

COMMITTED CAPITAL ACQUISITION Corp
Form 8-K/A
November 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 16, 2013

COMMITTED CAPITAL ACQUISITION CORPORATION

(Exact name of registrant as specified in its charter)

**Delaware
(State or other jurisdiction**

000-52651

**14-1961545
(IRS Employer**

of incorporation)

(Commission File Number)

Identification No.)

411 W. 14th Street, 2nd Floor

New York, New York 10014

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (646) 624-2400

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

This Amendment No. 2 to Form 8-K is being filed to update the unaudited consolidated financial statements as of and for the nine months ended September 30, 2013, as well as the pro forma financial statements relating to the reverse merger transaction described herein which was consummated on October 16, 2013. In connection therewith, we have also updated our “Management’s Discussion and Analysis of Financial Condition and Results of Operation” to include a discussion of these updated financial statements. In connection with the foregoing, the following sections of Item 2.01 – Completion of Acquisition or Disposition of Assets in this Current Report on Form 8-K, as amended, have been revised:

- October 2013 Private Placement;
- Business;
- Risk Factors;
- Management’s Discussion and Analysis of Financial Condition and Results of Operations; and
- Related Person Transactions.

In addition, Item 9.01 – Financial Statements and Exhibits in this Current Report on Form 8-K, as amended, has been revised and the following exhibits have been refiled:

- Exhibit 99.1 – The One Group, LLC’s audited financial statements as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 and its unaudited condensed financial statements as of and for the nine months ended September 30, 2013; and
- Exhibit 99.2 – Pro forma financial statements.

A subsequent amendment to this Form 8-K will be filed to address comments received from the staff of the Securities and Exchange Commission. Except as otherwise stated above, no other sections in this Current Report on Form 8-K, as amended, have been revised from the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 16, 2013, as amended on November 6, 2013.

Forward-Looking Statements

This Current Report on Form 8-K contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve risks and uncertainties, principally in the sections entitled "Description of Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." All statements other than statements of historical fact contained in this Current Report on Form 8-K, including statements regarding future events, our future financial performance, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "ongoing," "could," "estimates," "expects," "intends," "suggests," "future," "likely," "goal," "plans," "potential," "projects," "predicts," "should," "would," or "will" or the ne or other comparable terminology. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under "Risk Factors" or elsewhere in this Current Report on Form 8-K, which may cause our or our industry's actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements.

You should not place undue reliance on any forward-looking statement, each of which applies only as of the date of this Current Report on Form 8-K. Before you invest in our securities, you should be aware that the occurrence of the events described in the section entitled "Risk Factors" and elsewhere in this Current Report on Form 8-K could negatively affect our business, operating results, financial condition and stock price. Except as required by law, we undertake no obligation to update or revise publicly any of the forward-looking statements after the date of this Current Report on Form 8-K to conform our statements to actual results or changed expectations.

Item 1.01 Entry into a Material Definitive Agreement.

Reference is made to the disclosures set forth in Item 2.01 hereof which are hereby incorporated by reference into this Item 1.01.

Item 2.01 Completion of Acquisition or Disposition of Assets.

Merger Agreement

On October 16, 2013, Committed Capital Acquisition Corporation, a Delaware corporation (the “Company”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) among the Company, CCAC Acquisition Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company (“Merger Sub”), The ONE Group, LLC (“One Group”) and Samuel Goldfinger as One Group Representative. One Group is a Delaware limited liability company that, through itself and several subsidiary entities, develops and operates upscale, high-energy restaurants and lounges and provides turn-key food and beverage services for hospitality venues including boutique hotels, casinos and other high-end locations in the United States and the United Kingdom. The descriptions of the Merger Agreement in this Current Report on Form 8-K do not purport to be complete, and are qualified in their entirety by reference to the full text of the Merger Agreement, which is included as Exhibit 2.1 to this Current Report on Form 8-K and incorporated by reference herein. Capitalized terms used in this Item 2.01 but not defined herein shall have the meanings ascribed to them in the Merger Agreement.

Pursuant to the Merger Agreement and upon the filing of a certificate of merger with the Secretary of State of the State of Delaware, on October 16, 2013 (the “Closing Date”), Merger Sub was merged with and into One Group, with One Group being the surviving entity and thereby becoming a wholly owned subsidiary of the Company. At the effective time of the Merger (the “Effective Time”), the legal existence of Merger Sub ceased and all of the issued and outstanding membership interests of One Group that were outstanding immediately prior to the Effective Time were cancelled and new membership interests of One Group comprising 100% of its ownership interests were issued to the Company. Simultaneously, the Company issued to the former holders of One Group membership interests (the “TOG Members”) and to Liquidating Trust established for the benefit of TOG Members and holders of warrants to acquire membership interests of One Group (“TOG Warrant Owners”) an aggregate of 12,631,400 shares of the Company’s common stock, par value \$0.0001 per share (the “Common Stock”) and paid to such TOG Members an aggregate of \$11,750,000 in cash (collectively, the “Merger Consideration”). As part of the Merger Consideration, the Company issued to Jonathan Segal, the former Managing Member of One Group and currently our Chief Executive Officer and a Director, 1,000,000 shares of Common Stock as a control premium. The foregoing shares are in addition to the 7,680,666 shares issued to Mr. Segal and related entities in respect of his pro rata portion of shares of Common Stock issued to all TOG Members. Of the 12,631,400 shares of Common Stock issued as part of the Merger Consideration, 2,000,000 shares (the “Escrow Shares”) were deposited into an escrow account (the “Escrow Account”) at Continental Stock Transfer & Trust Company, as escrow agent (the “Escrow Agent”) to secure certain potential adjustments to the

Merger Consideration as described below and certain potential indemnification obligations. As of the Effective Time, the former members of One Group and the Liquidating Trust held shares of Common Stock comprising, in the aggregate, 50.68% of the issued and outstanding shares of the Company's Common Stock.

The Merger Agreement provides for up to an additional \$14,100,000 of payments to the TOG Members and the Liquidating Trust based on a formula as described in the Merger Agreement ("Contingent Payments") and which is contingent upon the exercise of outstanding Company warrants to purchase 5,750,000 shares of Common Stock at an exercise price of \$5.00 per share (the "Parent Warrants"). The Company is required to make any Contingent Payments on a monthly basis. Any Parent Warrants that are unexercised will expire on the date that is the earlier of (i) two years after the effective date of the registration statement registering the shares of Common Stock issuable upon the exercise of the Parent Warrants or (ii) the forty-fifth (45th) day following the date that the Company's Common Stock closes at or above \$6.25 per share for 20 out of 30 trading days commencing on the effective date. The Company intends to file such registration statement as soon as practicable after the date of this Current Report on Form 8-K.

