

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA**

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| In re: CAFE HOLDINGS CORP., Debtor. | Chapter 11 Case No. 18-____ (____) |
| In re: CAFE ENTERPRISES, INC., Debtor. | Chapter 11 Case No. 18-____ (____) |
| In re: CE SPORTZ LLC, Debtor. | Chapter 11 Case No. 18-____ (____) |
| In re: CES GASTONIA LLC, Debtor. | Chapter 11 Case No. 18-____ (____) |

**MOTION FOR ORDER DESIGNATING THE DEBTORS' CHAPTER 11 CASES AS
COMPLEX CHAPTER 11 CASES PURSUANT TO LOCAL RULE 2081-2**

Cafe Holdings Corp. and its affiliates (“Cafe” or the “Debtors”), the above-captioned debtors and debtors in possession, hereby file this motion (the “Motion”) seeking an order, in substantially the same form attached hereto as Exhibit A, designating the above-captioned chapter 11 cases as “complex chapter 11 cases” in accordance with Rule 2081-2 of the Local Rules for the United States Bankruptcy Court for the District of South Carolina (the “Local Rules”). In support of the Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).
2. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory bases for the relief requested herein are section 105(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Local Rule 2081-2.

BACKGROUND

4. On the date hereof (the “**Petition Date**”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Each Debtor is authorized to continue to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, no trustee, examiner, or statutory committee has been appointed in these chapter 11 cases.
5. Additional information regarding the Debtors, including their business operations, corporate and capital structure, the events leading to the Petition Date, and information required by Local Rule 2081-2(b) is more fully set forth in the *Affidavit of Eric Easton in Support of the Debtors’ First Day Pleadings* (the “**Easton Affidavit**”) filed contemporaneously herewith.

REQUEST FOR RELIEF

6. By this Motion, the Debtors seek entry of an order designating the Debtors’ chapter 11 cases as “complex chapter 11 cases.”

BASIS FOR RELIEF

7. Local Rule 2081-2 requires that a complex Chapter 11 debtor file with the petition a motion for designation as a complex chapter 11 case. As set forth in Local Rule 2081-2,

factors to be considered in determining whether to move for designation as a complex chapter 11 include:

- (1) The need for hearings or orders on an emergency or expedited basis following the filing of the petition;
- (2) The size of the case, either in number of parties, creditors, or employees, or amount of indebtedness, whether claims against debtor and/or equity interests are publicly traded; and
- (3) The need for simplification of noticing or hearing procedures.

8. The Debtors have designated these cases as complex chapter 11 cases for the following reasons:

a) Cafe is a complex business operation which will require many “first day motions”, including, but not limited to, the following:

(i) Motion for Order Designating the Debtors’ chapter 11 cases as Complex chapter 11 cases Pursuant to Local Rule 2081-2;

(ii) Motion for Order Directing the Joint Administration of the Debtors’ chapter 11 cases;

(iii) Motion for Order (A) Authorizing the Debtors to Pay and Honor Certain Prepetition Wages, Benefits and other Compensation Obligations; and (B) Authorizing Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations;

(iv) Motion for an Interim and Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 (I) Approving Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, and (VI) Scheduling a Final Hearing;

(v) Motion for Order (I) Authorizing the (A) Continued use of Debtors’ Cash Management System and (B) Use of Existing Bank Accounts and Business Forms; (II) Authorizing Payments of Prepetition Costs and Fees Associated with Customer Credit and Debit Card Transactions; (III) Waiving the Requirements of Section 345(B) of the Bankruptcy Code on an Interim Basis; and (IV) Granting Certain Related Relief;

(vi) Motion for Order (I) Authorizing the Debtors (A) to Continue Insurance Programs and Surety Bond Program Entered into Prepetition and Satisfy Prepetition Obligations Related Thereto and (B) Renew, Supplement, or Purchase New Insurance Policies and (II) Granting Related Relief;

