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**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**  
**LOS ANGELES DIVISION**

In re	)	Case No. 2:16-bk-23836-SK
	)	
BLUE BEE, INC. d/b/a ANGL,	)	Chapter 11
a California corporation,	)	
	)	<b>NOTICE OF MOTION AND MOTION</b>
	)	<b>FOR ORDER FURTHER EXTENDING</b>
Debtor.	)	<b>DEBTOR'S EXCLUSIVE PERIODS TO</b>
	)	<b>FILE PLAN OF REORGANIZATION</b>
	)	<b>AND OBTAIN ACCEPTANCES</b>
	)	<b>THEREOF; MEMORANDUM OF</b>
	)	<b>POINTS AND AUTHORITIES;</b>
	)	<b>DECLARATION OF JEFF SUNGHAK</b>
	)	<b>KIM IN SUPPORT THEREOF</b>

[No Hearing Required Unless Requested –  
Local Bankruptcy Rule 9013-1(o)]

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1           **PLEASE TAKE NOTICE** that Blue Bee, Inc. d/b/a ANGL, the debtor and debtor in  
2 possession in the above-captioned Chapter 11 bankruptcy case (the “Debtor”), hereby submits this  
3 motion (the “Motion”) for the entry of an order further extending the Debtor’s exclusive periods  
4 to file a plan of reorganization (“Plan”) and obtain acceptances thereof pursuant to 11 U.S.C. §  
5 1121(d).

6           The Debtor filed its voluntary petition under Chapter 11 of 11 U.S.C. §§ 101 *et seq.* (the  
7 “Bankruptcy Code”) on October 19, 2016 (the “Petition Date”). Based on the Petition Date, the  
8 Debtor’s exclusive periods to file a Plan and obtain acceptances thereof under 11 U.S.C. §  
9 1121(d) would have expired on February 16, 2017 and April 17, 2017, respectively. Pursuant to  
10 orders previously entered by the Court, the Debtor’s exclusive periods to file a Plan and obtain  
11 acceptances thereof have been extended a number of times and are currently set to expire on  
12 January 15, 2018 and March 16, 2018, respectively. By this Motion, and for the reasons set forth  
13 in the Memorandum of Points and Authorities annexed hereto, the Debtor seeks the entry of an  
14 order further extending the Debtor’s exclusive periods to file a Plan and obtain acceptances  
15 thereof, for a period of approximately sixty (60) days, to and including March 19, 2018 and May  
16 18, 2018, respectively. This will be the Debtor’s final request to extend its exclusivity periods in  
17 connection with this case.

18           The Debtor is a retailer doing business under the “ANGL” brand offering stylish and  
19 contemporary women’s clothing at reasonable prices to its fashion-savvy customers. As of the  
20 Petition Date, the Debtor owned and operated twenty-one (21) retail stores located primarily in  
21 shopping malls throughout the state of California (collectively, the “Retail Stores,” and  
22 individually, a “Retail Store”). During the course of the Debtor’s bankruptcy case, the Debtor  
23 closed a number of its Retail Stores, leaving the Debtor with a total of thirteen (13) currently  
24 operating Retail Stores (the “Operating Retail Stores”).

25           The Debtor submits that “cause” exists to extend its exclusive periods to file a Plan and to  
26 obtain acceptances thereof one final time. While the Debtor has identified the core group of  
27 thirteen (13) Operating Retail Stores around which it intends to reorganize and has begun the  
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1 process of evaluating and formulating the potential terms of a Plan, the Debtor and its  
2 management require additional time to (i) evaluate the Debtor's business operations (particularly  
3 in view of the past holiday selling season) and to prepare accurate cash flow forecasts in support  
4 of a Plan, (ii) complete their analysis of the claims that have been filed by creditors in the  
5 Debtor's case, including, without limitation, a number of large administrative rent claims  
6 asserted by several of the Debtor's landlords, (iii) determine how much cash the Debtor will have  
7 available on the anticipated effective date of the Plan to help fund the Plan so that management  
8 may determine how much additional cash will be required (either from the Debtor's principals or  
9 outside sources) to fund the Plan, and (iv) formulate the terms of a feasible Plan and complete  
10 the preparation of the combined form Plan and disclosure statement (and other documents related  
11 thereto) required by the Court.

12 Based on the foregoing, the Debtor intends to file its Plan and disclosure statement within  
13 the next approximately sixty (60) days. Given this anticipated timing, the Debtor seeks one final  
14 extension of its exclusive periods to file a Plan and obtain acceptances thereof for approximately  
15 sixty (60) days, to and including March 19, 2018 and May 18, 2018, respectively.

16 The Motion is based upon this Notice of Motion and Motion, 11 U.S.C. § 1121, Local  
17 Bankruptcy Rule 9013-1, the accompanying Memorandum of Points and Authorities and the  
18 Declaration of Jeff Sunghak Kim attached thereto, the entire record in the Debtor's case, and any  
19 other evidence properly presented to the Court in support of the Motion.

20 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013-  
21 1(o)(1), any response to or request for hearing on the Motion must be filed with the Court and  
22 served on counsel for the Debtor and the United States Trustee within fourteen (14) days after  
23 the date of service of this Notice, plus 3 additional days if the Notice was served by mail,  
24 electronically, or pursuant to Federal Rule of Civil Procedure 5(b)(2)(D), (E), or (F).

25 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013-  
26 1(h), the failure to file and serve a timely response to and/or request for hearing on the Motion  
27 may be deemed by the Court to constitute consent to the relief requested in the Motion.