The Common Stock portion of the Merger Consideration is subject to adjustment to reflect Working Capital Shortfalls and Excess Liabilities compared to the amounts that will be set forth in a closing statement required to be delivered by One Group within 90 days of the Closing of the Merger. To the extent Working Capital Shortfalls exceed \$100,000 or Adjustment Liabilities exceeds Excess Liabilities by greater than \$20,000 in the aggregate, the Members and the Liquidating Trust, on a Pro Rated Basis, shall be liable to the Company for an amount equal to the sum of any Excess Liabilities and Working Capital Shortfall. Any payment required to be made with respect to the foregoing shall be made by reduction of the Escrow Shares or as a set off to Contingent Payments, if any.

As required by the Merger Agreement, the Company, One Group and the TOG Members entered into several ancillary agreements including (i) Lockup Agreements by and among the Company and the TOG Members, (ii) the Escrow Agreement and (ii) a Liquidating Trust Agreement.

October 2013 Private Placement

In connection with the closing of the Merger, the Company completed a private placement of 3,131,339 shares of Common Stock at a purchase price of \$5.00 per share to purchasers that included some of the Company's existing shareholders (collectively, the "Investors"), realizing gross proceeds of \$15,656,695 (the "October 2013 Private Placement"). Jefferies LLC served as placement agent for the Private Placement.

In connection with the October 2013 Private Placement, we also entered into a registration rights agreement (the "October 2013 Registration Rights Agreement") with the Investors, in which we agreed to file a registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") to register the Shares for resale within 30 calendar days of the Closing Date, and to have the Registration Statement declared effective within 90 calendar days of the Closing Date or within 120 calendar days of the Closing Date if the SEC conducts a full review of the Registration Statement. We also have agreed to include in such Registration Statement the shares of Common Stock issued to TOG Members (other than those shares issued to Jonathan Segal) or issuable to TOG Warrant Owners pursuant to the Merger Agreement, subject to cut-back in certain circumstances.

The foregoing description of the October 2013 Private Placement and related transactions does not purport to be complete and is qualified in its entirety by reference to the complete text of the relevant transaction documents which are filed as Exhibits 10.11 and 10.12 to this Current Report on Form 8-K.

Prior to the Closing Date, we were a "shell company" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Accordingly, pursuant to the requirements of Item 2.01(f) of Form 8-K, set forth below is the information that would be required if we were filing a general form for registration of securities on Form 10 under the Exchange Act, reflecting our Common Stock, which is a class of our securities subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act upon consummation of the Merger, with such information reflecting us and our securities upon consummation of the Merger.

DESCRIPTION OF THE BUSINESS OF THE ONE GROUP

References to “we,” “our,” “us,” the “Company” or “One Group” refer to The ONE Group, LLC. References to “system-wide” refer to all owned, operated and managed restaurants, lounges, bars and hospitality food and beverage services of The ONE Group, LLC, irrespective of ownership interest. “Adjusted EBITDA” represents net income before interest, taxes, and depreciation and amortization, plus the sum of certain non-operating expenses, including deferred rent, pre-opening expenses, impairment losses, discontinued operations and certain other one-time non-operating expenses. Average unit volume, or “AUV,” represents the average per unit sales of our restaurants over a certain period of time. This measure is calculated by dividing total restaurant sales within a period by the number of restaurants operating during the same period.

Overview

We are a hospitality company that develops and operates upscale, high-energy restaurants and lounges and provides turn-key food and beverage services for hospitality venues including boutique hotels, casinos and other high-end locations in the United States and the United Kingdom. One Group was established with the vision of becoming a global market leader in the hospitality industry by melding high-quality service, ambiance and cuisine into one great experience. Our primary restaurant brand is STK, a multi-unit steakhouse concept that combines a high-energy, female-friendly, social atmosphere with the superior quality of a traditional steakhouse. Our food and beverage, or “F&B”, hospitality services offerings include developing, managing and operating restaurants, bars, rooftops, pools, banqueting and catering facilities, private dining rooms, room service and mini bars tailored to the specific needs of high-end boutique hotels and casinos. Our F&B hospitality clients include global hospitality companies such as the Cosmopolitan Hotel, Gansevoort Hotel Group, Hippodrome Casino, ME Hotels and the Perry Hotel (owned by Starwood Capital).

We opened our first restaurant in January 2004 and as of September 30, 2013, we owned, operated or managed 19 restaurants and lounges, including six STKs throughout the United States and in London. Nine of our locations are operated under our six F&B hospitality management agreements, in which we provide comprehensive food and beverage services for our hospitality clients. All of our restaurants, lounges and F&B services are designed to create a social dining and entertainment experience within a destination location. We believe that this design philosophy separates us from more traditional restaurant and foodservice competitors.

Based on our strong momentum and brand appeal, we expect to continue to expand our operations domestically and internationally by continuing our disciplined and targeted site selection process and supplemented by the increasingly regular inbound inquiries we receive from office building, hotel and casino owners and landlords to develop and open new locations.

STK

STK is a steakhouse restaurant concept with locations in major metropolitan cities throughout the United States and in London. STK artfully blends two concepts into one — the modern steakhouse and a chic lounge, offering a high-energy, fine dining experience in a female-friendly setting with the superior quality of a traditional steakhouse. Each STK location features a large and open restaurant and bar area with a DJ or DJ mix playing music throughout the restaurant so our guests can enjoy a high-energy, fun “destination” environment that encourages social interaction. We believe this concept truly differentiates us from other upscale steakhouses. Our menu provides a variety of portion sizes and signature options to appeal to a broad customer demographic. We currently operate six STK restaurants in major metropolitan cities such as Atlanta, Las Vegas, Los Angeles, New York and London, and we have two additional restaurants in Miami and Washington DC which are currently undergoing relocation and development, respectively. Our STK restaurants average approximately 10,000 square feet and we typically target locations that range in size from 8,000 to 10,000 square feet. In 2012, the average unit volume, check and beverage mix for STK restaurants open a full twelve months were \$11.1 million, \$113.00 and 42%, respectively.

