



TAMPA BAY BANKRUPTCY CENTER, P.A.

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A.G. Ferrari Food goes Bankrupt

One of the country's oldest delicatessens, A.G. Ferrari Food has filed for bankruptcy protection. Founded almost a century ago, the San Leandro-based Italian market filed for bankruptcy at the US Bankruptcy court in Oakland, citing between \$1 million and \$10 million in assets and about the same amount in liabilities.

Chief Executive Officer Paul Ferrari confirmed that despite the bankruptcy filing, there would not be any changes to the company operations. He said, "Filing Chapter 11 will improve our cash flow and allow us to stabilize the business," adding that the bankruptcy filing, "will help secure a strong future for the company."

However, last week Ferrari Food closed its North Berkeley store in Solano Avenue, the only East Bay store to be closed. All the other 12 stores will remain in operation. According to bankruptcy records, the North Berkeley store employed 6 workers. CEO Ferrari said the company will do its best to relocate affected workers.

The company also intends to renegotiate terms of some of its leases which are presently above market value. Depending on the outcome of discussions with landlords, this may lead to closure of several other stores outside of the East Bay area. There are five East Bay stores that include two in Oakland, one in Lafayette and one in Berkeley besides the one that was closed.

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Outside of the East Bay area, Ferrari Food has three stores in San Francisco, and one each in Belmont, Corte Madera, Los Altos, Palo Alto and Sunnyvale.

Experts believe that Ferrari Food is an example of retailers that could be severely affected by the economic downturn because of their high rentals in small locations leading to high costs of operations. In addition, many shoppers are tightening their belts due to the economy resulting in stiff competition for business from other rival companies.

Ferrari Food had its humble beginnings in San Jose in 1919 when Annibale Giovanni Ferrari opened his first store there. Modeled after the family store in Italy, Ferrari made and sold pastas sauces, olive oils, vinegars and other offerings chosen to represent items from all 20 of Italy's food regions. Before long, Ferrari moved his store from San Jose to Berkeley's Elmwood district as many of his customers were from UC Berkeley.

Paul Ferrari represents the third generation of Ferraris keeping the tradition of running the family store.

If you or your business wishes to file for bankruptcy protection, call us at (813) 200 4133 for a free consultation.