

Pink Elephant's operators file for bankruptcy

Southampton Yen Restaurant Group, which operates the Pink Elephant nightclub in Southampton, as well as the nearby Day and Night lounge, seeks protection from its creditors.

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Amid a soggy summer, things just got worse for the nightclub scene in Southampton.

Struggling in a pool of debt, Southampton Yen Restaurant Group, operators of trendy hot-spots Day and Night and Pink Elephant in Southampton, L.I., filed for Chapter 11 bankruptcy protection Wednesday in the U.S. Bankruptcy Court Southern District of New York.

The company listed liabilities valued between \$500,000 and \$1 million, although the total from its list of creditors far exceeded that amount. According to the filing, the state of New York is owed more than \$750,000 in sales taxes and withholdings, and the company is disputing that figure. Southampton Yen also owes nearly

\$213,000 to Paradigm Management, which manages the Manhattan club, and co-owner Robert Montwaid is listed as having loaned the group nearly \$1.3 million.

"We are going to continue to operate as usual," said co-owner David Sarner. "We think it'll be able to allow us to breathe a little easier."

In a separate venture, Mr. Sarner co-owns the Chelsea location of Pink Elephant, which was not affected by the filing.

The company's debt comes from the now-shuttered Southampton club Cabana, he said, and the owners aim to use the bankruptcy as a negotiation tool with the state. They want to pay off Cabana's debts over five years instead of just one. "The state, in the condition that it's in, has been very aggressive on this."

The filing said it had assets of about \$1 million.

Correction: The Chelsea nightclub Pink Elephant is not involved with the bankruptcy filed by Southampton Yen Restaurant Group. That fact was misstated in the original article.