Food & Beverage Hospitality Services Business

Our food and beverage hospitality services business provides the development, management and operations for upscale restaurants and turn-key food and beverage services at high-end boutique hotels and casinos. Through our developmental and operational expertise, we are able to provide comprehensive tailored food and beverage solutions to our hospitality clients. Our fee-based hospitality food and beverage solutions include developing, managing and operating restaurants, bars, rooftops, pools, banqueting, catering, private dining rooms, room service and mini bars on a contract basis. We currently have six F&B hospitality contracts with hotels and casinos throughout the United States and in London. Our F&B hospitality clients include global hospitality companies such as the Cosmopolitan Hotel, Gansevoort Hotel Group, Hippodrome Casino, ME Hotels and the Perry Hotel (owned by Starwood Capital). Historically, our clients have provided the majority of the capital required for the development of the facilities we manage on their behalf. Our F&B hospitality contracts generate revenues for us through base management fees, calculated as a percentage of the operation’s revenues, and additional incentive fees based on the operation’s profitability. Our management fee income has increased from approximately \$200,000 in 2010 to \$6,900,000 during the last twelve months ended September 30, 2013. Some of the operations we manage have an STK restaurant on the premises. We typically target F&B hospitality opportunities where we believe we can generate \$8 million to \$10 million of system-wide revenues and \$500,000 to \$750,000 of pre-tax income exclusive of any related STK revenues or profits. We expect our food and beverage hospitality services business to be an important driver of our growth and profitability going forward, enabling us to generate high-margin management fee income with minimal capital expenditures.

Our Business Strengths

We believe the following are key strengths of our business and serve to differentiate us from our competitors:

STK is a Leading Brand with Global Appeal

STK, our flagship brand, has been recognized as one of the leading multi-unit steakhouse restaurants in the United States and we believe that it has achieved strong interest and appeal internationally. STKs are often cited as being among the most popular dining and social destinations in the cities in which they operate. For example, four of our six domestic STK locations were ranked in OpenTable's list of 2013 Top 100 Hot Restaurants nationally.

STK restaurants are tastefully designed to create an intimate, fun dining experience. Each STK features an elevated dining room with an open seating format where theatrical lights illuminate each table. The STK atmosphere is enhanced by a bustling bar scene and a DJ or DJ mix playing music throughout the restaurant to create a vibrant environment where guests are encouraged to come early and stay late. STK's menu features the superior quality of a traditional steakhouse plus signature and female-friendly offerings such as a varied selection of appetizers, small, medium and large cuts of steak, market fresh fish and a variety of other entrees and desserts.

We operate STK restaurants on both a standalone basis and in conjunction with our hospitality services contracts. STKs that were operating throughout the entire fiscal year ended December 31, 2012 had AUVs of \$11.1 million. We believe our STK brand has strong appeal with owners and operators of commercial office buildings, hotels and casinos, and other local partners due to its brand recognition and the clientele it attracts. To date, our partners have been willing to provide significant up-front capital to bring STKs to their venues, which reduces our cost to open these restaurants and enhances our rates of return. We further believe that STK's strong brand and operating metrics provide us with attractive incremental F&B hospitality opportunities. Our operations at the ME Hotel in London, which have generated run-rate system-wide revenues of approximately £300,000 per week since the beginning of May 2013, best illustrate our ability to execute and benefit from this strategy. Those operations include (i) our first STK in London, (ii) our Italian lunch and dinner concept, Cucina Asellina, (iii) our Radio rooftop lounge, which provides a panoramic view of the London skyline, (iv) our Marconi lounge bar and (v) the food and beverage services for all of the hotel's banquet and event rooms, guest rooms and mini-bars.

Ability to Develop Bespoke Food & Beverage Hospitality Solutions for Our Clients

Our significant F&B hospitality expertise enables us to develop food and beverage concepts that are tailored to complement the theme of our clients' properties. Examples of complementary restaurant brands that we have created for our clients include Ristorante Asellina and Cucina Asellina, two Italian restaurant concepts. In addition to restaurants, we also develop turn-key food and beverage services including bars, rooftops, pools, banqueting, catering, room service and mini bars for our high-profile clients. Our concepts and services are all designed to provide an energetic atmosphere and bustling bar scene that help create a vibrant environment for the entire venue. Our goal is to always provide a fun, high-energy social scene and a dining experience that cater to a broad demographic and encourages our guests to come early and stay late.

Operational Expertise for Comprehensive Food & Beverage Hospitality Solutions

In addition to developing a full range of food and beverage solutions for our clients, we also have the in-house expertise and infrastructure to manage and operate these solutions on their behalf. We currently provide our operating services to several luxury hospitality venues in prime high volume, "destination" locations across the United States and in London. We believe our ability to both develop and effectively operate comprehensive food and beverage solutions for our clients distinguishes us from our competitors and allows clients to view us as a trusted partner to whom they can outsource all of their F&B operations. We further believe our suite of service offerings fosters ongoing relationships and brand loyalty with our clients.

Differentiated Guest Experience

The underlying theme behind all of our restaurants, lounges and services is providing guests with a fun and exciting upscale dining experience combining high quality food, an upbeat atmosphere and attentive service. Our venues are designed as destination locations to encourage guest interaction. The dining experience we offer is enhanced by our commitment to providing a social atmosphere and our ability to attract guests for all occasions with private dining rooms as well as separate bar areas, which allow our guests to entertain and socialize before their meal, enjoy a fine dining experience during, and relax at our bar or lounge afterwards. The atmosphere we provide is enhanced by raised dining rooms, open seating formats and lively bar areas featuring a DJ or DJ played mix. Our differentiated entertainment and fine dining experience, coupled with the multiple ways our guests can utilize our venues through our attractive bar space, private dining options, rooftops and lounges, is designed to drive repeat business, a strong beverage mix and a high average check.

Capital Efficient Model Drives Attractive Returns

The attractiveness of our brands and our ability to operate them successfully has historically afforded us development capital from our landlords and partners on attractive terms, which has enabled us to grow our restaurant business with limited direct capital investment. This capital efficient model has allowed us to achieve attractive returns for the restaurants we own. In addition, our hospitality F&B services projects typically require limited capital investment from us and generate significant fee-based revenue at attractive margins and return levels, while also allowing us to develop new concepts with little direct capital outlay.

