this filing will enable the business to emerge stronger and better positioned for long-term success," said Larry Zigerelli, chairman and CEO of Levitz Furniture. "We have an exceptional group of people at Levitz who have made great strides to improve our business during a challenging period for our entire industry."

About Levitz Furniture

Headquartered in New York City, Levitz Furniture fka Levitz Home Furnishings is a specialty retailer of furniture, bedding and home furnishings in the United States with 76 locations in major metropolitan areas, principally in the Northeast and on the West Coast of the United States. Levitz Home Furnishings filed for Chapter 11 bankruptcy in 2005, and sold its assets in December of that year to investment firm Prentice Capital Management and Pride Capital, the parent of liquidator Great American Group. The new owners closed about 30 Levitz stores. The creation of Levitz Home Furnishings in 2001 allowed Levitz Furniture Incorporated to emerge from a trip through Chapter 11 bankruptcy (originally filed in 1997).