

FOR THE EXCLUSIVE USE OF LIBRARY@HCMP.COM

From the Puget Sound Business Journal:

<https://www.bizjournals.com/seattle/news/2018/10/26/global-baristas-bankruptcy-tullys-michael-avenatti.html>

Global Baristas bankruptcy case could reveal who owns Tully's Coffee

Oct 26, 2018, 2:04pm PDT

Subscriber-Only Article Preview | For full site access: [Subscribe Now](#)

The filing of an involuntary Chapter 7 bankruptcy petition against Tully's Coffee parent Global Baristas could finally shed a light on who owns the business.

All that remains of the once-popular Seattle coffee chain is a swath of lawsuits and unpaid taxes, rent, fees and bills that totaled at least \$7.4 million as of July.

It's not clear who is responsible for those debts.

Michael Avenatti, who bought the company in 2013, has said he sold the business, but has not said when or to whom.

Now four creditors — landlords and a former employee who have won judgements and are owed roughly \$200,000 — have gone to federal court to recover some of their money.

Involuntary bankruptcies are unusual, but in the case of Global Baristas it can be used as a way to get a bankruptcy trustee involved to track down funds to be distributed to creditors, said University of Washington School of Law bankruptcy law professor Amit Ranade.



ANTHONY BOLANTE | PSBJ

The owner of the Tully's Coffee chain could be unveiled in bankruptcy proceedings.

"The owner will come out one way or another" through this process, said Ranade.

Filed in the U.S. Bankruptcy court for the Western District of Washington, the case can go one of two ways, said Ranade, who is also a bankruptcy lawyer at Hills Clark Martin & Peterson.

If Global Baristas contests the involuntary bankruptcy petition, that could spur a significant delay in the process because it would then be taken to trial.

But if Global Baristas does not respond — which was the case for many eviction hearings against the company — it would have to submit financial records and a handful of forms that often require ownership or leadership disclosures.

If Global Baristas does not submit the required information, Ranade said subpoenas can be issued once a trustee is appointed. The trustee can also ask the court to authorize a Rule 2004 Examination, which is a way to require information be shared by certain individuals the trustee thinks may have knowledge useful to the case.

"The trustee is likely to start seeking 2004 orders to start going after any human being who is connected to this to start finding out how is responsible," Ranade said.

For both of those options, an individual can be held in contempt of court and sanctioned if they refuse to cooperate, Ranade said.

The case could get very complicated because ownership seems to be wrapped into different limited liability companies, and Avenatti is still listed as the governing agent on at least one of them.

He told [the Seattle Times this week](#) that he sold Global Baristas "for \$28 million in cash a long time ago," but again declined to share the identity of the new owner.

Coral Garnick

Staff Writer

Puget Sound Business Journal