Highly Experienced Management Team

Our executive team averages over 29 years of experience in the hospitality industry. Jonathan Segal, our Founder and Chief Executive Officer, has a 36 year record of building and operating successful businesses. Previously he was the Managing Director of the Modern Group, a diverse hospitality company, Co-Founder of the International Travel Group, and Co-Creator of WorldPay, the world's first internet payment company. Samuel Goldfinger, our Chief Financial Officer, has 23 years of experience in the restaurant and hospitality industry and was previously Chief Financial Officer of The Smith & Wollensky Restaurant Group, Inc. (formerly a NASDAQ listed company).

Our Growth Strategy

We believe our existing restaurant concepts and F&B hospitality services have significant room to grow and that our presence, brand recognition and strong operating performance provide us with the ability to launch these concepts further into the domestic and international markets. We have established our operational infrastructure in both the United States and Europe which will allow us to pursue attractive opportunities globally. We have also built a pipeline of new STK and F&B hospitality projects. In the near term, we are focused on expanding our footprint in North America and Europe with medium to long-term expansion opportunities in Asia and the Middle East. We believe continued international expansion is a significant opportunity for us based upon the success of our ME Hotel operations, which includes STK London.

Expansion of STK

We have identified over 50 additional major metropolitan markets globally where we could grow our STK brand. We expect to open two to three STKs annually in the next three years, and to target approximately 25% annual unit growth thereafter. We currently have a strong pipeline of planned new openings with term sheets signed or being

negotiated for several attractive locations across North America, including high traffic tourist destination locations. We believe that the completion of the Merger will enable us to opportunistically invest more of our own capital for projects where we anticipate superior economic returns.

Expansion Through New Food & Beverage Hospitality Projects

We believe we are well positioned to leverage the strength of our brands and the relationships we have developed with leading global hospitality providers to drive the continued growth of our food and beverage hospitality projects, which we expect will provide high margin fee income with minimal capital expenditures. Based on the success of our existing operations in venues such as the Gansevoort Hotel in the United States and the ME Hotel in London, we continue to receive significant inbound inquiries for us to provide these services in new hospitality venues globally. Furthermore, we continue to work closely with existing hospitality clients to identify and develop additional opportunities in their venues. Going forward, we will target at least one new F&B hospitality project every 12 to 18 months. Our diversified portfolio of differentiated, high-energy food and beverage hospitality solutions provides a broad, attractive mix that gives landlords and owners a choice of having one or several of our concepts and/or services in their venues.

Increase Our Operating Efficiency

In addition to expanding into new operations, we intend to increase revenue and profits in our existing operations, and we believe that, following the Merger, we will have more capital and resources available to allocate towards operational initiatives. We expect to grow same store sales by approximately 1% annually as a result of our renewed focus on this aspect of our growth plan. We also expect operating margin improvements as our restaurants and services mature. Furthermore, as our footprint continues to increase in scale, we expect to benefit by leveraging system-wide operating efficiencies and best practices.

Restaurant Industry Overview

We operate in a competitive industry that is affected by changes in consumer eating habits and dietary preferences, population trends and traffic patterns, and local and national economic conditions. Restaurant spending is highly discretionary. Key competitive factors in the industry include the taste, quality and price of the food products offered, quality and speed of guest service, brand name identification, attractiveness of facilities, restaurant location and overall dining experience.

According to Technomic, Inc., a research and consulting firm serving the food and foodservice industries, U.S. restaurant industry sales in 2012 were \$434.9 billion, representing an increase of 5.2% over 2011 sales of \$413.5 billion. Total restaurant sales are projected to grow to \$450 billion in 2013, a 3.6% year-over-year increase.

Furthermore, the restaurant industry's unit total increased for the first time since the start of the recession, growing 2.0% from 508,399 in 2011 to 518,533 in 2012.

We compete in the full-service segment of the restaurant industry, which according to Technomic is defined as establishments with a relatively broad menu along with table and/or booth service and a wait staff. Within the full-service segment, we primarily operate under the fine-dining and full-service steak (“FSR Steak”) sub-segments, which generated \$2.7 billion and \$15.8 billion in 2012 sales, respectively. At the conclusion of 2012, the fine-dining and FSR Steak sub-segments had 530 and 8,203 units, respectively. In 2012, fine-dining and FSR Steak sales increased 4.0% and 7.0%, respectively, and fine-dining and FSR Steak unit counts increased by 1.3% and 1.0%, respectively. As a whole, both sub-segments outperformed sales and unit growth of full-service restaurants within the Top 500 restaurant chains (as ranked by U.S. system-wide sales), which increased 2.9% and 0.7% in 2012, respectively.

Hospitality Industry Overview

To the extent that we plan to co-locate our venues in hotels, resorts, casinos and similar venues, we are subject to competitive factors affecting the hospitality, lodging and gaming industries generally. The hospitality industry is a major component of the U.S. travel industry, which according to the World Travel & Tourism Council represented \$438.6 billion in 2012, or 2.8% of total U.S. GDP. The general health of the hospitality industry is affected by the overall performance of the U.S. economy. According to the U.S. Department of Commerce, despite a sharp fall in government spending in 2012, the United States experienced a 2.2% increase in real GDP. Similarly, real GDP increased at an annual rate of 2.5% in the first quarter of 2013 and positive contributions from personal consumption expenditures are expected to continue to drive economic growth in 2013.

The lodging industry is the largest sub-segment of the U.S. hospitality industry. According to the American Hotel & Lodging Association, in 2011, the lodging industry generated \$21.6 billion in pretax income, a 20% year-over-year increase. Total industry revenue increased to \$137.5 billion from \$127.7 billion in 2010, representing the largest percentage change in the last ten years. In 2011, the U.S. lodging industry consisted of approximately 54,214 properties, which represented approximately 4.9 million guest rooms. Growth in demand in the lodging industry is driven by two main factors: (i) the general health of the travel and tourism industry and (ii) the propensity for corporate spending on business travel.

Performance of the lodging industry is primarily measured by three key metrics: average daily rate (“ADR”), average occupancy rate (“AOR”) and revenue per available room (“RevPAR”), which is the product of ADR and AOR. The lodging industry has experienced positive momentum across all three of these metrics recently. According to Smith Travel Research, for the first quarter of 2013, as compared to the year-over-year period, the industry's occupancy rate increased from 56.8% to 57.7%, ADR rose 4.6% from \$103.54 to \$108.31, and RevPAR increased by 6.3% from \$58.78 to \$62.47. Furthermore, the U.S. luxury hotel segment, the segment in which we operate, has outpaced growth of the industry as a whole. In 2012 RevPAR for the U.S. luxury hotel segment increased 7.8% as compared to the total U.S. hotel segment of 6.8% during the same period.