1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. STATEMENT OF FACTS**

3 **A. Background.**

4 1. On October 19, 2016 (the “Petition Date”), Blue Bee, Inc., a California corporation  
5 d/b/a Angl and the debtor and debtor-in-possession herein (the “Debtor”), filed a voluntary petition  
6 for relief under Chapter 11 of 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”). The Debtor is  
7 continuing to operate its business, manage its financial affairs and operate its bankruptcy estate as a  
8 debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

9 2. The Debtor is a retailer doing business under the “ANGL” brand offering stylish  
10 and contemporary women’s clothing at reasonable prices to its fashion-savvy customers. As of the  
11 Petition Date, the Debtor owned and operated twenty-one (21) retail stores located primarily in  
12 shopping malls throughout the state of California (collectively, the “Retail Stores,” and  
13 individually, a “Retail Store”).

14 3. The Debtor is headquartered near downtown Los Angeles, California in Vernon,  
15 California and, as of the Petition Date, employed a workforce of approximately 110 employees. In  
16 2015, the Debtor generated annual gross revenues of more than \$24 million.

17 4. After opening its first retail store approximately 24 years ago in 1992, the Debtor’s  
18 predecessor, Angl, Inc., substantially expanded its business operations to encompass a total of  
19 fifty-two (52) retail stores throughout the states of California, Nevada and Arizona by 2015. The  
20 vast majority of these new retail stores (approximately 43 stores) were opened within the seven-  
21 year period prior to the Petition Date. This large expansion effort, which was conducted within a  
22 relatively compressed period of time, took a heavy financial toll on the business operations of the  
23 Debtor’s predecessor as a whole as it incurred construction and other “start up” costs with the  
24 opening of each new store as well as a significant increase in operating expenses typically  
25 associated with a retail store chain operation.

26 5. The high cost of expansion combined with decreasing store sales as a result of a  
27 general industry-wide shift in consumer shopping preferences from in-store to online shopping,  
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1 and the increased competition arising therefrom, left the Debtor with insufficient liquidity to meet  
2 all of its financial obligations, ultimately resulting in defaults in payments to the Debtor's landlords  
3 and vendors. As a result of the Debtor's defaults, numerous landlords began commencing actions  
4 to evict the Debtor and/or terminate the Debtor's lease agreements for certain of the Retail Stores.  
5 While the Debtor had already closed a number of its less profitable retail store locations, leaving  
6 open 21 Retail Stores as of the Petition Date, the Debtor required time to evaluate the viability of  
7 the remaining Retail Stores and identify other ways to decrease operational costs and increase  
8 profitability. In order to preserve the Debtor's rights under its lease agreements and to have an  
9 opportunity to restructure its business and financial affairs and ultimately reorganize, the Debtor  
10 filed this Chapter 11 bankruptcy case.

11 6. Through its bankruptcy case, the Debtor intended to identify the core Retail Stores  
12 around which the Debtor could successfully reorganize and expeditiously close those Retail Stores  
13 which are not likely to be profitable and/or for which the Debtor is unable to obtain meaningful  
14 rent concessions from the landlords (a process which has now been completed), and thereafter  
15 formulate and seek confirmation of a plan of reorganization which restructures the Debtor's  
16 existing debt in a cohesive and efficient manner while facilitating the continued operation of the  
17 Debtor's longstanding business.

18 **B. Postpetition Business Operations And Case Administration.**

19 7. Since the Petition Date, the Debtor has continued operating its business in the  
20 normal course.

21 8. Shortly after the Petition Date, on October 24, 2016, the Debtor filed an emergency  
22 motion (the "First CC Motion") seeking an order, among other things, authorizing the Debtor to  
23 use cash collateral in accordance with the Debtor's initial 13-week operating budget submitted  
24 therewith (the "Initial Budget").

25 9. On November 1, 2016, the Court entered an interim order granting the First CC  
26 Motion on an interim basis, pending a final hearing. On December 14, 2016, the Court entered a  
27 final order granting the First CC Motion on a final basis and authorizing the Debtor to use cash  
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collateral in accordance with a revised form of the Initial Budget, subject to the terms and conditions set forth on the record of the Court at the final hearing on the First CC Motion held on November 30, 2016.

10. On January 24, 2017, the Court entered a second order authorizing the Debtor to continue using cash collateral in accordance with the operating budget submitted by the Debtor for the 13-week period from January 22, 2017 through and including April 22, 2017

11. On April 28, 2017, the Court entered a third order authorizing the Debtor to continue using cash collateral in accordance with the operating budget submitted by the Debtor for the 13-week period from April 22, 2017 through and including July 22, 2017.

12. On July 19, 2017, the Court entered a fourth order authorizing the Debtor to continue using cash collateral in accordance with the operating budget submitted by the Debtor for the 13-week period from July 23, 2017 through and including October 21, 2017.

13. On October 25, 2017, the Court entered a fifth order authorizing the Debtor to continue using cash collateral in accordance with the operating budget submitted by the Debtor for the 13-week period from October 22, 2017 through and including January 20, 2018 (the “Fifth CC Order”).

14. On January 11, 2018, the Court entered a sixth order authorizing the Debtor to continue using cash collateral in accordance with the operating budget submitted by the Debtor for the 13-week period from January 21, 2018 through and including April 21, 2018 (the “Sixth CC Order”).

15. The Debtor is continuing to use its cash collateral to operate its business in the ordinary course of business, pursuant to the terms of the cash collateral orders entered by the Court, including but not limited to the Fifth CC Order and Sixth CC Order.

16. On January 25, 2017, the Court entered an order establishing March 31, 2017 as the bar date by which parties who wished to assert pre-petition claims against, and interests in, the Debtor were required to file and serve proofs of claim or proofs of interest in the Debtor’s bankruptcy case (the “Claims Bar Date”).

1           17.     The Debtor has reviewed the proofs of claim that have been filed by creditors in the  
2 Debtor's bankruptcy case and is in the process of completing its analysis of the total amount and  
3 types of claims that will need to be accounted for in the Debtor's plan of reorganization.

4           18.     As noted above, the Debtor believed it was critical that it first identify the core  
5 Retail Stores around which it might ultimately be able to reorganize before the Debtor could begin  
6 exploring and formulating the terms of a feasible plan of reorganization in this case. Accordingly,  
7 shortly after the Petition Date, the Debtor began the process of analyzing the financial performance  
8 of each of its twenty-one (21) Retail Stores (on a store-by-store basis) to determine which of the  
9 Retail Stores were currently profitable or potentially profitable if rent concessions could be  
10 successfully negotiated with the landlords, and which of the Retail Stores were not profitable and  
11 therefore needed to be closed on an expeditious basis.

12           19.     As a result of such analysis, during the past several months, the Debtor has sought  
13 and obtained Court approval to close eight (8) of its Retail Stores and to reject the real property  
14 leases associated therewith. Based on the foregoing, the Debtor is currently operating a total of  
15 thirteen (13) Retail Stores (the "Operating Retail Stores").

16           20.     On October 24, 2017, the Debtor's principals, Jeff Sunghak Kim and Young Ae  
17 Kim, closed the sale of their personal residence located in Malibu, California. The closing of the  
18 sale of the Malibu residence resulted in a substantial reduction (of \$600,000) of the claim asserted  
19 by Pacific City Bank, the Debtor's primary secured creditor, against the Debtor. The Debtor has  
20 been advised by Pacific City Bank that the remaining amount of Pacific City Bank's secured claim  
21 against the Debtor is \$1,179,560.98 (as of November 7, 2017). The Debtor has begun engaging in  
22 discussions with Pacific City Bank regarding the potential consensual treatment of Pacific City  
23 Bank's remaining secured claim under a plan of reorganization.

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**C. The Need For An Extension Of The Debtor's Exclusive Periods To File A Plan And Obtain Acceptances Thereof.**

21. Based on the Petition Date, the Debtor's exclusive periods to file a plan of reorganization ("Plan") and obtain acceptances thereof under 11 U.S.C. § 1121(d) would have expired on February 16, 2017 and April 17, 2017, respectively.

22. Pursuant to orders entered by the Court on February 7, 2017, May 17, 2017, August 30, 2017, October 19, 2017, and December 15, 2017, the Debtor's exclusive periods to file a Plan and obtain acceptances thereof are currently set to expire on January 15, 2018 and March 16, 2018, respectively.

23. The Debtor has concluded its analysis and final determination regarding the assumption or rejection of the leases for the Retail Stores, and believes it has now identified the core group of thirteen (13) Operating Retail Stores around which it intends to reorganize, which the Debtor has stated from the outset of this case was the critical first step before the Debtor could begin formulating the potential terms of a Plan.

24. Although the Debtor has made significant efforts during the past year that it has been in Chapter 11 to stabilize its business operations and increase sales, such efforts have been hampered by, among other things, the unexpectedly inclement weather in California during the 2016-2017 winter and spring seasons, which in turn negatively impacted the Debtor's ability to generate sales revenue, and the Debtor's constrained cash flow due to, among other reasons, demands by certain of the Debtor's vendors for up-front payments for necessary merchandise and inventory and the funding of lease cure payments required to be made in conjunction with the Debtor's assumption of the leases for its thirteen (13) Operating Retail Stores.

25. On November 1, 2017, three of the Debtor's former landlords (whose leases the Debtor rejected) filed motions seeking the allowance and immediate payment of administrative expense priority claims for alleged unpaid post-petition rent totaling over \$198,000 (the "Admin Rent Motions"). The hearings on the Admin Rent Motions are currently set for February 7, 2018. Although the Debtor disputes the calculation and amounts of the administrative expense priority

1 claims asserted by the landlords in the Admin Rent Motions, and is in discussions with such  
2 landlords regarding a potential consensual resolution of the Admin Rent Motions, in the event that  
3 the Court determines that such landlords are entitled to the allowance and immediate payment of  
4 the administrative rent claims asserted in the Admin Rent Motions, the Debtor's ability to continue  
5 operating its business and formulate a feasible Plan may be jeopardized, given the Debtor's current  
6 cash availability.

7         26. Notwithstanding the Debtor's current cash flow situation, and the potential impact  
8 that the Admin Rent Motions may have on the Debtor's ability to continue operating its business  
9 and to formulate a feasible Plan, the Debtor has begun evaluating and formulating the potential  
10 terms of a Plan. However, the Debtor and its management require additional time to (i) evaluate  
11 the Debtor's business operations (particularly in view of the past holiday selling season) and to  
12 prepare accurate cash flow forecasts in support of a Plan, (ii) complete their analysis of the claims  
13 that have been filed by creditors in the Debtor's case, including, without limitation, a number of  
14 large administrative rent claims asserted by several of the Debtor's landlords (including those  
15 asserted in the Admin Rent Motions), (iii) determine how much cash the Debtor will have  
16 available on the anticipated effective date of the Plan to help fund the Plan so that management  
17 may determine how much additional cash will be required (either from the Debtor's principals or  
18 outside sources) to fund the Plan, and (iv) complete the preparation of the combined form Plan and  
19 disclosure statement (and other documents related thereto) required by the Court. The Debtor also  
20 requires time to complete its discussions with Pacific City Bank and other creditors regarding the  
21 potentially consensual treatment of such creditors' claims in the Plan.

22         27. Based on the foregoing, the Debtor intends to file its Plan and disclosure statement  
23 within the next sixty (60) days. Given this anticipated timing, the Debtor seeks a further extension  
24 of its exclusive periods to file a Plan and obtain acceptances thereof for approximately sixty (60)  
25 days, to and including March 19, 2018 and May 18, 2018, respectively. This will be the Debtor's  
26 final request to extend its exclusivity periods in connection with this case.

