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Proposed Attorneys for Debtor,  
PEEK, AREN'T YOU CURIOUS, INC.

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

In re:  
PEEK, AREN'T YOU CURIOUS, INC.,  
Debtor.

Case No.: 16-30146 HLB

Chapter 11

**COMBINED NOTICE OF HEARING  
ON:**

**(A) MOTION TO APPROVE SALE OF  
ASSETS FREE AND CLEAR OF  
LIENS AND INTERESTS;**

**(B) MOTION TO ASSUME AND  
ASSIGN EXECUTORY  
CONTRACTS AND UNEXPIRED  
LEASES IN CONNECTION WITH  
THE SALE OF ASSETS; AND**

**(C) NOTICE OF OPPORTUNITY TO  
PRESENT OVERBIDS OR  
ALTERNATIVE BIDS<sup>1</sup>**

Date: March 10, 2016

Time: 11:30 a.m.

Place: Courtroom 19  
450 Golden Gate Ave.

San Francisco, CA 94102

Judge: Hon. Hannah L. Blumenstiel

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<sup>1</sup> Information concerning the timing and submission of overbids appears on page 7 of this notice.

**TO: HOLDERS OF LIENS AND INTERESTS IN THE DEBTOR'S ASSETS**

*(Potential Successor Liability Claimants)*

- Peter Baghdassarian;
- Any Taxing Authority
- Any Current or Former Employee

*(Potential Lien Holders)*

- Expeditors International of Washington, Inc. and its subsidiaries and affiliates
- Any Creditor Receiving This Notice Holding An Unrecorded Lien

**COUNTER-PARTIES TO UNEXPIRED LEASES AND EXECUTORY CONTRACTS TO BE ASSUMED AND ASSIGNED**

*(Real Property Lessors)*

- Etta Bacharach Testamentary A Trust, Barbara Jean Borsuk, Surviving Trustee; Etta Bacharach Testamentary B Trust, Barbara Jean Borsuk, Trustee; Sheila Siegel Trust, Sheila Siegel, Trustee; Sandriham Properties LLC;
- Corte Madera Village, LLC;
- Irvine Company, LLC;
- Kierland Greenway, LLC;
- NorthPark Partners, LP;
- Park Meadows Mall LLC;
- Pesho Montana Associates;
- University Village Limited Partnership;

*(Executory Contract Counter-Parties)*

- Global Payments Direct, Inc.;
- Island Pacific Systems, Inc.
- Mercury Payment Systems, LLC;
- Quest Media and Supplies, Inc.;
- X.commerce, Inc. (Formerly Magento, Inc.);
- Wells Fargo Bank, N.A.;

*(Inventory Purchase Order Contract Counter-Parties)*

- Apparel United;
- ASA Textile Sourcing;
- AUHC Denim Clothing;
- Four House Sourcing, Pvt.;
- MH Concepts, Ltd.;
- Mosgen, Ltd.;
- Shroff & Co., Ltd.;
- Solstice India;
- Tailgate Clothing Co.

**ALL CREDITORS, PARTIES-IN-INTEREST AND THE OFFICE OF THE UNITED STATES TRUSTEE**

**PLEASE TAKE NOTICE THAT on March 10, 2015 at 11:30 a.m. in Courtroom 19 at the United States Bankruptcy Court for the Northern District of California, 450 Golden Gate, 16th Floor, San Francisco, California 94102, before the Hon. Hannah L. Blumenstiel,**

1 the Court will hear and consider (“Hearing”)<sup>2</sup> the motion of Peek Aren’t You Curious, Inc.  
2 (“Debtor”) for entry of an order authorizing the Debtor to sell assets used in the operation of its  
3 business free and clear of liens to Charlotte Russe, Inc. (“Charlotte Russe” or “Buyer”) pursuant  
4 to the terms of that certain Asset Purchase Agreement attached as Exhibit A to the Declaration of  
5 Maria C. Canales filed February 5, 2016, or such overbidder that tenders a higher and better bid  
6 for such Assets or any successful alternative overbidder for all or some of the assets (“Sale  
7 Motion”). As set forth more particularly in the Asset Purchase Agreement, the Debtor is  
8 proposing to sell its inventory, trademarks and related intellectual property, a \$597,654 account  
9 receivable owed by Nordstrom for inventory sales, its Ecommerce platform, trade fixtures, leases  
10 for eight (8) of its retail locations, and other contracts. In exchange, Buyer will assume going-  
11 forward liabilities under the leases and contracts, assume an \$850,438 liability to manufacturers  
12 of its so-called “Spring 2” inventory, reimburse the Debtor for approximately \$48,000 in security  
13 deposits under the 8 leases to be assigned, and reimburse other pre-paid items that are being pro-  
14 rated based upon the sale closing date. The Debtor believes that if the sale to Charlotte Russe as  
15 proposed is approved, it will be left with sufficient cash to pay approximately 50% to its  
16 unsecured non-priority creditors, but if the sale as proposed is not approved, and there is no other  
17 alternative sale, the Debtor believes it will be able to pay an amount less than 20% to general  
18 creditors.