Site Selection and Development

We believe that the locations of our restaurants are critical to our long-term success, and we devote significant time and resources to analyzing each prospective site. We intend to continue our focus on (i) major metropolitan areas with demographic and discretionary spending profiles that favor our high-end concepts and (ii) partners with excellent track records and brand recognition. We also consider factors such as traffic patterns, proximity to shopping areas and office buildings, hotels and convention centers, area restaurant competition, accessibility and visibility. Our ability to open new restaurants depends upon, among other things, finding quality locations, reaching acceptable agreements regarding the lease of locations, raising or having available adequate capital for construction and opening costs, timely hiring, training and retaining the skilled management and other employees necessary to meet staffing needs, obtaining, for an acceptable cost, required permits and approvals and efficiently managing the amount of time and expense to build out and open each new restaurant.

Properties

We do not own any properties. Each of our locations operates in premises leased by its operating subsidiary or function pursuant to a management agreement with one of our hospitality partners.

Each of our locations, and the term of their respective lease or management agreement is as follows:

Location	Address of Location	Management Agreement (M) or Lease (L)	Approximate Expiration of Management Agreement or Lease
STK Downtown	Meatpacking District, New York City	L	Up to 4/30/2026
STK Las Vegas	The Cosmopolitan, Las Vegas, NV	M	Up to 1/28/2030
STK LA	West Hollywood, LA	L	1/31/2017
STK Miami	The Perry South Beach Hotel,* Miami Beach, FL	L	10/31/2032
STK Atlanta	Midtown, Atlanta, GA	L	9/1/2020
STK DC	Dupont Circle, DC	L	16.5 years from delivery of premises
STK London	ME London – The Strand, London, England	M	Up to 9/3/2032
STK Midtown	Midtown, New York City	L	8/23/2031
Ristorante Asellina	Gansevoort Park Avenue – Midtown, New York City	L	Up to 4/29/2025
Cucina Asellina	Midtown, Atlanta, GA	L	9/1/2020
Cucina Asellina	ME London – The Strand, London, England	M	Up to 9/3/2032
Heliot	Hippodrome Casino – Leicester Square, London, England	M	7/13/2022
Tenjune (Lounge)	Meatpacking District, New York City	L	Up to 4/30/2026
Gansevoort Park Rooftop (Lounge)	Gansevoort Park Avenue – Midtown, New York City	M	Up to 4/29/2025
Radio Rooftop Bar (Lounge)	ME London – The Strand, London, England	M	Up to 9/3/2032
Rooftop at the Perry (Lounge)	The Perry South Beach Hotel,* Miami Beach, FL	M	10/31/2032
Marconi	ME London – The Strand, London, England	M	9/3/2032
Bagatelle New York	Meatpacking District, New York City	L	11/30/2016
Bagatelle LA	West Hollywood, Los Angeles, CA	L	11/31/2017

*The Perry Hotel is currently under construction and is being rebranded as “1 Hotel South Beach.”

In addition to the locations above, we lease approximately 2,100 square feet at 411 West 14th Street, New York, New York for our corporate headquarters and approximately 1,000 square feet for our Las Vegas and 500 square feet for our London offices.

Operations and Management

Our Senior Vice President of Operations is responsible for overseeing the operational results of all of our locations. Our locations are organized into different regions, each serviced by a Director of Operations that reports directly to our Senior Vice President of Operations. Each location is managed by a General Manager that reports to his or her regional Director of Operations. The General Manager of each location has primary accountability for ensuring compliance with our operating standards and for overseeing all of the location's full and part time employees. The General Managers are assisted in the day-to-day operations of the restaurant by a Floor Manager who is directly responsible for the supervision of the bar, host, server, runner and busser personnel. The Executive Chef supervises and coordinates all back-of-the-house operations, including ensuring that our quality standards are being met and maintaining a safe, efficient and productive work environment.

Sourcing and Supply Chain

We seek to ensure consistent quality of the food and beverages served in our properties through the coordination and cooperation of our purchasing and culinary departments. All product specifications are established on a national basis by the Corporate Chef and Purchasing Director. These specifications are disseminated to all locations through recipe books for all dishes served in our properties.

We maintain consistent company-wide quality and pricing standards and procedures for all top volume purchases in our restaurants. Suppliers are selected and pricing is negotiated on a national level. We test new suppliers on a regional basis for an extended period prior to utilizing them on a national basis. We periodically review supplier consistency and satisfaction with our location chefs and continually research and evaluate products and supplies to ensure the meat, seafood and other menu ingredients that we purchase comply with our quality specifications. We have also utilized purchasing software in some of our locations that facilitates a true bidding process on a line by line basis of all local purchases that are made. In markets where we have not instituted this software, we are requiring local chefs to seek bids from multiple suppliers on all purchases to ensure competitive pricing. We believe we have strong relationships with national and regional foodservice distributors who can continue to supply us with our products on a consistent basis. Products are shipped directly to the restaurants from our suppliers.

Our Corporate Beverage program creates significant guidelines for products carried in all properties. Beverage managers at each location are provided with national guidelines for standardized products. We utilize a third party company to conduct weekly inventory and cost reviews to maximize our profitability at each location.

On a company-wide basis, no supplier of food accounts for more than 30% of our purchases and no brand of alcohol accounts for more than 25% of such purchases. We believe that our food and beverage supplies are available from a significant number of alternate suppliers and that the loss of any one or a few suppliers would not have a material adverse effect on our costs of supplies.

Advertising and Marketing

The goals of our marketing efforts are to strengthen brand recognition in current operating markets and to create brand awareness in new markets prior to opening a new location in such market. We use digital media channels, targeted local media such as magazines, billboards and other out of home advertising, and a strong internal public relations team to increase the frequency with which our existing customers visit our facilities and to attract new guests. We conduct frequent promotional programs tailored to the city, brand and clientele of each location. The primary focus of our marketing is to increase awareness of our brand and our overall reputation for quality, service and delivering a high-energy experience. For example, our “Not Your Daddy’s Steakhouse” branding campaign for STK is integrated into marketing communications including digital, radio, print and outdoor advertisement. Additional marketing functions include the use of our website, www.togrp.com, to facilitate online reservations and gift card sales to drive revenue.