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II.

**DISCUSSION**

**A. The Court Has Authority To Extend The Debtor's Exclusive Periods To File A Plan Of Reorganization And Obtain Acceptances Thereof.**

Pursuant to Sections 1121(b) and (c)(3) of the Bankruptcy Code, a chapter 11 debtor has the exclusive right, for a period of 120 days following the filing of the petition, to file a plan of reorganization, and to thereafter obtain acceptances to any plan so filed for a period of an additional 60 days.

Section 1121(d) of the Bankruptcy Code allows the Court to extend or reduce these time periods for cause. Section 1121(d) provides, in pertinent part, as follows:

(d)(1) Subject to paragraph (2), on request of a party in interest made within the respective periods specified in subsections (b) and (c) of this section and after notice and a hearing, the court may for cause reduce or increase the 120-day period [exclusivity period for filing a plan of reorganization] or the 180-day period [exclusivity period for obtaining acceptances of the plan] referred to in this section.

(2)(A) The 120-day period specified in paragraph (1) may not be extended beyond a date that is 18 months after the date of the order for relief under this chapter.

(B) The 180-day period specified in paragraph (1) may not be extended beyond a date that is 20 months after the date of the order for relief under this chapter.

11 U.S.C. § 1121(d)(1) and (2).

The decision of whether to grant a request to extend or shorten the exclusivity periods lies within the sound discretion of the bankruptcy judge. *In re AmKo Plastics, Inc.*, 197 B.R. 74, 77 (Bankr. S.D. Ohio 1996); *In re Gibson & Cushman Dredging Corp.*, 101 B.R. 405, 409 (Bankr. E.D.N.Y. 1989). The “cause” standard referred to in Section 1121 has been referred to as a general standard that allows the bankruptcy court “maximum flexibility to suit various types of reorganization proceedings.” *In re Public Service Company of New Hampshire*, 88 B.R. 521, 534 (Bankr. D.N.H. 1988).

1           The Bankruptcy Code does not define “cause” or establish formal criteria for extensions  
2 of the exclusivity periods. Consistent with a balanced, integrated approach to reorganizations  
3 under chapter 11, Congress contemplated that bankruptcy courts would apply the exclusivity  
4 provisions flexibly so as to promote the orderly, consensual and successful reorganization of a  
5 debtor’s affairs. *See* H.R. Rep. No. 95-595, 95th Cong., 1st Sess. 220, 232 (1977) [hereinafter  
6 “House Report”]. Appropriate “cause” justifying extensions of the exclusivity periods should be  
7 interpreted in the context of the overall purposes of chapter 11 and the means Congress  
8 established for accomplishing them. Congress recognized that a debtor must have a reasonable  
9 time to formulate and negotiate a plan of reorganization. Denying a debtor an exclusive period  
10 to propose and confirm a plan could dissuade a debtor from choosing chapter 11 and encourage  
11 creditors to act unilaterally. House Report at 231-32. *See also, In re Pine Run Trust, Inc.*, 67  
12 B.R. 432, 434 (Bankr. E.D. Pa. 1936) (exclusivity determinations should balance creditor and  
13 debtor interests in favor of reorganization).

14           The Debtor respectfully submits that “cause” exists to further extend its exclusive periods  
15 to file a Plan and to obtain acceptances thereof in this case. This will be the Debtor’s final  
16 request to extend its exclusivity periods in connection with this case.

17           For the reasons noted above, the Debtor has been experiencing cash flow constraints,  
18 which affect the Debtor’s ability to formulate a feasible Plan in this case. The Debtor has most  
19 recently focused on maximizing sales during the past holiday selling season (from November  
20 2017 – January 2018) and increasing the Debtor’s cash availability so that the Debtor and its  
21 management can then focus on formulating the terms of and funding a Plan. In addition, given  
22 the potentially devastating impact that the Admin Rent Motions may have on the Debtor’s ability  
23 to formulate a feasible Plan and continue operating its business, the Debtor has also been focused  
24 on negotiating a consensual resolution of the Admin Rent Motions with the respective landlords.

25           Notwithstanding the Debtor’s current cash flow situation, and the potential impact that the  
26 Admin Rent Motions may have on the Debtor’s ability to continue operating its business and to  
27 formulate a feasible Plan, the Debtor has begun evaluating and formulating the potential terms of a  
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1 Plan. However, the Debtor and its management require additional time to (i) evaluate the Debtor's  
2 business operations (particularly in view of the past holiday selling season) and to prepare accurate  
3 cash flow forecasts in support of a Plan, (ii) complete their analysis of the claims that have been  
4 filed by creditors in the Debtor's case, including, without limitation, a number of large  
5 administrative rent claims asserted by several of the Debtor's landlords (including those asserted in  
6 the Admin Rent Motions), (iii) determine how much cash the Debtor will have available on the  
7 anticipated effective date of the Plan to help fund the Plan so that management may determine how  
8 much additional cash will be required (either from the Debtor's principals or outside sources) to  
9 fund the Plan, and (iv) complete the preparation of the combined form Plan and disclosure  
10 statement (and other documents related thereto) required by the Court. The Debtor also requires  
11 time to complete its discussions with Pacific City Bank and other creditors regarding the  
12 potentially consensual treatment of such creditors' claims in the Plan.

13 Given the foregoing issues, the Debtor believes it would be premature to file a Plan by  
14 January 15, 2018 (the date that the Debtor's Plan filing exclusivity period will expire, if not  
15 extended). A premature Plan will likely lead to further delays in the plan confirmation process and  
16 will serve only to increase the administrative costs of this case as any Plan filed now would likely  
17 have to be amended or modified. Under the circumstances, the Debtor submits that the requested  
18 final extensions of its exclusive periods to file a Plan and obtain acceptances thereof are reasonable  
19 and appropriate.

