

Friedman's unsecured creditors getting more than expected

March 11, 2009

New York--Bankrupt retail chains [Friedman's Inc.](#) and Crescent Jewelers took one more step toward completing their liquidation on Tuesday with the announcement of projected recoveries for their more than 7,000 unsecured creditors.

Under the current joint Chapter 11 plan for liquidation, Friedman's unsecured creditors will receive an estimated \$21.3 million for estimated claims of \$67.5 million, a distribution of 31.6 percent, according to [Lee E. Buchwald](#), president of Buchwald Capital Advisors LLC and the debtors' president, chief executive officer and sole director.

Crescent's unsecured creditors will receive an estimated \$8.9 million for estimated claims of \$39.4 million, a distribution of 22.6 percent.

However, Buchwald noted, \$31.5 million of the \$39.4 million claim is money that Crescent owes to Friedman's, primarily for inventory and expenses.

Therefore, Friedman's will receive \$7.1 million of the unsecured creditors' distribution, and the remaining \$1.8 million will go to Crescent's unaffiliated creditors, he said.

The distribution percentages came in above the original projections of 29.5 percent and 21.5 percent for Friedman's and Crescent respectively.

Given the economic climate, which is leaving many unsecured creditors out in the cold, Buchwald called recovery rates between 20-30 percent "nothing short of miraculous."

He attributes the success to the firms that worked on the case, including Moses and Singer, counsel to the creditors' committee; the recommendation of Consensus Advisors to conduct a self-liquidation instead of outsourcing to a liquidation firm; Steve Moore, the debtors' one-time CRO and his management team; and debtors' counsel Stevens and Lee.

The announcement of projected recoveries--which were advertised in both *Women's Wear Daily* and *USA Today*--for unsecured creditors in this Chapter 11 case marks the beginning of the debtors' attempt to win unsecured creditors' approval for their Chapter 11 liquidation plan.

According to Buchwald, unsecured creditors have until April 7 to vote on the plan, with a confirmation hearing set for April 20.

Friedman's, which was one of the largest retail chains in the country with 455 stores and also operated Crescent Jewelers, filed for [Chapter 11 bankruptcy protection](#) in January 2008.