(vii) Motion for Order Authorizing Debtors to Honor Prepetition Obligations to Customers and Otherwise Continue Customer Programs in the Ordinary Course of Business and Granting Related Relief;

(viii) Motion for Order (I) Authorizing Payment of Certain Prepetition Taxes and Fees and (II) Authorizing Financial Institutions to Process and Cash Related Checks and Transfers;

(ix) Motion for Order (I) Authorizing the Debtors to Pay Certain Prepetition Claims (A) Arising Under the Perishable Agricultural Commodities Act and Similar Trust Fund Statutes, (B) of Other Lien Claimants, and (C) of Certain Critical Vendors and (II) Granting Certain Related Relief;

(x) Motion for Order (I) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Services, (II) Deeming Utility Providers Adequately Assured of Payment, (III) Establishing Procedures for Determining Additional Adequate Assurance of Payment, and (IV) Granting Related Relief;

(xi) Motion for Order Authorizing the Debtors to (I) Prepare a Consolidated List of Creditors in Lieu of a Mailing Matrix, (II) File a Consolidated List of the Thirty Largest Unsecured Creditors, (III) Mail Initial Notices, and (IV) Shorten the Mailing Matrix;

(xii) Motion for an Order, Pursuant to Sections 105(a) and 521 of the Bankruptcy Code and Bankruptcy Rule 1007, for Extension of Time to File Schedules and Statements of Financial Affairs; and

(xiii) Application for Entry of an Order Authorizing the Debtors to Employ and Retain Donlin Recano as Claims and Noticing Agent, Effective *Nunc Pro Tunc* to the Petition Date.

b) The Debtors will also seek approval of certain other motions, which are important to the ongoing operation of the Debtors, but not critical. The Debtors will seek hearings on those motions within 10-28 days after the Petition Date.

c) The Debtors' 2017 annual revenues were approximately \$90 Million. As of the Petition Date, the Debtors' assets were worth, in aggregate, approximately \$23 Million and their liabilities were, in aggregate, approximately \$51 Million.

d) The Debtors have more than 500 creditors and parties in interest, excluding their current and former employees, and a claims agent will be required in these chapter 11 cases pursuant to Local Rule 2081-1.

e) There will be significant issues in these cases regarding:

i) approval of interim and post-petition secured financing;

ii) approval of bidding procedures for the potential sale of substantially all of the Debtors' assets;

iii) approval of an asset purchase agreement;

iv) issues surrounding the confirmation of a chapter 11 plan.

f) Finally, the Debtors anticipate that the number of filings in the chapter 11 cases by both the Debtors and other parties in interest may be voluminous and, in order for them to be handled expeditiously and efficiently, may need to be governed by global notice and hearing procedures.

NOTICE

9. Notice of this motion has been provided to the following parties: (i) the Office of the United States Trustee for the District of South Carolina; (ii) the Office of the United States Attorney General for the District of South Carolina; (iii) the Internal Revenue Service; (iv) Atalaya Administrative LLC; (v) ACM Fatz VII LLC; (vi) Midtown Madison Management LLC; (vii) Shrayne Capital, LLC; (viii) Benefit Street Partners; (ix) Milestone Partners; (x) Old Mill Stream, LLC; (xi) Triangle Mezzanine Fund LLLP; (xii) Sysco; (xiii) the holders of the thirty (30) largest unsecured claims against the Debtors on a consolidated basis; (xiv) all parties who, as of the filing of this motion, have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002; and (xv) all applicable government agencies to the extent

required by the Bankruptcy Rules and the Local Rules. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

CONCLUSION

WHEREFORE, the Debtors request the Court enter an order designating the above captioned chapter 11 cases as “Complex chapter 11 cases” pursuant to Local Rule 2081-2 and granting such other and further relief as the Court deems just and proper.

McNAIR LAW FIRM, P.A.

November 15, 2018

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EXHIBIT A

PROPOSED ORDER