20 **B. The Debtor Is Requesting Extensions Of Its Exclusivity Periods In Good Faith, And**  
21 **Not For The Purpose Of Pressuring Creditors To Accede To Plan Terms.**

22 Courts have found cause to justify an extension of a chapter 11 debtor's exclusivity  
23 periods where there is no evidence that an extension is being sought for purposes of pressuring  
24 creditors into acceding to a debtor's reorganization demands. *See In re Pine Run Trust, Inc.,*  
25 *supra*. The Debtor's request for extensions of its Plan exclusivity periods in this case is being  
26 made in good faith and is not being made for the purpose of pressuring creditors into acceding to  
27 certain Plan terms. On the contrary, the Debtor is motivated by its desire to pursue a consensual  
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Plan, for the benefit of all of its creditors, in an orderly fashion and with minimal expense to the estate. The Debtor does not have any interest in delaying its bankruptcy case any longer than absolutely necessary. However, the Debtor submits that it is neither efficient nor cost-effective to require the Debtor to file a Plan which would ultimately require modification, at great administrative expense to the Debtor's estate.

**C. Progress Towards Reorganization And Proper Motives Warrant An Extension Of The Debtor's Plan Exclusivity Periods.**

Courts have recognized that the diligence of management and proper administration of the case are yet additional factors supporting an extension of the exclusivity periods. *See In re United Press International, supra; In re Trainer's, Inc.*, 17 B.R. 246, 247 (Bankr. E.D. Pa. 1982). The Debtor is properly administering its Chapter 11 case in that it has complied with all of the requirements of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure and is in substantial compliance with the requirements of the Office of the United States Trustee applicable to debtors in possession. Under these circumstances, the Court may extend the Debtor's exclusivity periods for filing a Plan and obtaining acceptances thereof with the confidence that the Debtor is in compliance with the requirements that are a condition to the Debtor's maintaining control of its bankruptcy case.

**III.**

**CONCLUSION**

**WHEREFORE**, the Debtor respectfully requests that the Court enter an order:

(1) granting the Motion in its entirety;

(2) further extending the Debtor's exclusive periods to file a Plan and obtain acceptances thereof for approximately sixty (60) days, to and including March 19, 2018 and May 18, 2018, respectively; and

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1 (3) granting such other and further relief as the Court deems just and proper.

2 Dated: January 12, 2018

BLUE BEE, INC.

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By: \_\_\_\_\_

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TIMOTHY J. YOO

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JULIET Y. OH

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LEVENE, NEALE, BENDER, YOO  
& BRILL L.L.P.

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Attorneys for Debtor in Possession

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**DECLARATION OF JEFF SUNGHAK KIM**

I, Jeff Sunghak Kim, hereby declare as follows:

1. I am over 18 years of age. I am the co-founder and President of Blue Bee, Inc., a California corporation d/b/a ANGL and the debtor and debtor-in-possession herein (the “Debtor”), and am therefore familiar with the business operations and financial books and records of the Debtor. I have personal knowledge of the facts set forth below and, if called to testify as a witness, I could and would competently testify thereto.

2. I have access to the Debtor’s books and records. As the co-founder and President of the Debtor, I am familiar with the history, organization, operations and financial condition of the Debtor. The records and documents referred to in this Declaration constitute writings taken, made, or maintained in the regular or ordinary course of the Debtor’s business at or near the time of act, condition or event to which they relate by persons employed by the Debtor who had a business duty to the Debtor to accurately and completely take, make, and maintain such records and documents. The statements set forth in this declaration are based upon my own personal knowledge and my review of the Debtor’s books and records.

3. I make this declaration in support of the Debtor’s motion seeking the entry of an order further extending the Debtor’s exclusive periods to file a plan of reorganization and obtain acceptances thereof for sixty (60) days, to and including January 15, 2018 and March 16, 2018, respectively, without prejudice to the Debtor’s right to seek further extensions of such exclusivity periods (the “Motion”), to which this declaration is attached. All capitalized terms not specifically defined herein shall have the meanings ascribed to them in the Motion.

4. On October 19, 2016 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor is continuing to operate its business, manage its financial affairs and operate its bankruptcy estate as a debtor in possession.

5. The Debtor is a retailer doing business under the “ANGL” brand offering stylish and contemporary women’s clothing at reasonable prices to its fashion-savvy customers. As of the Petition Date, the Debtor owned and operated twenty-one (21) retail stores located primarily in

1 shopping malls throughout the state of California (collectively, the “Retail Stores,” and  
2 individually, a “Retail Store”).

3 6. The Debtor is headquartered near downtown Los Angeles, California in Vernon,  
4 California and, as of the Petition Date, employed a workforce of approximately 110 employees. In  
5 2015, the Debtor generated annual gross revenues of more than \$24 million.

6 7. After opening its first retail store approximately 24 years ago in 1992, the Debtor’s  
7 predecessor, Angl, Inc., substantially expanded its business operations to encompass a total of  
8 fifty-two (52) retail stores throughout the states of California, Nevada and Arizona by 2015. The  
9 vast majority of these new retail stores (approximately 43 stores) were opened within the seven-  
10 year period prior to the Petition Date. I believe that this large expansion effort, which was  
11 conducted within a relatively compressed period of time, took a heavy financial toll on the business  
12 operations of the Debtor’s predecessor as a whole as it incurred construction and other “start up”  
13 costs with the opening of each new store as well as a significant increase in operating expenses  
14 typically associated with a retail store chain operation.

