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Friedman and Crescent Creditors Looking at 20% and More

Jewelry retailers Friedmans Inc. and affiliate Crescent Jewelers Inc. are nearing the homestretch in distributing remaining liquidation proceeds to unsecured creditors.

The companies and the official creditors committee came together on a liquidating Chapter 11 plan. The disclosure statement explaining the plan is up for approval at a Feb. 3 hearing in U.S. Bankruptcy Court in Delaware.

Creditors of Friedmans are line to take home an initial distribution of 20.6 percent on their claims estimated to come in at \$67.5 million, according to the disclosure statement. Creditors of Crescent should initially see 20.9 percent.

Eventually, distributions to Friedmans creditors could reach 29.5 percent while the maximum for Crescent is estimated at 21.5 percent. The Crescent claims are estimated to total \$39.4 million.

Assuming creditors vote in favor of the plan after approval of the disclosure statement, the confirmation hearing for approval of the plan itself is scheduled for April 3, Lee E. Buchwald said in an interview. Buchwald is the sole director of both companies and was charged with managing the conclusion of the cases.

The companies fully repaid \$92.5 million in senior and junior secured loans that financed the Chapter 11 effort by using consultants to run going-out-of-business sales at 377 stores. 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 Friedmans and Crescent. Creditors filed an involuntary Chapter 7 petition against Friedmans on Jan. 22, 2008. Three days later Friedmans consented to a reorganization in Chapter 11 and simultaneously put affiliate Crescent into Chapter 11, also in Delaware.

The case is In re Friedmans Inc., 08-10161, U.S. Bankruptcy Court, District of Delaware (Wilmington).

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