

1 BRIAN L. DAVIDOFF (SBN 102654)
BDavidoff@GreenbergGlusker.com
2 KEITH PATRICK BANNER (SBN 259502)
KBanner@GreenbergGlusker.com
3 GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP
4 1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590
5 Telephone: 310.553.3610
6 Fax: 310.553.0687

7 General Bankruptcy Counsel for
Debtor and Debtor in Possession

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9 UNITED STATES BANKRUPTCY COURT
10 CENTRAL DISTRICT OF CALIFORNIA
11 LOS ANGELES DIVISION

12 In re:
13 B&B Liquidating, LLC,
14
15 Debtor and Debtor in Possession.

Case No. 2:18-bk-11744-NB
Chapter 11
THIRD STATUS REPORT
Status Conference
Date: August 14, 2018
Time: 2:00 PM
Place: Courtroom 1545
255 E. Temple Street
Los Angeles, CA 90012

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21 **TO THE HONORABLE NEIL W. BASON, UNITED STATES BANKRUPTCY**
22 **JUDGE, THE UNITED STATES TRUSTEE, ALL PARTIES-IN-INTEREST HEREIN,**
23 **AND THEIR RESPECTIVE COUNSEL:**

24 Debtor and Debtor-in-Possession B&B Liquidating, LLC, f/k/a B&B Bachrach, LLC, (the
25 “Debtor”) hereby submits this *Third Status Report* in connection with the Court’s status
26 conference to be held on August 14, 2018 at 2:00 p.m. in the above captioned courtroom.
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1 **I. GENERAL BACKGROUND**

2 On February 16, 2018 (the “Petition Date”) the Debtor filed a voluntary petition for relief
3 under chapter 11 of the Bankruptcy Code, commencing the within bankruptcy case. The Debtor is
4 in possession of its property and is operating and managing its business as a debtor in possession
5 pursuant to sections 1107 and 1108 of the Bankruptcy Code. No request for a trustee or examiner
6 has been made. On March 13, 2018, the United States Trustee filed a *Notice of Appointment of*
7 *Committee of Creditors Holding Unsecured Claims* [Docket No. 79] appointing the Official
8 Committee of Unsecured Creditors (the “Committee”). On May 3, 2018, the Court entered its bar
9 date order setting July 10, 2018 as the general bar date for the filing of claims in this case. *See*
10 Docket No. 155.

11 **II. INCORPORATION OF PRIOR STATUS REPORTS**

12 The Debtor incorporates herein by reference the following previously filed status reports:
13 (i) *Chapter 11 Status Conference Report (Initial)* [Docket 78] (the “First Status Report”) filed by
14 the Debtor on March 9, 2018; and (ii) *Second Status Report* [Docket No. 171] (the “Second Status
15 Report” and together with the First Status Report, the “Status Reports”) filed by the Debtor on
16 May 18, 2018. For information regarding the resolution of the various “first day” motions, the
17 Debtor’s post-petition financing/cash collateral use, and other resolved issues, please see the
18 Status Reports.

19 **III. STATUS REPORT**

20 **A. The Court’s Approval of the Debtor’s Motion to Extend the Store Closing**
21 **Sales and Extend the Time to Assume or Reject Corresponding Leases**

22 As discussed in the Second Status Report, the Debtor experienced unexpected slow
23 progress in the conducting of its various inventory liquidation sales that have been approved by
24 the Court (the “Store Closing Sales”). *See* Docket Nos. 17 (motion) & 115 (order). With the
25 slow progress of the Store Closing Sales, the Debtor understood that it would be unable to
26 complete the sales in the original 16-week period, which was set to expire on June 8, 2018.
27 Therefore, on May 18, 2018, the Debtor filed its *Motion for (1) Extension of Time in which to*
28 *Assume or Reject Unexpired Leases or Nonresidential Real Property through September 14,*

1 2018; and (2) Extension of Term of Store Closing Sales through September 14, 2018 [Docket No.
2 172] (the “Extension Motion”). With no opposition to the Extension Motion having been filed,
3 the Court entered an order approving the Extension Motion and extended the term of the Store
4 Closing Sales through September 14, 2018 and further extended the time in which the Debtor
5 may assume or rejected unexpired leases of nonresidential real property through the same date
6 See Docket No. 186.

