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Financial Reporting

Friedman's unsecured creditors' recovery at 32%

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New York—Creditors holding unsecured claims when Friedman's Jewelers went under in 2008 have gotten a little bit more of their money back, Buchwald Capital Advisors LLC, the liquidating trustee for the bankrupt jewelry chain, announced recently.

On Dec. 1, creditors holding allowed general unsecured claims in the Friedman's case received a third distribution of 1 percent. Combined with previous distributions of 28.3 percent and 3 percent, the total recovery for Friedman's unsecured creditors now stands at 32.3 percent, surpassing the projected distribution of 31.6 percent.

Lee E. Buchwald, president of Buchwald Capital Advisors, said he expects the unsecured creditors to receive at least one more distribution after the resolution of outstanding issues and litigation claims, with total aggregate distribution to surpass 33 percent.

In addition, Buchwald Capital Advisors announced that unsecured creditors of Crescent Jewelers, which was owned by Friedman's, received a second and final distribution of 0.9 percent in October. Combined with the previous distribution of 18.6 percent, recovery for those holding Allowed Class 4 General Unsecured Claims against Crescent now stands at 19.5 percent. The bankruptcy court officially closed the Crescent case on Dec. 28.

Buchwald notes that significant distributions to general unsecured creditors were not always expected in the Friedman's case, particularly after the debtors' auction process broke down in April 2008 and it looked like administrative insolvency was inevitable. At the urging of the creditors' committee, however, both Friedman's and Crescent abandoned the auction process and liquidated themselves. He said that a number of entities contributed to the recovery, including his firm, Boston-based Consensus Advisors—which recommended self-liquidation when the auction process broke down—the law firms of Moses & Singer and Stevens & Lee, and former debtors' executive Steve Moore.

Friedman's filed for Chapter 11 in January 2008. At the time, Friedman's ranked as the third-largest jewelry chain in North America with a total of 455 stores, according to *National Jeweler's* 2008 list of the Top 50 North American jewelry chains by store count.

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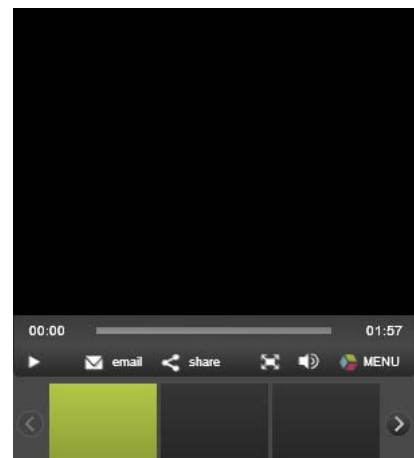
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