19 **PLEASE TAKE FURTHER NOTICE THAT** the Asset Purchase Agreement  
20 contemplates the assumption and assignment to Buyer of certain leases and executory contracts.  
21 The Debtor has, therefore, filed a separate Motion to Assume and Assign Executory Contracts  
22 and Leases (“Motion to Assume-Assign”) to be heard and considered by the Court at the Hearing  
23 in conjunction with the Sale Motion.

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26 <sup>2</sup>  
27 If factual disputes must be resolved before the Court can grant the Sale Motion and/or  
28 Motion to Assume-Assign, the Court will treat the March 10 hearing date as a status  
conference and will conduct any required evidentiary hearing on March 16, 2016 at 1:00  
p.m.

1           **PLEASE TAKE FURTHER NOTICE THAT** in addition to seeking approval for the  
2 sale, the Debtor is requesting that the Court order that the sale is free and clear of all liens and  
3 interests in the assets to be sold, and free and clear of all claims held by creditors against the  
4 Debtor. Hence, if the Sale Motion is granted, creditors with notice of this sale who hold any type  
5 of lien or security interest in the Debtor's assets pursuant to the Sale Motion (whether that lien  
6 arises voluntarily or involuntarily or by operation of law, and whether such lien or interest is  
7 perfected or unperfected), will be forever barred from asserting such lien or interest against the  
8 Buyer after the sale is consummated. Such liens or interests, if any, shall attach to the sale  
9 proceeds, with the same force, effect, validity, priority, and amount as was held in the property  
10 sold. In addition, if the Sale Motion is granted, any creditor of the Debtor with notice of the sale  
11 will be forever barred from seeking to collect the amounts the Debtor owes to them from the  
12 Buyer under any legal theory (including but not limited to that the Buyer is a so-called  
13 "successor" or "continuation" of the Debtor), unless the Buyer has explicitly agreed in the Asset  
14 Purchase Agreement to assume liability for the debts of the Debtor to such creditor, or unless  
15 otherwise ordered by the Court .<sup>3</sup>

16           **PLEASE TAKE FURTHER NOTICE THAT** the Sale Motion is also asking the Court  
17 to find that Debtor owns and has the sole right to convey the assets being sold. Accordingly, if  
18 the Motion is granted, any person with notice of the sale will be barred from claiming that you  
19 own or have an interest in the assets sold. In addition, the Sale Motion also asks the Court to  
20 find that the Buyer or any other party to whom the Court confirms the sale and any backup buyer  
21 are good faith purchasers of the Debtor's assets, within the meaning of section 363(m) of the  
22 Bankruptcy Code.<sup>4</sup>

23  
24 <sup>3</sup> Creditors should carefully review the Sale Motion and section 2.6.1 of the Asset Purchase  
25 Agreement, but as a general matter, the Buyer is assuming liability only for debts arising  
26 under the specific real property leases and executory contracts that will be assigned as  
27 part of the sale. Hence, if the amount owed does not arise under a lease or contract that  
28 will be assumed and assigned, you may not have recourse against the Buyer to collect the  
amounts owed by the Debtor after the sale.

<sup>4</sup> Generally speaking, Bankruptcy Code section 363(m) precludes modification or reversal  
of an order approving a sale to a "good faith" purchaser.

1           **PLEASE TAKE FURTHER NOTICE THAT** the Debtor is also seeking to have the  
2 Court waive the 14-day stay on the effectiveness of the order approving this sale imposed by  
3 Rule 6004(h) of the Federal Rules of Bankruptcy Procedure so that the sale can close  
4 immediately after it is approved.

5           **PLEASE TAKE FURTHER NOTICE THAT** the Debtor believes it is fully current on  
6 all obligations arising under the leases and contracts to be assigned to the Buyer. Hence, it  
7 contends in the Motion to Assume-Assign that there are no defaults that must be cured. If you  
8 disagree and believe that an amount greater than \$0.00 is currently due and payable under a lease  
9 or contract to be assigned as of the date of this notice, you must file an objection by March 4,  
10 2016 setting forth the amount you claim is owing.

11           **PLEASE TAKE FURTHER NOTICE THAT** the Debtor is also seeking a  
12 determination from the Court that any provision of a real property lease or contract to be  
13 assigned that prohibits assignment or conditions assignment on an increase in rent or the  
14 payment of other consideration or other modification of the lease or contract is unenforceable  
15 under 11 U.S.C. § 365(f).

16           **PLEASE TAKE FURTHER NOTICE THAT** at the Hearing, the Debtor intends to  
17 rely on this Notice, the Sale Motion, the Motion to Assume-Assign, the Declaration of Maria C  
18 Canales in Support of First Day Motions, the Declaration of Kevin W. Coleman filed in Support  
19 of Motion to Approve Sale Procedures and Set Sale Hearing Date, the supplemental declarations  
20 and memoranda that will be filed and served by the Debtor on February 29, 2016 concerning  
21 whether (i) Charlotte Russe, Inc. satisfies the requirements of a “good faith purchaser” under 11  
22 U.S.C. § 363(m) and (ii) it meets the “adequate assurance” requirements of 11 U.S.C. § 365, as  
23 well as any other papers and pleadings filed in support thereof and such other argument and  
24 evidence as may be presented to the Court at or in advance of the Hearing.

