

## Judge confirms Friedman's plan

by Ben Fidler Posted 03:54 EST, 23, Apr 2009

More than a year after watching its hopes for a going-concern sale fizzle, **Friedman's Inc.** has taken its final steps toward liquidation.

Judge Christopher Sontchi of the U.S. Bankruptcy Court for the District of Delaware in Wilmington on Wednesday, April 22, confirmed the liquidation plan of the defunct jewelry chain.

Under the plan, Lee Buchwald of **Buchwald Capital Advisors LLC** will manage liquidating trusts for both Friedman's and bankrupt subsidiary Crescent Jewelers Inc. to pay off the companies' creditors.

Friedman's unsecured creditors, owed roughly \$67.5 million, will recover 31.6% on their claims, including an initial distribution of 22.6% on the plan's effective date. Crescent's unsecureds, meanwhile, are anticipated to receive up to 22.6% on \$39.4 million in claims.

Old equity holders will be wiped out.

Friedman's had sought to sell its assets as a going concern when it filed for bankruptcy for the second time on Jan. 28, 2008. The filing was made six days after a group of creditors filed an involuntary Chapter 7 petition against the company.

The auction, however, didn't produce the desired results for Friedman's, creating a bitter dispute between the company and its official committee of unsecured creditors. The unsecureds were disappointed and believed that the bids provided "no funds to pay any administrative expenses and no recovery whatsoever for unsecured creditors," filings show. As a result, no deal was completed, and Friedman's moved toward liquidation.

Friedman's then hired **Great American Group LLC**, **Hudson Capital Partners LLC** and **Silverman Jewelers Consultants Inc.** to help carry out store-closing sales at 377 Friedman's and Crescent Jewelers stores in 23 Southeastern, Southwestern and Midwestern states. It also signed a deal with **Whitehall Jewellers Inc.** under which Whitehall bought the inventory at 78 of Friedman's stores and assumed the leases at those locations for \$14.5 million. Whitehall itself filed for Chapter 11 on June 23.

Friedman's also sold \$63 million in accounts receivable to **Monterey Financial Services Inc.** and **Garrison Investment Group LP** for \$22.4 million.

Friedman's has since paid off its senior \$75 million debtor-in-possession loan from **CIT Group/Business Credit Inc.** and its junior \$17.2 million DIP from **Harbinger Capital Partners Master Fund I Ltd.** through the liquidation process.

Before liquidating, Friedman's operated 388 Friedman's stores in 19 states and 85 Crescent Jewelers outlets in three states.

Crescent, acquired out of bankruptcy by Friedman's in 2006, also filed for bankruptcy on Jan. 28, 2008; it previously filed on Aug. 11, 2004. Friedman's first petition came on Jan. 14, 2005, and it exited some 11 months later on Dec. 9.