Competition

Due to the nature of our business, we experience competition from a variety of sources such as leading high-end restaurants such as Del Frisco’s, Mastro’s, The Capital Grille, Nobu and She as well as other high-end hospitality

services companies such as the Gerber Group or Esquared Hospitality. In addition, to the extent that we operate lounges and similar venues in hotels and resorts we are subject to our host venues being able to compete effectively in attracting guests who would frequent our establishments.

Seasonality

Our business also is subject to fluctuations due to season and adverse weather. Our results of operations have historically been impacted by seasonality. Our second and fourth quarters have traditionally had higher sales volume than other periods of the year. Severe weather may impact restaurant unit volumes in some of the markets where we operate and may have a greater impact should they occur during our higher volume months, especially the second and fourth quarters. As a result of these and other factors, our financial results for any given quarter may not be indicative of the results that may be achieved for a full fiscal year.

Intellectual Property

We depend on registered trademarks and service marks to maintain the identity of our locations. We currently own or have the exclusive rights to the marks in the areas in which we operate the applicable locations:

STK

Cucina Asellina

The unauthorized use or other misappropriation of our intellectual property could have a material adverse effect on our ability to continue our business. See “Risk Factors.”

Employees

As of October 16, 2013, we employed 39 persons in our corporate office and an aggregate of 113 full-time salaried employees at our locations. In addition, we rely on hourly-wage employees for kitchen staff, servers, bussers, runners, polishers, hosts, bartenders, barbacks, reservationists, administrative support, and interns. Average head count for employees in our restaurants is 80 and in our lounges and similar venues, average head count is 40. Combining full-time and part-time employees, we manage over 1,800 persons worldwide.

Government Regulation

We are subject to extensive federal, state and local government regulation in the operation of our locations. Our ability to maintain and expand our business is subject to our ability to continue to comply with those regulations in all geographic areas in which we operate. To the extent we become subject to changes in existing regulations or the enactment of new regulations our business may be subject to additional costs or restrictions. For more information on the impact of government regulations on our business, see “Risk Factors”.

Legal Proceedings

We are subject to claims common to the restaurant and hospitality industry in the ordinary course of our business. We carry liability insurance of types and in amounts that we believe are commensurate with the nature and extent of our operations. In addition, companies in the restaurant and hospitality business have been subject to class action lawsuits, primarily regarding compliance with labor laws and regulations. If our business were to be named in a class action lawsuit, we would be subject to additional costs or restrictions and may suffer a loss to our reputation. For more information on the impact of legal proceeds on our business. See “Risk Factors”.

RISK FACTORS

You should carefully consider each of the risks described below and other information contained in this Current Report on Form 8-K, including our consolidated financial statements and the related notes. The following risks and the risks described elsewhere in this Current Report on Form 8-K, including in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” could materially affect our business, operating results, financial condition and stock price. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also adversely affect our business. If any of these risks materialize, the trading price of our Common Stock could materially decline.

Risks Related to Our Business

Our business is dependent on discretionary spending patterns in the areas in which our restaurants and food and beverage hospitality services operations are located and in the economy at large and economic downturns could materially adversely affect our results of operations.

Purchases at our restaurants and food and beverage hospitality services locations are discretionary for consumers and we are therefore susceptible to changes in discretionary patterns or economic slowdowns in the geographic areas in which they are located and in the economy at large. We believe that consumers generally are more willing to make discretionary purchases, including high-end restaurant meals, during favorable economic conditions. Disruptions in the overall economy, including high unemployment, financial market volatility and unpredictability, and the related reduction in consumer confidence could negatively affect customer traffic and sales throughout our industry, including our segment. Also, we believe the majority of our weekday revenues are derived from business customers using expense accounts and our business therefore may be affected by reduced expense account or other business-related dining by our business clientele. If business clientele were to dine less frequently at our locations or to spend at reduced levels, our business and results of operations would be adversely affected as a result of a reduction in customer traffic or average revenues per customer. Our hotel-based restaurants and food and beverage services operations would be particularly susceptible to reductions in business travel. There is also a risk that if the current economic conditions persist or worsen for an extended period of time, consumers might make long-lasting changes to their discretionary spending behavior, including dining out less frequently. Our casino-based restaurants and food and beverage services operations would be particularly susceptible to reductions in discretionary spending. The ability of the U.S. economy to return to the levels realized prior to the most recent economic downturn is likely to be affected by many national and international factors that are beyond our control, including current economic trends in Europe and Asia. These factors, including national, regional and local politics and economic conditions, disposable consumer income and consumer confidence, also affect discretionary consumer spending. Continued weakness in or a further worsening of the economy, generally or in a number of our markets, and our customers’ reactions to these trends could adversely affect our business and cause us to, among other things, reduce the number and frequency of new location openings, close locations and delay our re-modeling of existing locations.

Changes in consumer preferences could adversely impact our business and results of operations.

The restaurant and hospitality industry is characterized by the continual introduction of new concepts and is subject to rapidly changing consumer preferences, tastes, trends and eating and purchasing habits. Our success depends in part on our ability to anticipate and respond quickly to changing consumer preferences, as well as other factors affecting the restaurant and hospitality industry, including new market entrants and demographic changes. Shifts in consumer preferences away from upscale steakhouses or beef in general, which are significant components of our concepts' menus and appeal, whether as a result of economic, competitive or other factors, could adversely affect our business and results of operations.

Our STK locations in New York and Las Vegas represent a significant portion of our revenues, and any significant downturn in their business or disruption in the operation of these locations could harm our business, financial condition and results of operations.

Our STK locations in New York and Las Vegas represented approximately 14% (Downtown), 12% (Midtown) and 21% (Las Vegas) of our total revenues (both owned and managed properties) in 2012. Accordingly, we are susceptible to any fluctuations in the business at our New York and Las Vegas STK locations, whether as a result of adverse economic conditions, negative publicity, changes in customer preferences or for other reasons. In addition, any natural disaster, prolonged inclement weather, act of terrorism or national emergency, accident, system failure or other unforeseen event in or around New York City or Las Vegas could result in a temporary or permanent closing of that location, could influence potential customers to avoid that geographic region or that location in particular or otherwise lead to a significant decrease in our overall revenues. Any significant interruption in the operation of these locations or other reduction in sales could adversely affect our business and results of operations. We also expect that our London operations will account for a significant percentage of revenue going forward and, accordingly, if our London operations were to perform below expectations our overall business, financial condition or results of operations would suffer.