15 8. The high cost of expansion combined with decreasing store sales as a result of a  
16 general industry-wide shift in consumer shopping preferences from in-store to online shopping,  
17 and the increased competition arising therefrom, left the Debtor with insufficient liquidity to meet  
18 all of its financial obligations, ultimately resulting in defaults in payments to the Debtor’s landlords  
19 and vendors. As a result of the Debtor’s defaults, numerous landlords began commencing actions  
20 to evict the Debtor and/or terminate the Debtor’s lease agreements for certain of the Retail Stores.  
21 While the Debtor had already closed a number of its less profitable retail store locations, leaving  
22 open 21 Retail Stores as of the Petition Date, the Debtor required time to evaluate the viability of  
23 the remaining Retail Stores and identify other ways to decrease operational costs and increase  
24 profitability. In order to preserve the Debtor’s rights under its lease agreements and to have an  
25 opportunity to restructure its business and financial affairs and ultimately reorganize, the Debtor  
26 filed this Chapter 11 bankruptcy case.

1           9.       Through its bankruptcy case, the Debtor intended to identify the core Retail Stores  
2 around which the Debtor could successfully reorganize and expeditiously close those Retail Stores  
3 which are not likely to be profitable and/or for which the Debtor is unable to obtain meaningful  
4 rent concessions from the landlords (a process which has now been completed), and thereafter  
5 formulate and seek confirmation of a plan of reorganization which restructures the Debtor's  
6 existing debt in a cohesive and efficient manner while facilitating the continued operation of the  
7 Debtor's longstanding business.

8           10.      Since the Petition Date, the Debtor has continued operating its business in the  
9 normal course.

10          11.      Shortly after the Petition Date, on October 24, 2016, the Debtor filed an emergency  
11 motion (the "First CC Motion") seeking an order, among other things, authorizing the Debtor to  
12 use cash collateral in accordance with the Debtor's initial 13-week operating budget submitted  
13 therewith (the "Initial Budget").

14          12.      I am advised and believe that, on November 1, 2016, the Court entered an interim  
15 order granting the First CC Motion on an interim basis, pending a final hearing. I am further  
16 advised and believe that, on December 14, 2016, the Court entered a final order granting the First  
17 CC Motion on a final basis and authorizing the Debtor to use cash collateral in accordance with a  
18 revised form of the Initial Budget, subject to the terms and conditions set forth on the record of the  
19 Court at the final hearing on the First CC Motion held on November 30, 2016.

20          13.      I am advised and believe that, on January 24, 2017, the Court entered a second  
21 order authorizing the Debtor to continue using cash collateral in accordance with the operating  
22 budget submitted by the Debtor for the 13-week period from January 22, 2017 through and  
23 including April 22, 2017

24          14.      I am advised and believe that, on April 28, 2017, the Court entered a third order  
25 authorizing the Debtor to continue using cash collateral in accordance with the operating budget  
26 submitted by the Debtor for the 13-week period from April 22, 2017 through and including July  
27 22, 2017.

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1           15. I am advised and believe that, on July 19, 2017, the Court entered a fourth order  
2 authorizing the Debtor to continue using cash collateral in accordance with the operating budget  
3 submitted by the Debtor for the 13-week period from July 23, 2017 through and including October  
4 21, 2017.

5           16. I am advised and believe that, on October 25, 2017, the Court entered a fifth order  
6 authorizing the Debtor to continue using cash collateral in accordance with the operating budget  
7 submitted by the Debtor for the 13-week period from October 22, 2017 through and including  
8 January 20, 2018 (the "Fifth CC Order").

9           17. I am advised and believe that, on January 11, 2018, the Court entered a sixth order  
10 authorizing the Debtor to continue using cash collateral in accordance with the operating budget  
11 submitted by the Debtor for the 13-week period from January 21, 2018 through and including  
12 April 21, 2018 (the "Sixth CC Order").

13           18. The Debtor is continuing to use its cash collateral to operate its business in the  
14 ordinary course of business, pursuant to the terms of the cash collateral orders entered by the  
15 Court, including but not limited to the Fifth CC Order and Sixth CC Order.

16           19. I am advised and believe that, on January 25, 2017, the Court entered an order  
17 establishing March 31, 2017 as the bar date by which parties who wished to assert pre-petition  
18 claims against, and interests in, the Debtor were required to file and serve proofs of claim or proofs  
19 of interest in the Debtor's bankruptcy case (the "Claims Bar Date").

20           20. The Debtor has reviewed the proofs of claim that have been filed by creditors in the  
21 Debtor's bankruptcy case and is in the process of completing its analysis of the total amount and  
22 types of claims that will need to be accounted for in the Debtor's plan of reorganization.

23           21. I believed it was critical that the Debtor first identify the core Retail Stores around  
24 which it might ultimately be able to reorganize before the Debtor could begin exploring and  
25 formulating the terms of a feasible plan of reorganization in this case. Accordingly, shortly after  
26 the Petition Date, the Debtor began the process of analyzing the financial performance of each of  
27 its twenty-one (21) Retail Stores (on a store-by-store basis) to determine which of the Retail Stores  
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1 were currently profitable or potentially profitable if rent concessions could be successfully  
2 negotiated with the landlords, and which of the Retail Stores were not profitable and therefore  
3 needed to be closed on an expeditious basis.

4 22. As a result of such analysis, during the past several months, the Debtor has sought  
5 and obtained Court approval to close eight (8) of its Retail Stores and to reject the real property  
6 leases associated therewith. Based on the foregoing, the Debtor is currently operating a total of  
7 thirteen (13) Retail Stores (the “Operating Retail Stores”).

