

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

AVENUE STORES, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 19-11842 (LSS)

Jointly Administered

Ref. Docket Nos. 441 & 458

ORDER (I) CONVERTING THE DEBTORS' CHAPTER 11 CASES TO CASES UNDER CHAPTER 7, (II) ESTABLISHING A DEADLINE FOR FILING FINAL CHAPTER 11 FEE APPLICATIONS, AND (III) GRANTING RELATED RELIEF

Upon consideration of the *United States Trustee's Motion to Convert the Debtors' Cases* [D.I. 441] (the "U.S. Trustee Conversion Motion"); the *Emergency Motion of the Official Committee of Unsecured Creditors (1) for an Order, Pursuant to Section 1112(b) of the Bankruptcy Code, Converting the Debtors' Cases to Cases Under Chapter 7 and (2) for an Order Extending the Period (A) to Challenge the Amount, Validity, Enforceability, Priority or Extent of the Pre-Petition Subordinated Obligations or the Liens of the Pre-Petition Subordinated Lender and (B) to Assert any Other Claims or Causes of Action Against the Versa Parties* [D.I. 458]; and *Response of Ornatus URG Funding, LLC and Versa Capital Management, LLC to the Emergency Motion of the Official Committee of Unsecured Creditors (1) for an Order, Pursuant to Section 1112(B) of the Bankruptcy Code, Converting the Debtors Cases to Cases Under Chapter 7 and (2) for an Order Extending the Period (A) to Challenge the Amount, Validity, Enforceability, Priority or Extent of the Pre-Petition Subordinated Obligations or the Liens of the Pre-Petition Subordinated Lender and (B) to Assert any other Claims or Causes of Action against the Versa Parties* [D.I. 469] (together, the "Motions" and the

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Avenue Stores, LLC (0838); Ornatus URG Holdings, LLC (1146); Ornatus URG Real Estate, LLC (9565); and Ornatus URG Gift Cards, LLC (9203). The Debtors' headquarters are located at 365 West Passaic Street, Suite 230, Rochelle Park, New Jersey 07662.

“Response”); and it appearing that this Court has jurisdiction to consider the Motions and Response pursuant to 28 U.S.C. §§ 1334 and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that this is a core matter pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and it appearing that venue of these Chapter 11 Cases and of the Motions is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and that no other or further notice need be given; and the Official Committee of Unsecured Creditors having agreed to withdraw its Conversion Motion upon entry of this Order approving the U.S. Trustee Conversion Motion on the terms provided herein; and this Court having determined that the relief requested in the Motions, as modified herein, is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The U.S. Trustee Conversion Motion is GRANTED, solely to the extent forth herein.
2. Effective as of the date of the entry of this Order, the above-captioned chapter 11 cases (collectively, these “Chapter 11 Cases”) shall be converted to cases under chapter 7 of the Bankruptcy Code.
3. Each professional retained by the above-captioned debtors and debtors in possession (collectively, the “Debtors”) and the Official Committee of Unsecured Creditors (such professionals, collectively, the “Professionals”) shall file final statements and applications for compensation (collectively, the “Fee Applications”) on or before December 13, 2019, or be forever barred from receiving any such compensation. Objections, if any, to a Fee Application

must be filed and served on counsel to the Debtors, the Chapter 7 Trustee once appointed, and the party filing such Fee Application, so as to be actually received on or before January 6, 2020 at 4:00 p.m. (ET). A hearing on such timely filed final Fee Applications, if necessary, shall be held before this Court on January 21, 2020 at 11:00 a.m. (ET) (the "Fee Hearing").

4. The Debtors shall:

(a) within seven (7) days of entry of this Order, turn over to the chapter 7 trustee all records and property of the estates under their custody and control as required by Rule 1019(4) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules");

(b) within fifteen (15) days of entry of this Order, as required by Bankruptcy Rule 1019(5), file a schedule of unpaid debts incurred after the Petition Date and before the conversion date, which schedule shall include the name and address of each creditor holding any such debt; and

(c) within thirty (30) days of entry of this Order, as required by Bankruptcy Rule 1019(5), file and transmit a final report and account to the Office of the United States Trustee.

5. A representative of the Debtors and, if requested by the Chapter 7 Trustee, counsel to the Debtors in these Chapter 11 Cases, shall appear at the first meeting of creditors after conversion of the Debtor's case to chapter 7 pursuant to sections 341(a) and 343 of the Bankruptcy Code, and such representative shall be available to testify at such meeting.

6. Nothing in this Order or the conversion of these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code shall affect or modify the terms of that certain *Order (I) Authorizing the Debtors, on a Final Basis, to (A) Obtain Post-Petition Financing, (B) Grant Liens and Superpriority Administrative Expense Claims to Post-Petition Lenders and (C) Utilize Cash Collateral, (II) Providing Adequate Protection to the Pre-Petition Secured Parties, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief, Pursuant to 11 U.S.C. Sections 105, 361, 362, 363, 364 and 507 [D.I. 223]; that certain Order Authorizing and Approving (I) the Sale of E-Commerce Business Assets Free and Clear of Liens, Claims, Rights,*

Encumbrances, and Other Interests; (II) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (III) Related Relief [D.I. 339] (the “Sale Order”); that certain *Order Approving Stipulation by and Between the Debtors, PNC Bank, National Association and Ornatus URG Funding, LLC with Respect to the Use of Cash Collateral* [D.I. 414]; or any order of this Court (or documents related thereto) entered during these Chapter 11 Case, and all rights and remedies in connection with such orders shall be preserved in their entirety.

7. Once appointed, the Chapter 7 Trustee is hereby authorized and directed to release incoming funds from Paymentech and AMEX to Avenue Online LLC, in accordance with the Asset Purchase Agreement dated October 3, 2019, which was approved by the Sale Order.

8. Upon entry of this Order, the Debtors are authorized to wire transfer to an escrow account maintained by Debtors’ counsel, Young Conaway Stargatt & Taylor, LLP, funds in the amount approved by this Court’s prior *Order Approving (I) Key Employee Incentive Plan and (II) Key Employee Retention Plan* [D.I. 366] (the “KEIP/KERP Order”) which will become due and owing to four (4) non-insider employees (collectively, the “Eligible Employees”) entitled to payments under the Key Employee Retention Plan approved by the KEIP/KERP Order upon satisfaction of the conditions approved thereby. In the event that the Eligible Employees are retained by the Chapter 7 Trustee and remain employed thereby until December 31, 2019 (the “Vesting Date”), or, in the alternative, are terminated by the Chapter 7 Trustee without cause prior to the Vesting Date, Young Conaway Stargatt & Taylor, LLP is authorized and directed to remit payments to the Eligible Employees, in the amounts approved for such employees by the KEIP/KERP Order, at such time. In the event that any Eligible Employee does

not satisfy the conditions approved by the KEIP/KERP Order, any funds designated for payment to such employee shall be remitted to the Chapter 7 Trustee.

9. Upon entry of this Order, the caption of these Chapter 11 Cases shall be modified as follows:

In re:

AS WIND DOWN, LLC, *et al.*,¹

Debtors.

Chapter 7

Case No. 19-11842 (LSS)

(Jointly Administered)

FN1: The Debtors in these Chapter 7 Cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: AS Wind Down, LLC (0838); OURGH Wind Down, LLC (1146); OURGRE Wind Down, LLC (9565); and OURGGC Wind Down, LLC (9203). The Debtors' headquarters are located at 365 West Passaic Street, Suite 230, Rochelle Park, New Jersey 07662.

10. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

Dated: November 22nd, 2019
Wilmington, Delaware


LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE