

CSD 2064 [05/19/17]
Court Telephone: (619) 557-5620 Court Hours: 9:00am-4:00pm, Monday-Friday
www.casb.uscourts.gov

Leslie T. Gladstone, Trustee
401 Via Del Norte
La Jolla, CA 92037
Telephone (858) 454-9887
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA
325 West F Street, San Diego, California 92101-6991

In Re
GARDEN FRESH RESTAURANTS, LLC,

Debtor.

BANKRUPTCY NO. 20-02477-LA7

TRUSTEE'S NOTICE OF PROPOSED AUCTION

TO THE DEBTOR, ALL CREDITORS, AND OTHER PARTIES IN INTEREST:

In accordance with FRBP 6004(a), notice is hereby given that the undersigned Trustee proposes to sell the following property at auction. The sale property may be viewed at the date, time, and location given below:

PROPERTY DESCRIPTION:

See attached Exhibit "A"

VIEWING DATE, TIME, LOCATION:

Online viewing at www.restaurantequipment.bid and www.restaurantequipment.shop.

AUCTION DATE, TIME, LOCATION:

Online Auction: Thursday, June 10, 2020 - Saturday, June 30, 2020, depending on location. The online auction duration will be approximately 10 days. Online auction sites www.restaurantequipment.bid and www.restaurantequipment.shop.

Any additional information concerning the property to be sold or any special terms or conditions of the sale may be obtained by contacting the Trustee.

IF YOU OBJECT TO THE PROPOSED AUCTION :

1. **You are required** to obtain a hearing date and time from the appropriate Courtroom Deputy for the judge assigned to this bankruptcy case. Determine which deputy to call by looking at the Bankruptcy Case No. in the caption on Page 1 of this notice. If the case number is followed by the letters:

- | | | | | | |
|---|----|---|---------------------|---|-----------------------------|
| - | MM | - | call (619) 557-7407 | - | DEPARTMENT ONE (Room 218) |
| - | LA | - | call (619) 557-6594 | - | DEPARTMENT TWO (Room 118) |
| - | LT | - | call (619) 557-6018 | - | DEPARTMENT THREE (Room 129) |
| - | CL | - | call (619) 557-6019 | - | DEPARTMENT FIVE (Room 318) |

2. **Any opposition to this notice must be filed and served no later than June 5, 2020¹** you are further required to serve a copy of your **Declaration in Opposition to the Proposed Auction** and separate **Request and Notice of Hearing** [Local Form CSD 1184²] upon the undersigned trustee, together with any opposing papers. A copy of these documents must also be served upon the United States Trustee at 880 Front Street, Suite 3230, San Diego, CA 92101. The opposing declaration must be signed and verified in the manner prescribed by FRBP 9011, and the declaration must:

- identify the interest of the opposing party; and
- state, with particularity, the factual and legal grounds for the opposition.

3. **You must** file the original and one copy of the Declaration and Request and Notice of Hearing with proof of service with the Clerk of the U.S. Bankruptcy Court at 325 West F Street, San Diego, California 92101-6991, no later than the next business day following the date of service.

If you fail to serve your “Declaration in Opposition to the Proposed Auction” and “Request and Notice of Hearing” by June 5, 2020¹ provided by this notice, **no hearing will take place**, you will lose your opportunity for hearing, and the moving party may proceed to take the intended action.

Dated: May 26, 2020

/s/ Leslie T. Gladstone

Chapter 7 Trustee
Address: 401 Via Del Norte
La Jolla, CA 92037

Phone No.: (858)454-9887
E-mail: candic@flgsd.com

¹Pursuant to this Court's Order Shortening Time for Notice of Auction for Sale of Inventory and Related Assets, Pursuant to 11 U.S.C. Section 363, Free and Clear of Liens, Claims and Interests (entered on May 22, 2020 (ECF No. 31).

²You may obtain Local Form CSD 1184 from the office of the Clerk of the U.S. Bankruptcy Court.

EXHIBIT "A"

Items to be sold include the following:

- Food inventory at Distribution Centers
- Equipment in Restaurants
- Small Wares
- Equipment at Storage Facilities
- Furniture

All items can be viewed at www.restaurantequipment.bid and www.restaurantequipment.shop.



To: Leslie Gladstone
From: Neal Sherman
Date: May 25, 2020
Re: Garden Fresh Actions Plan (Draft)

Dear Leslie:

Thanks for the opportunity to support your actions on the Garden Fresh matter. Per our discussion, we have begun the process plotting out a schedule for both Phases of this program. This has included speaking with the former Distribution personnel on this project.

