# Red Lobster Faces Financial Woes, Shuts Down Multiple U.S. Locations



**Red Lobster Closes Dozens of Locations Across the U.S. Amid Financial Troubles**

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Red Lobster, the prominent seafood restaurant chain, has closed dozens of its locations across the United States due to significant financial difficulties. This news was announced by Neal Sherman, the CEO of liquidation firm TAGeX Brands, in a LinkedIn post on May 13, 2024. TAGeX Brands is auctioning off surplus restaurant equipment from the closed locations.

The closures include at least five locations in California, specifically in Redding, Rohnert Park, Sacramento, San Diego, and Torrance. Red Lobster has listed these closures as temporary on their website but has not confirmed if it plans to file for bankruptcy.

The financial troubles faced by Red Lobster have been attributed to several factors, with a significant miscalculation involving an unlimited shrimp promotion playing a crucial role. Introduced last year, the $20 all-you-can-eat shrimp deal resulted in an operating loss of approximately $11 million for the chain.

Despite the price being adjusted to $22 and then $25 to mitigate losses, the promotion's popularity exceeded company expectations, creating further financial strain.

The chain's history of financial struggles traces back to a similar all-you-can-eat crab special in 2003 and subsequent ownership changes, including a sale by Darden Restaurants to Golden Gate Capital in 2014, and later an acquisition by Thai Union in 2020.

Currently, Red Lobster operates around 650 locations nationwide and is considering filing for Chapter 11 bankruptcy, which would allow for restructuring of debt and lease agreements. High lease and labor costs have compounded the chain's challenges, leading to the recent closures and resulting in significant disruption for employees.

Red Lobster's financial difficulties, exacerbated by the fallout from the pandemic and operational missteps, point to the considerable challenges the chain continues to face in the competitive casual dining market.

Sources: Associated Press, Wall Street Journal, Bloomberg News.