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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

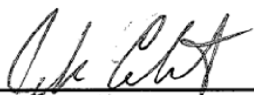
In Re:  
Dots, LLC, et al.<sup>i</sup>  
Debtors

Chapter 11  
Case Number: 14-11016 (DHS)  
Jointly Administered  
Hon. Michael B. Kaplan

**Monthly Operating Report**  
**For the Period October 1, 2015 through October 31, 2015**

Required Documents	Form No.	Documents Complete	Explanation Attached	Debtors' Statement
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a			X
Schedule of Professional Fees and Expenses Paid	MOR-1b	X		
Copies of bank statements Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post-Petition Taxes	MOR-4			X
Summary of Unpaid Post-Petition Accounts Payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that the information contained in this monthly operating report (including attached schedules) is true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Joseph Catalano  
Chief Wind Down Officer  
Dots, LLC

12/15/2015

Date

**Notes:**

<sup>i</sup> Includes IPC/Dots LLC Case No. 14-11017 (DHS) and Dots Gift LLC Case No. 14-11018 (DHS), non-operating Debtor entities. On February 28, 2014, the Debtors completed the court-approved sale of its inventory to Gordon Brothers Retail Partners, LLC ("GB"). During the period March through May, the Debtors completed the court-approved assignment and transfer of certain unexpired leases of non-residential real property to Rainbow Southeast Leasing, Inc.; Duluth (Gwinnett) SSR LLC; Charlotte (Archdale) UY, LLC; Greenville (Woodruff) WMB, LLC; RPAI Southwest Management LLC; RPAI US Management LLC; RioCan Austin Southpark Meadows II Limited Partnership; and RioCan Grand Prairie Southwest Crossing Limited Partnership. In addition, during the period March through June, the Debtors completed various sales of furniture and fixtures owed at corporate headquarters and store locations. The financial information contained herein reflects the impact of the sale to the best of the Debtors' knowledge, pending final reconciliation and further adjustments.

The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and is subject to future adjustment. Certain assumptions have been made as noted herein. The unaudited consolidated financial statements presented herein have been derived from the Debtors' books and records. Certain financial information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with US GAAP, and upon the application of such procedures, the Debtors believe that the financial information could be subject to further changes, and these changes could be material. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 Proceedings (as defined herein), including, but not limited to, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of Title 11 of the United States Code (the "Bankruptcy Code") and/or causes of action under the provisions of chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.

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**CASH FLOW**

	10/1/2015 10/31/2015	Cumulative Filing to Date
<b><u>Receipts</u></b>		
Cash Sales	-	29,397,449
Inventory Liquidation Proceeds	-	25,929,437
Collection of GOB Sale Taxes	-	3,813,422
Lease Sale Proceeds	-	2,071,115
GB Reimbursements	-	17,539,635
Other	-	8,084,649
<b>Total Receipts</b>	<b>-</b>	<b>86,835,707</b>
<b><u>Disbursements</u></b>		
Merchandise - Pre-petition	-	504,342
Merchandise - Post-petition	-	11,799,285
Post-petition AP Reserve	-	-
Non-Merchandise / Miscellaneous	-	4,153,682
Rent	-	3,119,700
Payroll	10,250	10,833,409
Sales Taxes	-	6,626,845
Cigna Med & Flex	-	1,507,674
CC Fees / Tax Distros / Other	1,616	137,947
Less: Checks Written	-	(18,004,090)
Plus: Checks Cleared	-	18,044,224
Post-Liquidation GB-Reimbursed Costs	-	16,936,457
Corporate/DC Occupancy Costs	1,278	933,398
<b>Total Operating Disbursements</b>	<b>13,144</b>	<b>56,594,133</b>
Paydown of DIP	-	29,311,695
Cash Interest	9,020	1,428,643
DIP Fees	-	441,710
Deposits	-	1,117,723
KEIP	-	-
Professional Fees & Escrow Payments	-	1,773,871
Morgan Lewis (Salus Counsel)	-	544,865
GRL (Lender Agent)	-	158,299
GUC Escrow	-	262,500
UST/Other Professionals	20,534	341,100
<b>Total Non-Operating Disbursements</b>	<b>29,553</b>	<b>35,380,406</b>
<b>Total Disbursements</b>	<b>42,697</b>	<b>91,974,539</b>
<b><u>Net Cash Flow</u></b>	<b>(42,697)</b>	<b>(5,138,832)</b>

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**MOR-1a**

**Debtors Statement with respect to Bank Account Reconciliations, Bank Statements and Cash Disbursements Journal  
For the Period October 01, 2015 through October 31, 2015**

Bank Account Reconciliations & Cash Disbursement Journals

The Debtors affirm that bank reconciliations have been prepared for all open and active bank accounts to the Debtor's books as of July 5, 2014 without exception. The Debtors affirm that within its financial accounting records, check registers and/or disbursement journals are maintained for each disbursement account.