7 **B. Current Status of Store Closing Sales**

8 As of the filing of the Second Status Report, the Debtor concluded the Store Closing Sales
9 and rejected the corresponding leases of the following properties: (i) Great Lakes Crossing
10 Outlets (Store No. 12); (ii) Opry Mills Mall (Store No. 21); (iii) Menlo Park Mall (Store No. 82);
11 (iv) Fashion Outlets of Chicago (Store No. 20)¹; and (v) Houston Galleria (Store No. 18).

12 Since the filing of the Second Status Report, the Debtor has concluded the Store Closing
13 Sales and vacated the following additional properties: (i) Southlake (Store No. 37); (ii) Galleria
14 Dallas (Store No. 76); (iii) Woodfield (Store No. 79); (iv) Fashion Mall at Keystone (Store No.
15 16); (v) Mayfair Mall (Store No. 25); (vi) Stonebriar Center (Store No. 31); and (vii) the Debtor’s
16 corporate headquarters and distribution center located at 8723 Bellanca Dr., Unit A, Los Angeles,
17 CA 90045. The Debtor filed and served lease rejection notices for the above properties on the
18 following dates: May 25, 2018 [Docket No. 177], June 1, 2018 [Docket No. 180], and June 26,
19 2018 [Docket No. 190].

20 The Debtor continues to conduct the Store Closing Sales through the following three
21 stores: (i) Twelve Oaks Mall (Store No. 8); (ii) Somerset Collection (Store No. 64) and (iii)
22 Fashion Center at Pentagon (Store No. 89). The Debtor will be wrapping up the Store Closing
23 Sales at these locations through August and anticipates that the stores will be vacated, and the
24 corresponding leases rejected by September 14, 2018. The Debtor has also moved its corporate
25 operations to a much smaller location located at 5800 S. Eastern Avenue, Suite 500, Commerce,
26 CA 90040.

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28 ¹ This property was leased from an affiliate of the Debtor, so it was not included in a formal lease rejection.

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C. The Anticipated Relief from Stay Motion and Article 9 Foreclosure by Siena

As described in the Second Status Report, the Debtor has projected that upon conclusion of the Store Closing Sales, a certain amount of inventory will remain unsold and a significant debt will remain outstanding to Siena. As of the week ending July 27, 2018, Siena’s total loan balance equaled approximately \$3,686,107 and inventory totaled just \$754,603.

Given the large balance left on the Siena loan, and the corresponding low inventory levels, Siena has indicated that they intend to bring a motion for relief from the automatic stay in order to pursue an article 9 foreclosure of the remaining inventory and intellectual property assets of the company. The Debtor will consult with the Committee but is currently unaware of any defenses to such a motion. The Debtor understands that Siena plans to file their relief from stay motion prior to the upcoming status conference. Therefore, the Debtor requests that the status conference be continued to the date and time of Siena’s hearing on their motion for relief from the automatic stay.

July 31, 2018

GREENBERG GLUSKER FIELDS
CLAMAN & MACHTINGER LLP

By: /s/ Brian L. Davidoff
BRIAN L. DAVIDOFF
KEITH PATRICK BANNER
General Bankruptcy Counsel for Debtor
and Debtor in Possession

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
1900 Avenue of the Stars, 21st Fl. Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled (*specify*): **THIRD STATUS REPORT** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) July 31, 2018, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

July 31, 2018
Date

Sherry Harper
Printed Name

/s/ Sherry Harper
Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):**

- Charla L Brown charla.brown@cpa.texas.gov
- Shirley Cho scho@pszjlaw.com
- Brian L Davidoff bdavidoff@greenbergglusker.com,
calendar@greenbergglusker.com;jking@greenbergglusker.com
- John P Dillman houston_bankruptcy@publicans.com
- Jeffrey W Dulberg jdulberg@pszjlaw.com
- Brian D Huben hubenb@ballardspahr.com, carolod@ballardspahr.com
- Courtney J Hull bk-chull@oag.texas.gov, sherri.simpson@oag.texas.gov
- Lillian Jordan ENOTICES@DONLINRECANO.COM, RMAPA@DONLINRECANO.COM
- Dare Law dare.law@usdoj.gov
- Leo D Plotkin lplotkin@lsl-la.com, hpetrilli@lsl-la.com;dsmall@lsl-la.com
- Hamid R Rafatjoo hrafatjoo@raineslaw.com, bclark@raineslaw.com;cwilliams@raineslaw.com
- Martin W Taylor martin.taylor@troutman.com, anabel.pineda@troutman.com
- Ronald M Tucker rtucker@simon.com, cmartin@simon.com;psummers@simon.com;Bankruptcy@simon.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Elizabeth Weller dallas.bankruptcy@publicans.com

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.