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Toys “R” Us Files For Chapter 11 Bankruptcy Protection

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Wayne, NJ-based Toys “R” Us filed a voluntary petition for Chapter 11 bankruptcy protection in the Eastern District of Virginia (Richmond) on Monday (Case no. 17-34665). Toys “R” Us operates more than 1,600 locations for both Toy “R” Us and Babies “R” Us and employs approximately 64,000 people. The chain is seeking borrow money in order to pay suppliers by restructuring \$5 billion in long-term debt. The company noted that the approaching holiday shopping season accounts for 40% of its net sales.

Prior to the filing, almost all the company’s vendors sought cash in advance before shipping products, forcing Toys “R” Us to raise \$1 billion for suppliers. The company’s debt is attributed to a \$6.6 billion buyout in 2005 led by KKR & Co. LP, Bain Capital LP and Vornado Realty Trust.

If you are a landlord or trade creditor of Toys “R” Us, it is important to know your rights now.

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