

Crescent and Friedman's Creditors Voting on Plan

By Bill Rochelle

Mar.11, 2009 (Bloomberg) -- Creditors of jewelry retailers Friedman's Inc. and affiliate Crescent Jewelers Inc. are voting on a liquidating Chapter 11 plan in advance of an April 20 confirmation hearing. The creditors' committee jointly proposed the plan along with the companies.

Creditors of Friedman's are told by the explanatory disclosure statement that they will receive an initial distribution of 22.6 percent and eventually could receive 31.6 percent. The Friedman's unsecured creditors may elect to take a lump-sum payment of 27 percent.

The Crescent creditors are in line to see an initial distribution of 22.3 percent that might end up being 22.6 percent.

Lee E. Buchwald, the sole director of both companies who was charged with managing the conclusion of the cases, said in an e-mail that he was "delighted" with a recovery of nearly one-third "in this economic environment."

The unsecured claims against Friedman's are estimated eventually to be reduced to approximately \$67.5 million. The unsecured claims against Crescent are in the neighborhood of \$39.4 million.

The companies ran going-out-of-business sales at 377 stores that fully repaid \$92.5 million in senior and junior secured loans. They were separately authorized to sell 78 stores and inventory for \$14.3 million to Whitehall Jewelers Inc., the 373-store specialty jewelry retailer that itself filed under Chapter 11 in June and liquidated.

The Chapter 11s were the second for both Friedman's and Crescent. Creditors filed an involuntary Chapter 7 petition against Friedman's on Jan. 22, 2008. Three days later, Friedman's consented to a reorganization in Chapter 11 and simultaneously put affiliate Crescent into Chapter 11, also in Delaware.

The case is *In re Friedman's Inc.*, No. 08-10161, U.S. Bankruptcy Court, District of Delaware (Wilmington).