25           **PLEASE TAKE FURTHER NOTICE THAT** pursuant to the Court’s Order  
26 Approving Sale Procedures [Doc. No. 64], any objections to the proposed sale of the Assets,  
27 including the authority of the Court to approve the sale free and clear of liens and interests under  
28 section 363(f), must be filed with the Bankruptcy Court and be served upon the undersigned

counsel no later than March 4, 2016. *If you are a lienholder or interest holder and you do not object to the sale free and clear of your asserted lien/interest, the Court may deem such non-opposition consent to the sale.*

**PLEASE TAKE FURTHER NOTICE THAT** any objections with respect to the assumption and assignment to Charlotte Russe by a non-debtor party (“Counter Party”) to a contract or lease to be assumed and assigned must be filed with the Bankruptcy Court and served upon the undersigned counsel (including, but not limited to, any objection as to the Cure Amounts or the adequate assurance of future performance) on or before March 4, 2016. *Failure to timely assert an objection will bar the Counter Party from opposing the assignment on any grounds, and will preclude such Counter Party from asserting additional cure amounts with respect to their assigned contract against the Debtor, the Buyer or any other successful bidder at the Sale Hearing.*

**PLEASE TAKE FURTHER NOTICE THAT** due to the number of creditors in this case, the Sale Motion, Motion to Assume-Assign and supporting declarations have been served only on known lien or interest holders whose rights may be affected by the motions, Counter Parties to the leases and contracts to be assumed and assigned, parties requesting special notice, creditors holding the largest 20 general unsecured claims, and the Office of the United States Trustee. If you were not served with copies of these documents and wish to review them, you may do so either on-line by viewing them at [www.donlinrecano.com/peekkids](http://www.donlinrecano.com/peekkids) or by transmitting a written request via facsimile or e-mail to Nicole White ([nwhite@schnader.com](mailto:nwhite@schnader.com), facsimile 415-364-6785) and a copy will be promptly provided to you.

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**Information for Other Potential Bidders**

As set forth in the Court's Order Approving Sale Procedures the Debtor will solicit alternative bids utilizing the procedures:

(a) Any prospective purchaser should immediately contact the undersigned counsel to the Debtor to arrange for execution of a standard non-disclosure agreement and delivery of due diligence materials.

(b) No later than February 29, 2016, any prospective purchaser desiring to bid upon the Assets,<sup>5</sup> or any of them, shall deliver to the Debtor: (i) a deposit of \$100,000.00 in the form of a cashier's check or other good funds for any overbid for substantially all the Assets, or in cases of bids for substantially less than all the Assets, a deposit equal to no less than 10% of the cash value of the overbid, but in no case less than \$15,000 in the form of a cashier's check or other good funds; (ii) a copy of the bidder's proposed bid for the Assets or part thereof, and (iii) satisfactory evidence of the ability of such prospective purchaser to close the transactions contemplated by that bidder's bid.

(c) Any initial overbid for the same Assets proposed to be sold the Charlotte Russe shall be in a sum not less than the Purchase Price plus \$50,000.00, but the Debtor will consider proposals to acquire either more or fewer assets owned by the Debtor. (In other words, a bidder may bid on, for example, just the inventory, just the inventory and trademarks, or inventory, trademarks, and assumption of more or less than the eight store leases proposed to be assigned to Charlotte Russe).

(d) If alternative bids are received, the Debtor may conduct negotiations and/or an auction on March 1, and will determine which bid will result in the highest and best recovery for creditors. In the event the Debtor conducts an auction for the same Assets proposed to be sold to Charlotte Russe, any subsequent overbids will be in increments of not less than \$25,000.00. At any auction for the Assets, Charlotte Russe shall be determined to be the successful bidder so long as it matches the highest bid.

(e) The Debtor shall deliver to Buyer, when received, but no later than February 29, copies of any alternative bids submitted to the Debtor by any prospective purchasers.

(f) On March 1, 2016, the Debtor shall file and serve on interested parties a further notice identifying the successful bidder (or bidders, if the assets are not sold as one "lot") and the material terms of the bid(s).

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<sup>5</sup> Capitalized terms not otherwise defined herein, shall have the meanings ascribed to them in the Asset Purchase Agreement.

1 (g) Charlotte Russe shall be paid a break-up fee equal to  
2 \$50,000.00 ("Break-Up Fee") in the event that the sale of the Assets, or any  
3 portion thereof, to an entity other than Charlotte Russe is approved to be paid as a  
4 super-priority administrative claim out of the sales proceeds.

5 Dated: February 16, 2016

6 SCHNADER HARRISON SEGAL & LEWIS LLP

7  
8 By: /s/Kevin W. Coleman

9 Kevin W. Coleman

10 Proposed Attorneys for Peek, Aren't You  
11 Curious, Inc., Debtor  
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