1. Phase I:

- a. **Distribution Center** Riverside, California
- b. **Distribution Center** Kennesaw, Georgia
- c. **Food Processing Plant:** Fullerton, California
- d. **Storage Locations:**
 - i. Houston, Texas
 - ii. Orlando, Florida
 - iii. Tempe (Phoenix), Arizona

2. Phase II: All Restaurant Locations (a subset of which have kitchen production operations)

Phase I Plan

We have outlined an action plan to attack all sectors above ASAP due to a number of factors, the primary ones being:

1. **Perishable Product:** based on input from landlords and Garden Fresh Personnel, we believe there are perishable items in all groups above (with the exception of the Storage Locations but that needs to be validated).
2. **Marketplace Timing:** Speed to Market is key given the estimated number of restaurants and others in their supply chain that are likely to never open again or close after a brief return (realizing that it is too challenging to operate). We believe the first mover action will get these inventories on the market.
3. **Uncertain Marketplace:** it is not clear what the values of these items will be given the chaos in the economy. However, moving fast will provide less competitive environment as we sell them.

Our current plan (pending your approval) is to have teams in the three key large facilities on Tuesday (tomorrow May 26, 2020) assuming there are no restrictions to access (i.e. keys, alarms, etc.). If we have issues with keys etc., we will deal with accordingly.

Phase I Timetable

The Planning Timetable for Phase I is as follows (consistent with our overall plan). Subject to change, but based on our communication, we assumed formal approval of our appointment on May 26, 2020.

- | | |
|--|--|
| 1. Inventory Documentation: | May 26-30, 2020 |
| 2. Announcement of Auctions via multiple channels: | May 27, 2020 |
| 3. Auction Sites for reach of the Phase I Locations: | May 27, 2020 |
| 4. Advertising and Promotion Launch: | May 27, 2020 through Auction Closure |
| 5. Auctions Live (post Court approval) target: | June 1, 2020 |
| 6. Auction Period (varies based on Location): | Week of June 1, 2020 – Week of June 22, 2020 |
| 7. Auction Closing & Collections | Ten (10) to Fourteen (14) Days after Launch |
| 8. Auction Pick – up | Weeks of June 22, 2020 – June 30, 2020 |

Phase I Product Categories

After careful review of the inventories provided and consideration of the depth and breadth of items available, we envision the following Auctions for each of the key locations as part of the program (for each of the Phase I, non-Storage Locations):

1. Production Equipment: Processing, Manufacturing and Food Handling
2. Warehouse and Handling Equipment
3. Office Furniture, Fixtures & Equipment
4. Inventory (auction for each category):
 - a. Small wares
 - b. Supplies
 - c. Food Dry/Canned
 - d. Food Refrigerated
 - e. Food Frozen

In speaking with the Head of Distribution, he is under the impression that much of the short code (shorter shelf life) items were disposed of. However, it was not envisioning that it would be two plus months dormant so there may be more items that are out of code or will be out of code at the conclusion of an auction.

Phase II Restaurants

Our plan for the restaurants would be to begin to gather data this coming week (upon approval by Court and Trustee Gladstone) with a plan to launch the first round of restaurants by the week of June 1, 2020. Given that there are markets with a higher concentration of locations we want to stagger the closure dates to maximize the bids and exposure of locations being auctioned.

It is a separate crew for these locations that will be handling (with a few exceptions). We have clustered the Restaurants geographically so that we can plan the data gathering and auction schedule methodically. This also assumes that we are able to quickly resolve any access issues (re-key locations) and perishable items that were not thrown away previously.

Phase II Restaurant Regions

We have developed Sixteen(16) Clusters to allow staggered auctions where needed as follows:

1. Arizona-Phoenix
2. Arizona-Tucson
3. California-Los Angeles
4. California-Northern
5. California-Orange County
6. California-San Diego
7. Colorado-Denver
8. Florida-Miami
9. Florida-Orlando
10. Florida-Southwest
11. Florida-Tampa
12. Georgia-Atlanta
13. Nevada
14. New Mexico
15. Northwest (Oregon and Washington)
16. Texas-Houston

Phase II Timetable

The current schedule is as follows (consideration made for minimizing any landlord administrative issues).

- | | |
|---|-----------------------------|
| 1. TAGeX to Launch OnLine Auction Sites | Upon Agreement |
| 2. TAGeX Team on site for Documentation | May 25, 2020 – June 7, 2020 |
| 3. Marketing and Promotion | All throughout Auctions |
| 4. OnLine Sales Launched | May 28 – June 30, 2020 |
| 5. Auctions Complete | 10-12 Days after Launch |
| 6. Collection and Customer Pick-ups Scheduled | Post Auction |
| 7. Equipment Removed from Locations | Varies by Location |

Leslie, thanks for your consideration and welcome any input, questions or redirection as you see here.

Warmest regards

Neal