In the foreseeable future we will continue to maintain a relatively small number of restaurant and food and beverage hospitality service locations. Accordingly, we will continue to depend on a small number of revenue generating installations to generate revenues and profits.

While we plan on growing as rapidly as prudently possible, in the foreseeable future we will only have a relatively small installed base from which to derive revenue and profits. Even if we are successful in implementing these plans (of which there can be no assurance), our operational risk will still be concentrated in a relatively small base of operating installations and failure of any of those installations to produce satisfactory levels of revenue or profit could materially and adversely affect our business, financial condition and results of operations as a whole.

Some of our restaurants and food and beverage hospitality services operations are located in regions that may be susceptible to severe weather conditions. As a result, adverse weather conditions in any of these areas could damage our operations, result in fewer guest visits to our operations and otherwise have a material adverse impact on our business.

Sales in any of our restaurants and food and beverage hospitality services operations may be adversely impacted by severe weather conditions, which can cause us to close operations for a period of time and/or incur costly repairs and/or experience a reduction in customer traffic. In addition, the impact severe weather conditions could cause us to cease operations at the affected location altogether. For example, we believe that the adverse weather experienced in the Northeast in 2012, specifically the impact caused by Hurricane Sandy as well as the poor weather conditions in the New York City area at the beginning of 2013, had a significant negative impact on our sales and results of operations. In addition and by way of example, excessive heat in locations in which we operate outdoor installations, such as rooftops and pools, could have a material adverse effect on the operations in those locations. Weather conditions are impossible to predict as is the negative impact on our business that such conditions might cause.

If our restaurants and food and beverage hospitality services operations are not able to compete successfully with other restaurants, food and beverage hospitality services operations and other similar operations, our business and results of operations may be adversely affected.

Our industry is intensely competitive with respect to price, quality of service, location, ambiance of facilities and type and quality of food. A substantial number of national and regional restaurant chains and independently owned restaurants compete with us for customers, restaurant locations and qualified management and other restaurant staff. The principal competitors for our concepts are other upscale steakhouse chains such as Del Frisco's, Mastro's, Fleming's Prime Steakhouse and Wine Bar and The Capital Grille, as well as local upscale steakhouses such as Abe & Arthur's in New York City and She in Las Vegas, Nevada. Further, there is also competition from non-steak but upscale and high-energy restaurants such as Nobu and Lavo. Our concepts also compete with restaurants and other food and beverage hospitality services operations in the broader upscale dining segment and high-energy nightlife concepts. To the extent that our restaurants and food and beverage hospitality services operations are located in hotels, casinos, resorts and similar client locations, we are subject to competition in the broader lodging and hospitality markets that could draw potential customers away from our locations. Some of our competitors have greater financial and other resources, have been in business longer, have greater name recognition and are better established in the markets where our restaurants and food and beverage hospitality services operations are located or where we may expand. Our inability to compete successfully with other restaurants and food and beverage hospitality services operations may harm our ability to maintain acceptable levels of revenue growth, limit or otherwise inhibit our ability to grow one or

more of our concepts, or force us to close one or more of our restaurants or food and beverage hospitality services operations. We may also need to evolve our concepts in order to compete with popular new restaurant or food and beverage hospitality services operation formats, concepts or trends that emerge from time to time, and we cannot provide any assurance that we will be successful in doing so or that any changes we make to any of our concepts in response will be successful or not adversely affect our profitability. In addition, with improving product offerings at fast casual restaurants and quick-service restaurants combined with the effects of negative economic conditions and other factors, consumers may choose less expensive alternatives, which could also negatively affect customer traffic at our restaurants or food and beverage hospitality services operations. Any unanticipated slowdown in demand at any of our restaurants or food and beverage hospitality services operations due to industry competition may adversely affect our business and results of operations.

To the extent that our restaurants and food and beverage hospitality services operations are located in hotels, casinos and similar destinations, our results of operations and growth are subject to the risks facing such venues.

Our ability to grow and realize profits from our operations in hotels, casinos and other branded or destination venues are dependent on the success of such venues' business. We are subject to the business decisions of our clients, in which we may have little or no influence in the overall operation of the applicable venue. For example, revenues from our Miami STK in the Perry Hotel are being adversely impacted by the renovations currently taking place at the Perry. In this case, we had no control over the decision of hotel management to temporarily close the hotel for renovations.

We will need to secure additional financing to support our planned operations.

We will require additional funds for our anticipated operations and to meet our capital needs. We expect to rely on our cash flow from operations, the proceeds from the October 2013 Private Placement, the remaining proceeds from our initial public offering ("IPO") and other third-party financing for such funds. In the event our cash flow is insufficient to fund our further expansion, our inability to raise capital in addition to the proceeds from the October 2013 Private Placement and the remaining proceeds from our IPO would impede our growth and could materially adversely affect our existing business, financial condition or results of operations. Our ability to obtain additional funding will be subject to various factors, including market conditions, our operating performance, lender sentiment and our ability to incur additional debt in compliance with other contractual restrictions such as financial covenants under our existing credit facility or other debt documents. These factors may make the timing, amount, terms and conditions of additional financings unattractive. There is no assurance that we will be successful in securing the additional capital we need to fund our business plan on terms that are acceptable to us, or at all.

Our future growth depends in part on our ability to open new restaurants and food and beverage hospitality services locations and to and operate them profitable, and if we are unable to successfully execute this strategy, our results of operations could be adversely affected.

Our financial success depends in part on management's ability to execute our growth strategy. One key element of our growth strategy is opening new restaurants and food and beverage hospitality operations. We believe there are opportunities to open approximately three to five new locations (restaurants and/or hospitality services operations) annually, with STK serving as the primary driver of new unit growth in the near term. However, there can be no assurance that we will be able to open new restaurants and food and beverage hospitality operations at the rate we currently expect.

A substantial majority of our historical growth has been due to opening new restaurants and food and beverage hospitality services locations. Our ability to open new restaurants and food and beverage hospitality services locations and operate them profitably is dependent upon a number of factors, many of which are beyond our control, including without limitation:

- finding quality site locations, competing effectively to obtain quality site locations and reaching acceptable agreements to lease or purchase sites;
- complying with applicable zoning, land use and environmental regulations and obtaining, for an acceptable cost, required permits and approvals;
- having adequate capital for construction and opening costs and efficiently managing the time and resources committed to building and opening each new restaurant and food and beverage hospitality services operation;
- timely hiring and training and retaining the skilled management and other employees necessary to meet staffing needs;
- successfully promoting our new locations and competing in their markets;
- acquiring food and other supplies for new restaurants and food and beverage hospitality services operations from local suppliers; and
- addressing unanticipated problems or risks that may arise during the development or opening of a new restaurant or food and beverage hospitality services operation or entering a new market.

