

# FAT BRANDS BANKRUPTCY

Chapter 11 Status Report — May 2026

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## EXECUTIVE SUMMARY

FAT Brands Inc. (NASDAQ: FAT), the parent company of 19 restaurant chains including Fatburger, Johnny Rockets, Twin Peaks, Fazoli's, and Smokey Bones, filed for Chapter 11 bankruptcy on January 27, 2026. The filing was driven by approximately **\$1.3 billion in debt**, escalating interest costs, and a series of legal disputes with lenders and bondholders. As of May 2026, the company is actively dismantling its portfolio — selling brands individually to different buyers while creditors challenge the sale process in court.

<b>Filing Date</b>	January 27, 2026
<b>Bankruptcy Court</b>	Eastern District of Texas
<b>Debt Load</b>	~\$1.3 Billion
<b>DIP Financing</b>	\$307.6 Million
<b>Restaurant Brands</b>	19 (portfolio)
<b>Current Status</b>	Chapter 11 — Asset Sales in Progress
<b>Status Date</b>	May 6, 2026

## COMPANY BACKGROUND

FAT Brands is a multi-brand restaurant franchisor that grew primarily through acquisitions, amassing a portfolio of casual and fast-casual dining chains. The company operates as a franchise licensor, earning revenue from franchise fees and royalties rather than directly from restaurant operations.

Key brands in the portfolio:

- Fatburger (flagship burger chain)
- Johnny Rockets (retro diner chain)
- Twin Peaks (mountain-lodge themed sports bar)
- Fazoli's (Italian fast-food)
- Smokey Bones (barbecue chain) — ALL LOCATIONS NOW CLOSED
- Elevation Burger (organic burger chain)
- Hooters (wing & sports bar chain)

- Don Pablo's (Mexican)
- Margarita Cafe
- And 11 additional smaller brands

## KEY TIMELINE

<b>Nov 2025</b>	Lenders demand payment on \$1.3B debt; company warns of bankruptcy risk
<b>Dec 2025</b>	Shareholder alleges FAT Brands masked cashflow problems
<b>Jan 27, 2026</b>	FAT Brands files for Chapter 11 in Eastern District of Texas
<b>Jan 2026</b>	CEO announces leave under DIP financing deal; leadership exits begin
<b>Feb 2026</b>	Lenders push to oust CEO; dispute over company control escalates
<b>Mar 2026</b>	DIP loans of \$307.6M confirmed; 19 brands listed for sale
<b>Mar 2026</b>	Landlords argue sale process is moving too fast
<b>Apr 2026</b>	Buyers emerge for Twin Peaks, Elevation Burger, Fazoli's, Johnny Rockets
<b>Apr 30, 2026</b>	Smokey Bones shuts down ALL locations post-bankruptcy
<b>May 2026</b>	Creditors challenge sale plan — object to \$195M in ignored claims
<b>May 2026</b>	Lenders push back against sale to lenders; disputes continue
<b>May 2026</b>	Four winning bidders confirmed; breakup of portfolio underway

## CURRENT STATUS (May 2026)

FAT Brands remains in Chapter 11 bankruptcy proceedings as of May 6, 2026. The company is in the asset sale phase — a structured breakup of the portfolio rather than a reorganization into a single surviving entity.

- **Active Asset Sales:** Four bidders confirmed as winners for various FAT Brands assets. Twin Peaks, Elevation Burger, Fazoli's, and Johnny Rockets among the brands being sold.
- **Smokey Bones Closure:** The barbecue chain has shut down all locations — one of the first brands fully liquidated rather than sold.
- **Creditor Challenges:** Both creditors and landlords are actively challenging the sale process, objecting to \$195M in ignored claims and a too-accelerated timeline.
- **Lender vs. Company Fighting:** FAT Brands and lenders continue to dispute control and sale terms. Some lenders are objecting to the proposed sale to other lenders.
- **Leadership Exodus:** The CEO and top executives have departed or taken leaves during proceedings.
- **Stock Impact:** NASDAQ: FAT has been severely impacted by the bankruptcy proceedings.

## FRANCHISEE IMPACT

The bankruptcy presents significant challenges for franchisees operating under FAT Brands banners. Franchisees face uncertainty around royalty structures, brand support, and ownership transitions. Franchisees are stakeholders in the bankruptcy but have limited control over asset sale outcomes.

## ONGOING LEGAL DISPUTES

- **Creditor Challenge — \$195M Claims:** Law360 (May 5, 2026) reported creditors are challenging the sale plan, alleging it ignores \$195 million in valid claims.
- **Lender Objections:** Multiple lenders objecting to proposed sales and lender takeover, with disputes on valuation and priority of claims.
- **Twin Peaks Lawsuit:** One of the largest bondholders sued FAT Brands over the sale of Twin Peaks stock.
- **Speed of Sale:** Landlords argue the accelerated timeline doesn't give them adequate time to assert rights.

## IMPLICATIONS & OUTLOOK

- Portfolio breakup rather than reorganization — creditors prefer piece-by-piece sales.
- Franchisees must monitor new ownership of their brand, which may affect royalties and brand standards.
- Contentious exit expected — disputes may lead to court battles over final sale terms.
- Brands unable to find buyers (e.g., Smokey Bones) are being fully liquidated.
- Final resolution unlikely before Q3-Q4 2026 given dispute volume and multi-buyer complexity.

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### SOURCES

- Reuters — 'Fatburger owner files for bankruptcy over high debt, legal woes' (Jan 27, 2026)
- Bloomberg Law — 'FAT Brands Creditors Challenge Bankruptcy Sales, Lender Takeover' (May 5, 2026)
- Restaurant Business — 'Some Fat Brands lenders are objecting to the company's sale' (May 4, 2026)
- QSR Magazine — 'FAT Brands Breakup Begins as Buyers Emerge' (Apr 30, 2026)
- Law360 — 'Fat Brands Creditors Say Sale Plan Ignores \$195M Claims' (May 5, 2026)
- Restaurant Dive — 'How Fat Brands' bankruptcy could impact franchisees' (Mar 20, 2026)
- Stock Titan — 'Leadership exits as FAT Brands takes \$307.6M DIP loans' (Mar 30, 2026)
- The Street — 'After Chapter 11, BBQ chain shuts down all locations' (May 3, 2026)
- Google News RSS — 'FAT Brands bankruptcy' (accessed May 6, 2026)

This report was prepared by Leo (AI Personal Assistant) for Salah Al Deen. All information compiled from publicly available news sources as of May 6, 2026.