Barquet Group to seek joint administration with equity owner Daily Deal/The Deal June 30, 2011 Thursday

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BYLINE: by Allison Collins

Bankrupt New York City art gallery Barquet Group Inc. will seek joint administration of its case with that of its sole shareholder on July 12. According to a Wednesday, June 29, motion, Barquet wants to have its Chapter 11 case jointly administered with that of Ramis Barquet, its lone equity owner. Barquet Group filed for Chapter 11 protection on June 28, the same day that Ramis Barquet filed one of his own. Barquet Group filed for bankruptcy to protect its assets from creditor SageCrest II LLC after negotiations with the company fell through, court documents said.

Over the last 12 years, the company has earned $15 million to $20 million a year, according to court documents, but sales and income have dropped substantially in recent years, and expenses have increased. Cash shortfalls have been made up by Ramis Barquet's periodic loans to the company, he stated in court documents. In 2008, for example, he loaned $2.6 million to the company, and in 2009, he loaned $2.2 million, with additional loans made in 2010. Over the years, between loans and capital contributions, Barquet contributed more than $9 million, according to court documents. Ramis Barquet has reduced his fixed salary substantially over the past few years, but "fell into the unfortunate habit of taking no specific salary but, instead, drawing discrete amounts to be charged to [his] account," court papers said. In the Chapter 11 proceeding, he will again be receiving a fixed salary, according to court documents. Barquet Group was also financed by loans from outside lenders, including a $5 million loan in September 2004, and then an additional $1 million loan from ACG Credit Co. LLC, a company owned and controlled by Ian Peck, according to court documents. Works of art served as collateral. Peck is familiar with loan arrangements involving artists and art dealers, according to court documents. ACG was at one point indebted to SageCrest, and as part of a settlement with the company, assigned Barquet's obligations to SageCrest. Barquet Group was incorporated on July 19, 1996, under the name Galeria Ramis Barquet NY Ltd., to operate a New York City art gallery specializing in Latin American art, according to court documents. The company changed its name to Barquet Holdings Inc. in January 2007 and to Barquet Group Inc. in February 2007. Barquet is the company's sole shareholder, according to court documents. In his affadavit, he describes himself as one of the world's foremost Latin American art collectors and dealers, having hosted some of the most famous non-museum exhibitions of Latin American paintings in the U.S.. Through his galleries, he has exhibited, bought and sold works from artists including Frieda Kahlo, Diego Rivera, Jose Clemente Orozco, Wifredo Lam, Andy Warhol, Alberto Giacometti, Pablo Picasso, Louise Bourgeois, Julian Schanbel, Robert Mapplethrope, Francisco Clemente and Julio Galan. Ramis Barquet and his company have also brokered charitable donations of important artworks between collectors and museums, including the Metropolitan Museum of Art, according to court documents. Ramis Barquet said in court papers that the company is illiquid because the art inventory can't be sold at its full value in the currently depressed art market and must instead be divested slowly. The debtor's gallery and showroom is at 532 West 24th Street in New York City. The company has six employees, according to court documents. Judge Martin Glenn of the U.S. Bankruptcy Court for the Southern District of New York in Manhattan has been assigned to the case. The debtors' disclosure statement is due October 26, court filings show. The company listed $1 million to $10 million in assets and liabilities. SageCrest (5.95 million), Sotheby's ($1.43 million) and 601 West Associates

LLC ($905,804) are listed as the company's largest unsecured creditors. All three claims are disputed. Janice Grubin of Todtman Nachamie Spizz & Johns PC is proposed debtor counsel. Grubin did not immediately return a call for comment.