We incur substantial pre-opening costs that may be difficult to recoup quickly.

While our business model tends to rely on landlord or host contributions to the capital costs of opening a new restaurant or food and beverage hospitality services operations, we incur substantial costs in our contributions to the build-out of the locations, recruiting and training staff, obtaining necessary permits, advertising and promotion and other pre-operating items. Once the restaurant or food and beverage hospitality services location is open, how quickly it achieves a desired level of profitability is impacted by many factors, including the level of market familiarity and acceptance when we enter new markets. Our business and profitability may be adversely affected if the "ramp-up" period for a new location lasts longer than we expect or if the profitability of a new location dips after our initial

“ramp-up” marketing program ends.

New locations, once opened, may not be profitable, and the increases in average location sales and comparable location sales that we have experienced in the past may not be indicative of future results.

New locations, may not be profitable and their sales performance may not follow historical or projected patterns. If we are forced to close any new operations, we will incur losses for the pre-opening expenses incurred in connection with opening such operations. In addition, our average location sales and comparable location sales may not increase at the rates achieved over the past several years. If our new locations do not perform as planned, our business, financial condition or results of operations could be adversely affected.

Our expansion into new markets may present increased risks.

We plan to open new locations in markets where we have little or no operating experience. Restaurants or food and beverage hospitality services operations which we open in new markets may take longer to reach expected sales and profit levels on a consistent basis and may have higher construction, occupancy or operating costs than locations we open in existing markets, thereby affecting our overall profitability. New markets may have competitive conditions, consumer tastes and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets. We may need to make greater investments than we originally planned in advertising and promotional activity in new markets to build brand awareness. We may find it more difficult in new markets to hire, motivate and keep qualified employees who share our vision, passion and business culture. We may also incur higher costs from entering new markets, if, for example, we assign area managers to manage comparatively fewer locations than we assign in more developed markets. We may find that restaurants in new markets do not meet our revenue and profit expectations and we may be forced to close those operations, incurring closing costs and reducing our opportunities. If we do not successfully execute our plans to enter new markets, our business, financial condition or results of operations could be materially adversely affected.

Opening new restaurants and food and beverage hospitality services operations in existing markets may negatively affect sales at our existing restaurants and food and beverage hospitality services operations .

The consumer target area of our restaurants and food and beverage hospitality services operations varies by location, depending on a number of factors, including population density, other local retail and business attractions, area demographics and geography. As a result, the opening of a new restaurant or food and beverage hospitality services operation in or near markets in which we already have existing locations could adversely affect the sales of those existing locations. Existing locations could also make it more difficult to build our consumer base for a new restaurant or food and beverage hospitality services operation in the same market. Our core business strategy does not entail opening new restaurants or food and beverage hospitality services operations that we believe will materially affect sales at our existing locations, but we may selectively open new locations in and around areas of existing locations that are operating at or near capacity to effectively serve our customers. Sales cannibalization between our restaurants and food and beverage hospitality services operations may become significant in the future as we continue to expand our operations and could affect our sales growth, which could, in turn, materially adversely affect our business, financial condition or results of operations.

We face a variety of risks associated with doing business in foreign markets that could have a negative impact on our financial performance.

We operate an STK restaurant as well as food and beverage hospitality services locations in London and we intend to continue our efforts to grow internationally. Although we believe we have developed the support structure for international operations and growth, there is no assurance that international operations will be profitable or international growth will continue. Our foreign operations are subject to all of the same risks as our domestic restaurants and food and beverage hospitality services operations, as well as additional risks including, among others, international economic and political conditions and the possibility of instability and unrest, differing cultures and consumer preferences, diverse government regulations and tax systems, the ability to source high quality ingredients and other commodities in a cost-effective manner, the availability of experienced management and the like.

Currency regulations and fluctuations in exchange rates could also affect our performance. As a result, we may experience losses from foreign currency translation, and such losses could adversely affect our overall sales and earnings.

We are subject to governmental regulation throughout the world, including, without limitation, antitrust and tax requirements, anti-boycott regulations, import/export/customs regulations and other international trade regulations, the USA Patriot Act and the Foreign Corrupt Practices Act. Any new regulatory or trade initiatives could impact our operations in certain countries. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could harm our business, results of operations and financial condition.

If we are unable to increase our sales or improve our margins at existing restaurants and food and beverage hospitality services operations, our profitability and overall results of operations may be adversely affected.

Another key aspect of our growth strategy is increasing comparable restaurant and food and beverage hospitality services operation sales and improving location-level margins. Improving comparable location sales and location-level margins depends in part on whether we achieve revenue growth through increases in the average check and further expand our private dining business at each location. We believe there are opportunities to increase the average check at our locations through, for example, selective introduction of higher priced items and increases in menu pricing. We also believe that expanding and enhancing our private dining capacity will also increase our location sales, as our private dining business typically has a higher average check and higher overall margins than regular dining room business. However, these strategies may prove unsuccessful, especially in times of economic hardship, as customers may not order or enjoy higher priced items and discretionary spending on private dining events may decrease. We believe select price increases have not historically adversely impacted customer traffic; however, we expect that there is a price level at which point customer traffic would be adversely affected. It is also possible that these changes could cause our sales volume to decrease. If we are not able to increase our sales at existing locations for any reason, our profitability and results of operations could be adversely affected.

We are dependent on our intellectual property to sustain our branding and differentiation strategies. The failure to enforce and maintain our intellectual property rights could enable others to use names confusingly similar to the names and marks used by our restaurants and food and beverage hospitality services operations, which could adversely affect the value of our brands.

We have registered, or have applications pending to register or have exclusive rights to utilize, the trademark STK with the United States Patent and Trademark Office and in certain foreign countries. In addition, we have the exclusive right to utilize the trademark Asellina in connection with restaurant services within the United States. The success of our business depends in part on our continued ability to utilize our existing trade names, trademarks and service marks as currently used in order to increase our brand awareness. In that regard, we believe that ou