8 23. On October 24, 2017, my wife and I closed the sale of our personal residence  
9 located in Malibu, California. The closing of the sale of our Malibu residence resulted in a  
10 substantial reduction (of \$600,000) of the claim asserted by Pacific City Bank, the Debtor’s  
11 primary secured creditor, against the Debtor. The Debtor has been advised by Pacific City Bank  
12 that the remaining amount of Pacific City Bank’s secured claim against the Debtor is  
13 \$1,179,560.98 (as of November 7, 2017). The Debtor has begun engaging in discussions with  
14 Pacific City Bank regarding the potential consensual treatment of Pacific City Bank’s remaining  
15 secured claim under a plan of reorganization.

16 24. I am advised and believe that, based on the Petition Date, the Debtor’s exclusive  
17 periods to file a plan of reorganization (“Plan”) and obtain acceptances thereof would have expired  
18 on February 16, 2017 and April 17, 2017, respectively. However, pursuant to orders that I am  
19 advised and believe have been entered by the Court on February 7, 2017, May 17, 2017, August  
20 30, 2017, October 19, 2017, and December 15, 2017, the Debtor’s exclusive periods to file a Plan  
21 and obtain acceptances thereof have been extended to January 15, 2018 and March 16, 2018,  
22 respectively.

23 25. The Debtor has concluded its analysis and final determination regarding the  
24 assumption or rejection of the leases for the Retail Stores, and believes it has now identified the  
25 core group of thirteen (13) Operating Retail Stores around which it intends to reorganize, which I  
26 have believed from the outset of this case was the critical first step before the Debtor could begin  
27 formulating the potential terms of a Plan.

28

1           26.     Although the Debtor has made significant efforts during the past year that it has  
2     been in Chapter 11 to stabilize its business operations and increase sales, such efforts have been  
3     hampered by, among other things, the unexpectedly inclement weather in California during the  
4     2016-2017 winter and spring seasons, which in turn negatively impacted the Debtor's ability to  
5     generate sales revenue, and the Debtor's constrained cash flow due to, among other reasons,  
6     demands by certain of the Debtor's vendors for up-front payments for necessary merchandise and  
7     inventory and the funding of lease cure payments required to be made in conjunction with the  
8     Debtor's assumption of the leases for its thirteen (13) Operating Retail Stores.

9           27.     On November 1, 2017, three of the Debtor's former landlords (whose leases the  
10    Debtor rejected) filed motions seeking the allowance and immediate payment of administrative  
11    expense priority claims for alleged unpaid post-petition rent totaling over \$198,000 (the "Admin  
12    Rent Motions"). The hearings on the Admin Rent Motions are currently set for February 7, 2018.  
13    Although the Debtor disputes the calculation and amounts of the administrative expense priority  
14    claims asserted by the landlords in the Admin Rent Motions, and is in discussions with such  
15    landlords regarding a potential consensual resolution of the Admin Rent Motions, in the event that  
16    the Court determines that such landlords are entitled to the allowance and immediate payment of  
17    the administrative rent claims asserted in the Admin Rent Motions, the Debtor's ability to continue  
18    operating its business and formulate a feasible Plan may be jeopardized, given the Debtor's current  
19    cash availability.

20           28.     Notwithstanding the Debtor's current cash flow situation, and the potential impact  
21    that the Admin Rent Motions may have on the Debtor's ability to continue operating its business  
22    and to formulate a feasible Plan, the Debtor has begun evaluating and formulating the potential  
23    terms of a Plan. However, the Debtor and its management require additional time to (i) evaluate  
24    the Debtor's business operations (particularly in view of the past holiday selling season) and to  
25    prepare accurate cash flow forecasts in support of a Plan, (ii) complete their analysis of the claims  
26    that have been filed by creditors in the Debtor's case, including, without limitation, a number of  
27    large administrative rent claims asserted by several of the Debtor's landlords (including those  
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asserted in the Admin Rent Motions), (iii) determine how much cash the Debtor will have available on the anticipated effective date of the Plan to help fund the Plan so that management may determine how much additional cash will be required (either from the Debtor's principals or outside sources) to fund the Plan, and (iv) complete the preparation of the combined form Plan and disclosure statement (and other documents related thereto) required by the Court. The Debtor also requires time to complete its discussions with Pacific City Bank and other creditors regarding the potentially consensual treatment of such creditors' claims in the Plan.

29. Based on the foregoing, the Debtor intends to file its Plan and disclosure statement within the next sixty (60) days. Given this anticipated timing, the Debtor seeks a further extension of its exclusive periods to file a Plan and obtain acceptances thereof for approximately sixty (60) days, to and including March 19, 2018 and May 18, 2018, respectively. This will be the Debtor's final request to extend its exclusivity periods in connection with this case.

30. The Debtor's request in the Motion to extend its Plan exclusivity periods in this case is being made in good faith and is not being made for the purpose of pressuring creditors into acceding to certain Plan terms. On the contrary, the Debtor is motivated by its desire to pursue a consensual Plan, for the benefit of all of its creditors, in an orderly fashion and with minimal expense to the estate. The Debtor does not have any interest in delaying its bankruptcy case any longer than absolutely necessary.

31. To the best of my knowledge, the Debtor has complied with all of the requirements of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure and is in substantial compliance with the requirements of the Office of the United States Trustee applicable to debtors in possession.

I declare under penalty of perjury under the laws of the United States of America that that the foregoing is true and correct.

Executed this 11th day of January, 2018 in Vernon, California.

