

Red Lobster Breaks Silence on 'Misunderstood' Bankruptcy Filing: 'Does Not Mean We Are Going Out of Business'



It may be the end of an era for beloved seafood chain Red Lobster, which officially declared bankruptcy on Monday after months of speculation and dozens of abrupt restaurant closures.

Now, the company is speaking out to loyal customers – and investigating the role that its shrimp supplier may have played in its demise.

Related: Red Lobster Suddenly Shuttters Dozens of Locations Without Warning Employees, Begins Auctioning Off Equipment

In a letter posted to social media, Red Lobster thanked

customers for their nearly five decades of loyalty and assured the masses that the chain wasn't going anywhere.

We're here to celebrate every moment, big or small, with our valued guests. pic.twitter.com/JmAoNGP4a8

– Red Lobster (@redlobster) May 21, 2024

"Bankruptcy is a word that is often misunderstood. Filing for bankruptcy does not mean we are going out of business," Red Lobster wrote. "In fact, it means just the opposite. It is a legal process that allows us to make changes to our business and our cost structure so that Red Lobster can continue as a stronger company going forward."

Red Lobster noted that companies including Delta Airlines and Hertz "emerged stronger" after filing for Chapter 11 (Delta in September 2005, Hertz in May 2020) and found ways to bounce back.

"Birthdays, graduations, anniversaries, and yes, weddings. We've been here for them all," the chain penned. "Red Lobster is determined to be there for these moments for generations to come."

Red Lobster's downfall was a slow burn, primarily blamed on an \$11 million loss in November 2023 due to the chain rollout of an "Endless Shrimp" promotion. The deal offered customers all the shrimp they could eat for \$20, and it proved to be a bit too popular.

Last week, it was reported that stores had begun shuttering without warning around the country, with dozens auctioning off all of their furniture and equipment online and some employees claiming they were given no notice ahead of time.

In a filing on Sunday, Red Lobster CEO Jonathan Tibus called out former CEO Paul Kenny and Red Lobster's seafood supplier and owner, Thai Union, regarding decisions made surrounding

the “Endless Shrimp” promotion and that Red Lobster is “currently investigating the circumstances” around the decision to make the promotion permanent instead of limited-time.

Related: Endless Shrimp Deal Is Too Popular, Red Lobster Loses \$11M

“I understand that Thai Union exercised an outsized influence on the Company’s shrimp purchasing,” Tibus wrote. “[Red Lobster is] exploring the impact of the control Thai Union exerted, in concert with Mr. Kenny and other Thai Union-affiliated entities and individuals, and whether actions taken in light of these parties’ varying interests were appropriate and consistent with applicable duties and obligations to Red Lobster.”

Thai Union completed its purchase of Red Lobster in 2020.

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