

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
RUNWAY LIQUIDATION HOLDINGS, LLC,)	Case No. 17-10466 (SCC)
<i>et al.</i> , ¹)	
)	
Debtors.)	(Jointly Administered)

**STIPULATION AND ORDER MODIFYING THE PLAN INJUNCTION FOR THE
LIMITED PURPOSE OF PERMITTING ROSA M. ESPARZA
TO PURSUE CLAIM TO THE EXTENT OF AVAILABLE INSURANCE PROCEEDS**

WHEREAS, Rosa M. Esparza (“Esparza”), a former employee of BCBG Max Azria Group, LLC (“MAG”), seeks to initiate a legal proceeding in Los Angeles Superior Court, in the State of California (the “Action”) against MAG claiming, *inter alia*, violation of the California Fair Employment and Housing Act (“FEHA”); and

WHEREAS, upon information and belief, MAG maintained a policy of Employment Practices Liability Insurance (the “Policy”) with National Union Fire Insurance Company of Pittsburgh (the “Insurer”), by which MAG was a named insured during the relevant time period; and

WHEREAS, on February 28, 2017 (the “Petition Date”), MAG and its affiliates commenced voluntary cases under Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), Case No. 17-10465 (SCC) (the “Bankruptcy Cases”); and

WHEREAS, upon commencement of the Bankruptcy Cases, an automatic stay was put in place pursuant to section 362(a) of the Bankruptcy Code; and

¹The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Runway Liquidation Holdings, LLC (6857); Runway Liquidation, LLC (5942); Runway Liquidation Intermediate Holdings, LLC (3673); MR Liquidation, LLC (9200); and MMH Liquidation, LLC (3854).

WHEREAS, on June 9, 2017, Esparza filed proof of claim number 961 (the “Claim”) against MAG; and

WHEREAS, on July 26, 2017, the Court entered the Findings of Fact, Conclusions of Law, and *Order Confirming the Amended Joint Plan of Reorganization of BCBG Max Azria Global Holdings, LLC and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 591] approving the terms of the Chapter 11 plan annexed thereto (the “Plan”);² and

WHEREAS, the effective date of the Plan occurred on July 31, 2017; and

WHEREAS, David MacGreevey was appointed as the Plan Administrator on the Effective Date; and

WHEREAS, pursuant to the Plan, from and after the Effective Date, the Plan Administrator is the sole representative of, and shall act for, the Post-Effective Date Debtors, including MAG, which is now known as Runway Liquidation Holdings, LLC (“Holdings”).

WHEREAS, Esparza believes that relief from the injunction provisions (the “Plan Injunction”) set forth in Article VII of the Plan is appropriate for the purpose of pursuing the Action for recovery of any available proceeds under the Policy; and

WHEREAS, the Plan Administrator, on behalf of Holdings, is prepared to consent to relief from the Plan Injunction on the terms and conditions set forth in this stipulation and order (the “Stipulation and Order”).

NOW, THEREFORE, Esparza and the Plan Administrator (together, the “Parties”) agree to the following:

1. The foregoing recitals are hereby fully incorporated into and made an express part of this Stipulation and Order.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. The Plan Administrator, on behalf of Holdings, hereby consents to relief from the Plan Injunction for the limited purpose of enabling Esparza to pursue the Action and to seek recovery of any available proceeds under the Policy, or any other policy in force and effect at the time of Esparza's termination from MAG, in connection with the Action. For avoidance of doubt, no Post-Effective Date Debtor, including MAG, shall be required to pay any deductible on account of the Policy, or any other applicable insurance policy.

3. Esparza shall irrevocably withdraw and waive the Claim asserted against MAG. For avoidance of doubt, Esparza hereby waives any right to collect any amounts from any of the Post-Effective Date Debtors.

4. Except for the limited purpose set forth in this Stipulation and Order, the Plan Injunction shall remain in effect. For avoidance of doubt, Esparza agrees not to file any additional claims against the Debtors, or their estates, or the Post-Effective Date Debtors.

5. Esparza shall deliver written reports by letter, which may be remitted electronically, on a quarterly basis to the Plan Administrator's counsel containing updates on the status of the Action. The first report will be provided on February 1, 2018. Further reports will be delivered every three months thereafter up until the time the Action is finally adjudicated, settled, dismissed, or otherwise disposed of.

6. Neither this Stipulation and Order, nor any actions taken pursuant hereto, shall constitute evidence admissible against Holdings or Esparza in any action, arbitration proceeding, or any other action or proceeding, including without limitation the Action, other than one to enforce the terms of this Stipulation and Order.

7. Each person who executes this Stipulation by or on behalf of a Party warrants and represents that such person has been duly authorized and empowered to execute and deliver this Stipulation on behalf of that Party.

8. The Parties hereby expressly preserve all rights, claims and defenses each may have against the other, to the extent such rights, claims and defenses are not expressly and unambiguously addressed herein.

9. This Stipulation may be executed in multiple counterparts by facsimile each of which shall be deemed original, with facsimile and email signature pages deemed to be originals.

10. The Bankruptcy Court shall retain jurisdiction to hear any matters or disputes arising from or relating to this Stipulation and Order.

Dated: December 18, 2017
New York, New York

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MOTT ZEZULA LLC

/s/ Nathan C. Zezula

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Counsel to the Plan Administrator

SO ORDERED:

January 8, 2018

/S/ Shelley C. Chapman

HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE