

UNITED STATES BANKRUPTCY COURT  
District of New Jersey

In re: MEE Apparel, LLC.  
Debtor

Case No.: 14-16484  
Reporting Period: August

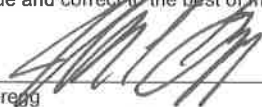
**MONTHLY OPERATING REPORT**

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Debtor's 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 Paid	MOR-1b	X		
Copies of bank statements	MOR-1c	X		
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4		X	
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4a	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 this report and the attached documents are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Jeff Gregg  
Chief Restructuring Officer

  
\_\_\_\_\_  
Date

In re: MEE Apparel, LLC  
Debtor

Case No. 14-16484  
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Schedule of Cash Receipts and Disbursements  
Weekly Cash through Week Ended 8-30-14

Week Ending	8/1/14	8/10/14	8/23/14	8/30/14	August Total	Cumulative Total
<b>Cash Receipts</b>						
Factored AR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,075,714
Receipts	-	-	-	-	-	9,844,062
<b>Total Cash Receipts</b>	-	-	-	-	-	11,919,776
<b>Cash Payments</b>						
Payments to Rosenthal	-	-	-	-	-	2,515,714
Inventory Purchases	-	-	-	-	-	2,312,938
Payroll & Benefits	-	-	-	-	-	2,560,078
Operating Expenses	-	24,550	-	15,286	39,836	6,135,911
Restructuring	-	65,232	39,268	-	104,500	2,460,667
<b>Total Cash Payments</b>	-	89,782	39,268	15,286	144,336	15,985,307
<b>Net Cash Flow</b>	-	(89,782)	(39,268)	(15,286)	(144,336)	(4,065,531)
<b>Liquidity</b>						
Beginning Cash	939,515	939,515	849,733	427,427		
Net Cash Flow	-	(89,782)	(39,268)	(15,286)		
Ending Cash	939,515	849,733	810,465	412,141		
Available Cash	939,515	849,733	810,465	412,141		
DIP Revolver Crawlown/(Payback) or Debt	-	-	(383,037)			
Available Cash After DIP	939,515	849,733	427,427	412,141		

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**BANK RECONCILIATIONS**  
Continuation Sheet for MOR-1

Bank Account Reconciliations & Cash Disbursements:

All Cash and Bank Accounts were sold to Sushman on 5/30/14 in the 363 sale approved by the Bankruptcy Court of New Jersey

G/L #	Description	Balance as of 4/30/2014	Balance as of 4/30/2014	Balance as of 5/30/2014	Balance as of 6/30/14	Balance as of 7/26/14	Balance as of 8/23/14
1020-000-00	Chase-United Franchise	847	847	0	0	0	0
1022-000-00	WIF - Main Operating	790,308	2,435,005	0	1,627,090	1,178,164	493,879
1023-000-00	WIF - Money Market	1,183	1,183	0	1,183	1,183	1,183
Wells Account for UCC	acct #41235512485				1,000,091	1,000,091	1,000,091



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**Copies of Bank Statements**  
Continuation Sheet for MOR-1  
For the Month Ended August 31, 2014

Note that the attached bank statement is the Former MEE Apparel Wells Fargo Operating Bank Account that has been acquired by Suchman in the 363 sale that was approved by the Bankruptcy Court of New Jersey



Custom  
 09/23/2014 12:24 PM ET  
 CUSTOMER ID: MEEAP032  
 OPERATOR ID: ROGERH  
 Commercial Electronic Office®

MEE APPAREL LLC

Previous Day Composite Report  
 As of 08/22/2014

Treasury Information Reporting

Currency: USD  
 Bank: 121000248  
 Account: 4123512469(NY)

WELLS FARGO BANK, N.A.  
 MEE APPAREL LLC

Balances

Closing Ledger Balance	.00
Closing Collected Balance	.00
Opening Available Balance	.00
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	.00
MTD Average Closing Collected Balance	.00
Total Credits	.00
Total Debits	.00
Total Number Credits	0
Total Number Debits	0

Currency: USD  
 Bank: 121000248  
 Account: 4123512477(NY)

WELLS FARGO BANK, N.A.  
 MEE APPAREL LLC

Balances

Closing Ledger Balance	493,878.94
Closing Collected Balance	493,878.94
Opening Available Balance	493,878.94
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	416,545.62
MTD Average Closing Collected Balance	402,797.54
Total Credits	56,472.83
Total Debits	.00
Total Number Credits	1
Total Number Debits	0

Currency: USD  
 Bank: 121000248  
 Account: 4123512485(NY)

WELLS FARGO BANK, N.A.  
 3TAC LLC

Balances

Closing Ledger Balance	1,000,091.40
Closing Collected Balance	1,000,091.40
Opening Available Balance	1,000,091.40
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	1,000,091.40
MTD Average Closing Collected Balance	1,000,091.40
Total Credits	.00
Total Debits	.00
Total Number Credits	0
Total Number Debits	0

Currency: USD  
 Bank: 121000248  
 Account: 4123512493(NY)

WELLS FARGO BANK, N.A.  
 MEE APPAREL LLC

Balances

Closing Ledger Balance	1,183.25
Closing Collected Balance	1,183.25
Opening Available Balance	1,183.25
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	1,183.25
MTD Average Closing Collected Balance	1,183.25
Total Credits	.00
Total Debits	.00
Total Number Credits	0
Total Number Debits	0

Currency: USD  
 Bank: 121000248  
 Account: 4124026048(NY)

WELLS FARGO BANK, N.A.  
 MEE DIRECT LLC



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 09/23/2014 12:24 PM ET  
 CUSTOMER ID: MEEAP032  
 OPERATOR ID: ROGERH  
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Previous Day Composite Report  
 As of 08/22/2014

Treasury Information Reporting

**Balances**

Closing Ledger Balance	.00
Closing Collected Balance	.00
Opening Available Balance	.00
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	.00
MTD Average Closing Collected Balance	.00
Total Credits	56,472.83
Total Debits	56,472.83
Total Number Credits	34
Total Number Debits	1

Currency: USD  
 Bank: 121000248  
 Account: 4941508962(NY)

WELLS FARGO BANK, N.A.  
 MEE DIRECT LLC

**Balances**

Closing Ledger Balance	.00
Closing Collected Balance	.00
Opening Available Balance	.00
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	.00
MTD Average Closing Collected Balance	.00
Total Credits	.00
Total Debits	.00
Total Number Credits	0
Total Number Debits	0

Currency: USD  
 Bank: 121000248  
 Account: 4941848681(NY)

WELLS FARGO BANK, N.A.  
 MEE APPAREL LLC

**Balances**

Closing Ledger Balance	.00
Closing Collected Balance	.00
Opening Available Balance	.00
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	.00
MTD Average Closing Collected Balance	.00
Total Credits	.00
Total Debits	.00
Total Number Credits	0
Total Number Debits	0

Currency: USD  
 Bank: 121000248

**Balances**

Closing Ledger Balance	1,495,153.59
Closing Collected Balance	1,495,153.59
Opening Available Balance	1,495,153.59
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	1,417,820.27
MTD Average Closing Collected Balance	1,404,072.19
Total Credits	112,945.66
Total Debits	56,472.83
Total Number Credits	35
Total Number Debits	1



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CUSTOMER ID: MEEAP032  
OPERATOR ID: ROGERH

MEE APPAREL LLC

Previous Day Composite Report  
As of 08/22/2014

Commercial Electronic Office®

Treasury Information Reporting

Grand Total For Currency: USD

Balances

Closing Ledger Balance	1,495,153.59
Closing Collected Balance	1,495,153.59
Opening Available Balance	1,495,153.59
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	1,417,820.27
MTD Average Closing Collected Balance	1,404,072.19
Total Credits	112,945.66
Total Debits	56,472.83
Total Number Credits	35
Total Number Debits	1

---- END OF REPORT ----



In re: MEE Apparel, LLC

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ME Apparel - Wholesale Division  
For the Month Ended August 23, 2014

	4/30/2014	5/30/2014	6/30/2014	7/28/2014	8/23/2014
Gross Sales	208,705	800			
Chargebacks:					
Margin Support	-	238,745			
Other	-				
Total Chargebacks	-	238,745			
% of Gross Sales					
Net Revenue	208,705	(237,945)			
COGS	104,112	345,022	18,146		
Merchandise Margin	104,593	(582,967)	(18,146)		
	50.1%	245.0%	na	na	na
Merchandise Management	165,544	168,751		20,950	0
Warehousing/Logistics	9,055	17,166			
Occupancy Costs	0	0	0	0	0
Allocation Merchandising	-	-	-	-	-
Total Other Costs	174,599	185,917	-	20,950	-
Gross Profit	(70,005)	(768,884)	(18,146)	(20,950)	-
Payroll	24,968	25,800		20,000	
Rent	-	-			
Benefits	4,494	4,644		(1,552)	
Prof. fees	-	-			
T&E	3,274	6,356		50,000	
Samples	-	-	25,625		
Delivery	13	777	3,632		
Donation	-	-			
Factor Expense	-	-			
Telephone	-	65			
Coordinators	-	-			
Commissions	7,834	-			
Marketing	-	-			
Supplies	-	166			
Utilities	-	-			
Miscellaneous	-	-			
Total Wholesale SG&A	40,581	37,808	29,257	66,448	-
Royalty Expense	-	-	-	-	-
Contribution Margin	(110,587)	(806,692)	(47,403)	(89,398)	-
Corporate SG&A Allocation	663,321	460,531	499,847	123,666	155,221
Corp Restructuring Allocation	-	-	-	-	-
Wholesale Division EBITDAR	(773,908)	(1,267,223)	(647,250)	(213,064)	(155,221)
Interest, Net and Other Expense	(30,000)	7,108	31,413		
Provision for Income Taxes	-	-			
Depreciation Expense	48,308	48,308			
Net Income (Loss)	(752,210)	(1,322,635)	(576,663)	(213,064)	(155,221)

	April	May	June	July	August
DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES:					
TOTAL DISBURSEMENTS	982,613	1,275,131	578,663	213,064	155,221
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0	0	0	0	0
PLUS: CASH DISBURSEMENTS MADE FOR PREPETITION SALES TAXES -PREVIOUSLY EXPENSED		3,100,000	152,770	0	0
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0	0	0	0	0
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	982,613	4,375,131	731,433	213,064	155,221

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Case No.: 14-16484

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Current Assets	4/30/2014	5/30/2014	6/30/2014	7/26/2014	8/23/2014
Cash	2,437,035	0	1,931,217	1,021,252	493,879
Accounts Receivable: Trade Non Factored	527,329	0	0	0	0
Due from Factor	949,679	0	0	0	0
Inventory	0	0	0	0	0
Restricted Cash	0	1,000,000	1,000,000	1,000,000	1,000,000
Due From Ecco Group	36,183,516	0	0	0	0
Prepaid Expenses and Other Current Assets	2,669	0	0	0	5,000
Other Receivables	0	0	0	0	0
Royalty Receivables	0	0	0	0	0
Discontinued Operations-Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>40,100,228</b>	<b>1,000,000</b>	<b>2,931,217</b>	<b>2,021,252</b>	<b>1,498,879</b>
<b>Property and Equipment</b>					
Property and Equipment Net	316,657	0	0	0	0
<b>Total Property and Equipment</b>	<b>316,657</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Assets</b>					
Deposits	80,769	0	0	0	0
Deposit: Collateral-Loan	0	0	0	0	0
Trademarks(Net )	0	0	0	0	0
Other Intangible Assets	0	0	0	0	0
Total Other Assets	80,769	0	0	0	0
Trademarks(Net )	0	0	0	0	0
<b>Total Assets</b>	<b>40,497,655</b>	<b>1,000,000</b>	<b>2,931,217</b>	<b>2,021,252</b>	<b>1,498,879</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Current Liabilities</b>					
Short Term Borrowings (Rosenthal)	5,280,540	3,251,004	0	0	0
DIP			5,500,000	4,552,119	4,169,082
Accounts Payable	44,940	269,375	(75,149)	237,408	243,160
Accrued Expenses & Other Current Liabilities	181,004	1,258,548	2,006,366	1,423,173	1,756,840
Discontinued Operations-Liabilities	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>5,506,484</b>	<b>4,778,927</b>	<b>7,431,217</b>	<b>6,212,700</b>	<b>6,169,082</b>
<b>Liabilities Subject to Compromise</b>					
Suchman Revolver	12,247,465	0	0	0	0
Prepetition Accounts Payable	11,586,484	18,496,854	18,283,662	18,277,213	18,277,213
Prepetition Accrued Expenses and Other	1,564,914	590,885	590,885	678,978	286,569
Suchman Unsecured	31,908,033	0	0	0	0
Long Term Debt	1,353,750	0	0	0	0
Security Deposits Held	424,800	424,800	424,800	424,800	424,800
<b>Total Liabilities Subject to Compromise</b>	<b>59,085,447</b>	<b>19,512,539</b>	<b>19,299,347</b>	<b>19,380,991</b>	<b>18,988,583</b>
<b>Common Stock</b>					
Paid in Capital	0	0	0	0	0
Member's Contribution	0	0	0	0	0
Equity Investment - Desiko	0	0	0	0	0
Distributions	0	0	0	0	0
Retained Earnings Brought Forward	(15,911,830)	(13,581,741)	(13,510,959)	(13,202,408)	(13,288,754)
Net Income for Period	(8,182,446)	(9,709,725)	(10,288,388)	(10,370,032)	(10,370,032)
<b>Total Capital</b>	<b>(24,094,276)</b>	<b>(23,291,466)</b>	<b>(23,799,347)</b>	<b>(23,572,438)</b>	<b>(23,658,786)</b>
<b>Total Liabilities &amp; Capital</b>	<b>40,497,655</b>	<b>1,000,000</b>	<b>2,931,217</b>	<b>2,021,253</b>	<b>1,498,879</b>

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**STATUS OF POSTPETITION TAXES**

The Debtors have received approval to pay prepetition tax obligations, including without limitation, sales, use and excise taxes, franchise taxes, property taxes, and certain other taxes due in the normal course of business through the first day motions. The Debtors paid approximately \$3.3 million of pre and post petition tax through the month of August

Below is the status of Sales Tax Payable for the MEE Direct and Apparel

Prepetition Sales Tax Payable	3,719,510
April - May Sales Tax Payable (through 363 sale)	<u>565,981</u>
Total Sales Tax Payable	4,285,491
Sales Tax Paid through August 23, 2014	-3,252,770
Sales Tax Payable as of August 23, 2014	1,032,721

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Case No.: 14-16484  
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**Unpaid Postpetition Accounts Payable**

For the Period Ended August 23rd, 2014

Type	Less than 30 Days	30 to 60 Days	61 to 90 Days	Greater than 91 Days
Expense	243,160	0	0	0
Merchandise	0	0	0	0
Total	243,160	0	0	0

In re: MEE Apparel, LLC.

Debtor

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### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

For the Period Ended August 23rd, 2014

All Receivables were sold to Suchman on 5/30/14 in the 363 sale approved by the Bankruptcy Court of New Jersey

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

### 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.  <b>All assets were sold to Suchman on 5/30/14 in the 363 sale approved by the Bankruptcy Court of New Jersey</b>		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.	X	
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