Bank Statements

The Debtors affirm that bank statements for all open and active bank accounts are retained by the Debtors and will be available upon request. The list of bank accounts and balances are as follows:

**Dots LLC Bank Accts**

Bank	Account Number	10/31/2015
		-
Key Bank - Operating	XXXXXXXX0417	30,209
ConnectBank - GUC	XXXXXXXX3998	262,500
ConnectBank - Operating	XXXXXXXX3972	299,929
ConnectBank - Sales Tax	XXXXXXXX3980	202,550
		-

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Total Cash	795,188
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MOR-1A

UNITED STATES BANKRUPTCY COURT  
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**Professional Fees Paid**

October 2015

Professional	<u>Amounts Paid This Period</u>			<u>Cumulative Amounts Paid Since Petition Date</u>		
	Fees	Expenses	Total	Fees	Expenses	Total
Lowenstein Sandler LLP	-	-	-	762,050	14,571	<b>776,621</b>
PricewaterhouseCoopers LLP	-	-	-	512,163	27,587	<b>539,750</b>
Donlin Recano & Company	-	-	-	225,000	-	<b>225,000</b>
FTI Consulting, Inc.	-	-	-	128,335	237	<b>128,572</b>
Otterbourg Steindler Houston & Rosen PC	-	-	-	180,259	3,669	<b>183,928</b>
<b>Total Professional Fees and Expenses</b>	-	-	-	<b>1,807,807</b>	<b>46,064</b>	<b>1,853,871</b>

MOR-1B

UNITED STATES BANKRUPTCY COURT  
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Debtors

Chapter 11

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**Dots, LLC Balance Sheet  
as of Month End**

	<u>October 31, 2015</u>
<b>ASSETS</b>	
Cash & Equivalents	\$ 795,188
Merchandise Inventory	-
Inventory Reserve	-
Prepaid Merchandise	-
Gordon Brothers Receivable	-
Other Current Assets	-
<b>Current Assets</b>	<u>795,188</u>
<b>Property &amp; Equipment, Net</b>	-
	-
Goodwill	-
Intangible Assets	-
Other Assets	-
<b>Total Assets</b>	<u><u>\$ 795,188</u></u>
<b>LIABILITIES</b>	
DIP Financing	1,071,965
Merchandise Payables	2,420,273
Expense Payables	982,695
Accrued Expenses	82,683
Gordon Brothers Payable	-
<b>Current Liabilities</b>	<u>4,557,616</u>
Liabilities Subject to Compromise- Secured	17,100,818
Liabilities Subject to Compromise- Unsecured	37,683,381
<b>Long-Term Liabilities</b>	<u>54,784,198</u>
<b>Total Liabilities</b>	<u>59,341,815</u>
<b>MEMBERS' EQUITY</b>	
Stock	56,609,310
Retained Earnings	(115,155,935)
<b>Total Members' Equity</b>	<u>(58,546,627)</u>
<b>Total Liabilities &amp; Members' Equity</b>	<u><u>\$ 795,188</u></u>

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**MOR-4**

**Debtors' Statement with respect to Status of Post-Petition Taxes  
As of October 30, 2015**

The Debtors have received approval to pay prepetition tax and fee obligations, including, without limitation, sales, use and excise taxes, franchise taxes, real and property taxes, and certain other taxes due in the normal course of business through certain First Day Motions. As such, the applicable taxes had been paid when due except for amounts that are in dispute, if any. The Debtors have filed their 2013 Federal and State income tax returns. All other post-petition tax obligations to the proper taxing authorities are current. No post-petition tax returns were required to be filed during the current period.

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**AP Aging - October 31, 2015**

	Age				TOTAL
	0-30	31-60	61-90	91 & Over	
Merchandise Payables	-	-	-	2,420,273	<b>2,420,273</b>
Expense Payables	-			982,689	<b>982,689</b>
	%	0%	0%	0%	100%

MOR-4(Cont.)

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

October 31, 2015

Accounts Receivable Reconciliation		Amount	
Total Accounts Receivable at the beginning of the reporting period		-	-
+ Amounts billed during the period		-	-
- Amounts collected during the period		-	-
Total Accounts Receivable at the end of the reporting period		-	-
Accounts Receivable Aging		Amount	
0 - 30 days old		-	-
31 - 60 days old		-	-
61 - 90 days old		-	-
91+ days old		-	-
Total Accounts Receivable		-	-
Amount considered uncollectible (Bad Debt)		-	-
Accounts Receivable (Net)		-	-

\* Note: credit card A/R has been included in "Cash & Equivalents" on the balance sheet.

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	N/A	N/A
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.	x	

Note:

Bank balances have been transferred to Connect Bank as noted in Table MOR-1A.  
The Key Bank Operating account will be held open for use of bank data files with a maintenance balance maintained there.

MOR-5