

# Art Van Hit With WARN Act Suit After Ch. 11 Worker Layoffs

By [Vince Sullivan](#)

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Law360 (March 23, 2020, 9:20 PM EDT) -- Two former employees of bankrupt home furnishing retailer Art Van Furniture hit the company with a suit Monday in Delaware court alleging the debtor fired 700 workers without giving them proper notice under the Worker Adjustment and Retraining Notification Act.

In the complaint, former employees Todd Stewart and Jennifer Sawle claim they were fired last week despite assurances earlier in the month that they would remain employed until May 5 in a manner compliant with the WARN Act's requirement that employees be given 60 days' notice before mass layoffs.

According to Stewart and Sawle — who worked as a store manager in Shelby, Michigan, and as a salesperson in Lansing, Michigan, respectively — the debtor operated seven facilities that were required to comply with the WARN Act provisions. The mass layoffs impacted 700 workers covered by the law, they said.

On March 4 — about five days before Art Van [filed for Chapter 11 protections](#) in Delaware with plans to shut down all but 44 of its 169 stores — employees were notified that terminations would begin May 5, according to the complaint.

"Instead, on evening of March 19, 2020, defendants abruptly notified its employees, including plaintiffs that terminations would occur immediately for non-leader personnel and March 22, for lead personnel," the complaint said.

Sawle alleges she was fired on March 20, while Stewart said he was told he would not be paid unless he completed work through the weekend of March 21 and March 22. According to the complaint, Stewart and other employees worked in the dark at the Shelby store because the power had been shut off, carrying purchased furniture to customers' waiting vehicles.

The former employees' counsel declined to comment and representatives for Art Van could not immediately be reached for comment late Monday.

Art Van filed its Chapter 11 petition March 8, citing extreme market conditions for its retreat into bankruptcy while carrying more than \$200 million in debt.

The Michigan-based company said in initial court declarations that its sales have been declining significantly since 2016 as competition increased, expenses jumped and expansion attempts fizzled.

Founded in 1959, Art Van currently operates 169 furniture and mattress stores in Michigan, Indiana, Ohio, Illinois, Pennsylvania, Maryland, Missouri and Virginia under the names Art Van, Pure Sleep, Scott Shuptrine Interiors, Levin Furniture, Levin Mattress and Wolf Furniture.

The company was acquired by [Thomas H. Lee Partners LP](#) in March 2017, funded by a sale-leaseback transaction with Art Van-owned stores. The Pennsylvania-based Levin and Wolf businesses were acquired in November 2017, the declaration said.

Those Pennsylvania stores are subject to a going-concern sale bid from their former owners, the Levin family, who will seek to reacquire them through the bankruptcy process.

The remaining stores are being shut down, with Art Van seeking approval to engage in a consulting agreement with a joint venture of Hilco Merchant Resources and Gordon Bros. Retail Partners to act as liquidators. The move has [drawn fire](#) from the Office of the United States Trustee, which has taken issue with the relationship between the proposed liquidators and the holder of Art Van's senior secured debt obligations, which is an affiliate of Hilco and Gordon Bros.

A status conference on the bankruptcy case is scheduled for 10 a.m. Tuesday, with U.S. Bankruptcy Judge Christopher S. Sontchi convening the hearing telephonically in light of procedural changes over the COVID-19 outbreak.

The former employees are represented by Michael J. Joyce of The Law Offices of Joyce LLC and Jack A. Raisner and Rene S. Roupinian of [Raisner Roupinian LLP](#).

Art Van is represented by Gregory W. Werkheiser, Michael J. Barrie, Jennifer Hoover, Kevin Capuzzi and John C. Gentile of [Benesch Friedlander Coplan & Aronoff LLP](#) and Marc J. Phillips and Maura I. Russell of [Montgomery McCracken Walker & Rhoads LLP](#).

The adversary case is Stewart et al. v. Art Van Furniture LLC, case number 1:20-ap-50548, in the [U.S. Bankruptcy Court for the District of Delaware](#).

The bankruptcy case is In re: Art Van Furniture LLC et al., case number 20-10553, in the U.S. Bankruptcy Court for the District of Delaware.

--Editing by Daniel King.

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