

Illinois Beer Distributor Seeks Chapter 11 Bankruptcy Protection

by Joel R. Glucksman on August 9, 2013

A popular Anheuser-Busch distributor sought Chapter 11 bankruptcy protection in Illinois this week, in the hopes of reorganizing its debt and emerging in a stronger financial position.

Earl Gaudio & Son Inc. officially filed for bankruptcy protection in a U.S. bankruptcy court in Danville, Illinois. A week prior to the filing, a court approved the sale of the company to Skeff Distributing Co., a Decatur-based Anheuser-Busch distributor, according to the East Illinois newspaper the News-Gazette. The company listed between \$1 million and \$10 million in liabilities in the bankruptcy filing, and between \$10 million and \$50 million in assets.

However, a family battle over the sale of the company threatens to muddle the court process. In the civil case filed in June, a guardian for Earl Gaudio sought an injunction to remove Earl Gaudio's son, Dennis Gaudio, and grandson, Eric Gaudio, as officers of the company, according to the St. Louis Post-Dispatch. All three Gaudios hold ownership stakes in the distributorship, the newspaper added. The guardian accused Dennis and Eric Gaudio of breaching their fiduciary duty to the company by incurring debts, failing to pay taxes, and failing to pay Anheuser-Busch for products in dozens of instances.

"As a direct and proximate result of the misfeasance and breach of fiduciary duty by the defendants, Dennis Gaudio and Eric Gaudio, the family owned business that had operated successfully for almost one-half century is now unable to meet its financial obligations and ... must be sold," the lawsuit states, according to the Post-Dispatch.

However, Gaudio's son and grandson argue that the company's long-term financial troubles and insufficient liquid assets prevented them from covering their tax obligations, and any negative balances and bounced checks have since been satisfied.

Skeff Distributing Co. noted that it does not anticipate the bankruptcy proceedings or family dispute to hinder its purchase of the company by the end of the year.