  
Jeff Sunghak Kim, Declarant



## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled **NOTICE OF MOTION AND MOTION FOR ORDER FURTHER EXTENDING DEBTOR'S EXCLUSIVE PERIODS TO FILE PLAN OF REORGANIZATION AND OBTAIN ACCEPTANCES THEREOF; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF JEFF SUNGHAK KIM IN SUPPORT THEREOF** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **January 11, 2018**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Franklin C Adams franklin.adams@bbklaw.com, arthur.johnston@bbklaw.com; lisa.spencer@bbklaw.com
- Marc Andrews bankruptcycis@wellsfargo.com, andrewma@wellsfargo.com
- Dustin P Branch branchd@ballardspahr.com, carolod@ballardspahr.com; hubenb@ballardspahr.com
- Lynn Brown notices@becket-lee.com
- Brian W Byun bbyun@ci.vernon.ca.us
- John H Choi johnchoi@kpcylaw.com, christinewong@kpcylaw.com
- Brian D Huben hubenb@ballardspahr.com, carolod@ballardspahr.com
- Dare Law dare.law@usdoj.gov
- Thor D McLaughlin tmclaughlin@allenmatkins.com, igold@allenmatkins.com
- Randall P Mroczynski randym@cookseylaw.com
- Juliet Y Oh jyo@lnbrb.com, jyo@lnbrb.com
- Ernie Zachary Park ernie.park@bewleylaw.com
- Ronald M Tucker rtucker@simon.com, cmartin@simon.com; psummers@simon.com; Bankruptcy@simon.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov
- Michael A Wallin mwallin@slaterhersey.com, mrivera@slaterhersey.com
- Larry D Webb Webblaw@gmail.com, larry@webblaw.onmicrosoft.com; r51666@notify.bestcase.com

**2. SERVED BY UNITED STATES MAIL:** On **January 11, 2018**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

1 **3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR**  
2 **EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR,  
3 on **January 11, 2018**, I served the following persons and/or entities by personal delivery, overnight mail  
4 service, or (for those who consented in writing to such service method), by facsimile transmission and/or  
5 email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight  
6 mail to, the judge will be completed no later than 24 hours after the document is filed.

7 **Served via Attorney Service**

8 The Honorable Sandra R. Klein  
9 United States Bankruptcy Court  
10 Edward R. Roybal Federal Building and Courthouse  
11 255 E. Temple Street, Suite 1582 / Courtroom 1575  
12 Los Angeles, CA 90012

13 I declare under penalty of perjury under the laws of the United States of America that the foregoing is  
14 true and correct.

15 January 11, 2018	Stephanie Reichert	/s/ Stephanie Reichert
16 <i>Date</i>	17 <i>Type Name</i>	18 <i>Signature</i>

Blue Bee, Inc.  
Top 20, Secured Creditors, OUST, RSN

Dare Law  
Office of the United States Trustee  
915 Wilshire Blvd., Suite 1850  
Los Angeles, CA 90017

U.S. BANK EQUIPMENT FINANCE  
1310 MADRID STREET, SUITE 106  
MARSHALL MN 56258

IRS/OHIO  
P.O. BOX 145595  
CINCINNATI OH 45250

LINE & DOT, LLC DBA LUMIERE  
COLLECTIONS  
1912 E. VERNON AVE., STE. 100  
LOS ANGELES CA 90058

PACIFIC CITY BANK  
3701 WILSHIRE BLVD., SUITE 310  
LOS ANGELES CA 90010

BOARD OF EQUALIZATION  
PO BOX 942879  
SACRAMENTO CA 94279

TYLER MALL LIMITED PARTNERSHIP, A  
DELAWARE LIMITED  
PARTNERSHIP  
24011 VENTURA BLVD., STE. 201  
CALABASAS CA 91302

PACIFIC CITY BANK  
3701 WILSHIRE BLVD., SUITE 100  
LOS ANGELES CA 90010

GGP-OTAY RANCH, L.P., A DELAWARE  
LIMITED  
PARTNERSHIP  
24011 VENTURA BLVD., STE. 201  
CALABASAS CA 91302

FASHBLVD., INC.  
1700 E. 58<sup>TH</sup> PL., #9  
LOS ANGELES, CA 90001

VALLEY PLAZA MALL, LP, A DELAWARE  
LIMITED  
PARTNERSHIP  
24011 VENTURA BLVD., STE. 201  
CALABASAS CA 91302

Caribbean Queen Inc.  
1128 S. Crocker Street  
Los Angeles, CA 90021

Alythea  
1016 S. Towne Ave., #106  
Los Angeles, CA 90021

CA State Board of Equalization  
P.O. Box 942879  
Sacramento, CA 94279

Internal Revenue Service  
P.O. Box 7346  
Philadelphia, PA 19101-7346

Brian D. Huben  
Dustin P. Branch  
BALLARD SPAHR LLP  
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Los Angeles, CA 90067

Horton Plaza, LLC  
Blackmar, Principe & Schmelter, APC  
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San Diego, CA 92101

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PO Box 849418  
Los Angeles, CA 90084-9418

L'atiste  
424 Towne Avenue  
Los Angeles, CA 90021

Lynx Property Management Inc  
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Santa Barbara, CA 93101

Paseo Nuevo Owner LLC  
PO Box 780268  
Philadelphia, PA 19178-0268

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Woodland Hills, CA 91367

Nine Planet  
1022 S. Wall Street  
Los Angeles, CA 90015

SEVEND  
2301 E. 7th St.  
Suite E-200  
Los Angeles, CA 90023

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Blackmar, Principe & Schmelter, APC  
600 B. Street, Suite 2250  
San Diego, CA 92101

Rancho Mall LLC  
PO Box 72439  
Cleveland, OH 44192

The Retail Property Trust  
Brea Mall  
PO Box 772827  
Chicago, IL 60677-2827

Shops at Mission Viejo LLC  
7415 Solution Center  
Chicago, IL 60677-7004

South Bay Center SPE LLC  
PO Box 72056  
Cleveland, OH 44192-0056

Tyler Mall Limited Partnership  
SDS-12-3113  
PO Box 86  
Minneapolis, MN 55486-3113

W/A SVT Holdings VI LLC  
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Los Angeles, CA 90074-9659

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