

Instant Brands Trust Sues Cornell Capital 'Plundered' Company

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- Creditor trust sues private equity firm, others for \$400 million
- Company allegedly hid losses to finance investor dividend

A bankruptcy trust for Instant Brands creditors sued Cornell Capital LLC and others tied to the private equity firm for allegedly concealing the company's financial weaknesses from lenders to finance a \$345 million dividend.

The bankrupt estate for Instant Brands, previously known for manufacturing the Instant Pot and other popular kitchen brands like Pyrex, filed its complaint Wednesday in the US Bankruptcy Court for the Southern District of Texas against a host of parties that allegedly defrauded company lenders.

The private equity firm and its portfolio company repeatedly misstated and omitted important facts about the actual value of Instant Brands to lenders in order to borrow \$450 million and fund dividend payments to shareholders in 2021, according to the suit filed by trustee Alan D. Halperin. These payments led to Instant Brands' filing for Chapter 11 in 2023, the complaint alleges.

Henry Cornell and his private equity fund "plundered their portfolio company Instant Brands, leaving it insolvent and unable to repay its creditors," Halperin said.

A Cornell Capital spokesperson said the firm would mount a vigorous legal defense, calling the complaint "baseless and without merit."

Over the course of his 88-page complaint, Halperin details a series of steps taken by Cornell to restructure the amount his company, kitchenware maker Corelle Brands, paid to acquire Instant Brands in 2019 after finding that the Instant Pot manufacturer's value was overstated by \$278 million.

Although Cornell and the Instant Brands founders reached a deal to reduce the sale price, they concealed those facts when the 2021 term loan was taken out, Halperin claims.

The complaint, which also targets Instant Pot inventor Robert Wang and his co-founders, seeks at least \$400 million from the defendants.

The trust is represented by McKool Smith PC.

The case is [In re Instant Brands Acquisition Holdings Inc.](#), Bankr. S.D. Tex., No. 23-90716, complaint filed 11/13/24