

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

	)	
In re:	)	Chapter 11
	)	
STAGE STORES, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 20-32564 (DRJ)
	)	
Debtors.	)	(Joint Administration Requested)
	)	(Emergency Hearing Requested)

**DEBTORS' EMERGENCY MOTION  
FOR ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING THE DEBTORS TO MAINTAIN AND ADMINISTER THEIR  
EXISTING CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
OBLIGATIONS RELATED THERETO AND (II) GRANTING RELATED RELIEF**

**EMERGENCY RELIEF HAS BEEN REQUESTED. A HEARING WILL BE CONDUCTED ON THIS MATTER ON MAY 11, 2020, AT 3:00 P.M. (CENTRAL TIME) IN COURTROOM 404, 4TH FLOOR, 515 RUSK STREET, HOUSTON, TEXAS 77002. IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST EITHER APPEAR AT THE HEARING OR FILE A WRITTEN RESPONSE PRIOR TO THE HEARING. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.**

**RELIEF IS REQUESTED NOT LATER THAN MAY 11, 2020.**

**PLEASE NOTE THAT ON MARCH 24, 2020, THROUGH THE ENTRY OF GENERAL ORDER 2020-10, THE COURT INVOKED THE PROTOCOL FOR EMERGENCY PUBLIC HEALTH OR SAFETY CONDITIONS.**

**IT IS ANTICIPATED THAT ALL PERSONS WILL APPEAR TELEPHONICALLY AND ALSO MAY APPEAR VIA VIDEO AT THIS HEARING.**

**AUDIO COMMUNICATION WILL BE BY USE OF THE COURT'S REGULAR DIAL-IN NUMBER. THE DIAL-IN NUMBER IS +1(832)-917-1510. YOU WILL BE RESPONSIBLE FOR YOUR OWN LONG-DISTANCE CHARGES. YOU WILL BE ASKED TO KEY IN THE CONFERENCE ROOM NUMBER. JUDGE JONES'S CONFERENCE ROOM NUMBER IS 205691.**

**PARTIES MAY PARTICIPATE IN ELECTRONIC HEARINGS BY USE OF AN INTERNET CONNECTION. THE INTERNET SITE IS WWW.JOIN.ME. PERSONS CONNECTING BY MOBILE DEVICE WILL NEED TO DOWNLOAD THE FREE JOIN.ME APPLICATION.**

**ONCE CONNECTED TO WWW.JOIN.ME, A PARTICIPANT MUST SELECT "JOIN A MEETING". THE CODE FOR JOINING THIS HEARING BEFORE JUDGE JONES IS "JUDGE JONES". THE NEXT SCREEN WILL HAVE A PLACE FOR THE PARTICIPANT'S NAME IN THE LOWER LEFT CORNER. PLEASE COMPLETE THE NAME AND CLICK "NOTIFY". HEARING APPEARANCES SHOULD BE MADE ELECTRONICALLY AND IN ADVANCE OF THE HEARING. YOU MAY MAKE YOUR ELECTRONIC APPEARANCE BY:**

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Stage Stores, Inc. (6900) and Specialty Retailers, Inc. (1900). The Debtors' service address is: 2425 West Loop South, Houston, Texas 77027.



1) GOING TO THE SOUTHERN DISTRICT OF TEXAS WEBSITE;  
2) SELECTING “BANKRUPTCY COURT” FROM THE TOP MENU;  
3) SELECTING JUDGES’ PROCEDURES AND SCHEDULES;  
4) SELECTING “VIEW HOME PAGE” FOR JUDGE DAVID R. JONES;  
5) UNDER “ELECTRONIC APPEARANCE” SELECT “CLICK HERE TO SUBMIT ELECTRONIC APPEARANCE;”  
6) SELECT IN RE STAGE STORES, INC., *ET AL.* FROM THE LIST OF ELECTRONIC APPEARANCE LINKS; AND  
7) AFTER SELECTING IN RE STAGE STORES, INC., *ET AL.* FROM THE LIST, COMPLETE THE REQUIRED FIELDS AND HIT THE “SUBMIT” BUTTON AT THE BOTTOM OF THE PAGE.  
  
SUBMITTING YOUR APPEARANCE ELECTRONICALLY IN ADVANCE OF THE HEARING WILL NEGATE THE NEED TO MAKE AN APPEARANCE ON THE RECORD AT THE HEARING.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion (this “Motion”):<sup>2</sup>

### **Relief Requested**<sup>3</sup>

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto (respectively, the “Interim Order” and “Final Order”), (a) authorizing the Debtors to maintain and administer their customer-related programs, policies, and practices (collectively, the “Customer Programs”) and honor certain prepetition obligations related thereto and (b) granting related relief. In addition, the Debtors request that the Court schedule a final hearing within approximately twenty-five days of the commencement of these chapter 11 cases, or as soon thereafter as is convenient for the Court, to consider approval of this Motion on a final basis.

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<sup>2</sup> The facts and circumstances supporting this Motion are set forth in the *Declaration of Elaine D. Crowley, Chief Restructuring Officer of Stage Stores Inc., in Support of Debtors’ Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed contemporaneously with this Motion and incorporated by reference herein.

<sup>3</sup> Much of the relief contemplated by this Motion (including the unrestricted use of Gift Cards (as defined herein) by customers going forward) may be modified pursuant to the *Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Close Stores and Wind-Down Operations, (II) Authorizing the Debtors to Assume and Perform Under the Consulting Agreement Related to the Store Closings, (III) Approving Procedures for Store Closing Sales, (IV) Approving Modifications to Certain Customer Programs, and (V) Granting Related Relief* (the “Wind-Down Motion”), filed contemporaneously with this Motion, with respect to Customer Programs (as defined herein) at closing stores. Nonetheless, the Debtors seek the relief requested by this Motion to ensure that Customer Programs can continue uninterrupted to the extent the Debtors determine to cease the store closing process at any store for any reason.

### **Jurisdiction and Venue**

2. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Court.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief sought herein are sections 105(a) and 363 of title 11 of the United States Code (the “Bankruptcy Code”), Bankruptcy Rule 6003, and rules 1075-1 and 9013-1 of the Local Bankruptcy Rules for the Southern District of Texas (the “Local Rules”).

### **Background**<sup>4</sup>

5. The Debtors are apparel, accessories, cosmetics, footwear, and home goods retailers that operate department stores under the Bealls, Goody’s, Palais Royal, Peebles, and Stage brands and off-price stores under the Gordmans brand. The Debtors employ approximately 14,694 employees, who operate approximately 700 stores across forty-two states. The Debtors’ department stores predominately serve small towns and rural communities, and the Debtors’ off-price stores are mostly located in mid-sized Midwest markets. The Debtors’ 2019 revenue was approximately \$1.6 billion.

6. On May 10, 2020 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and

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<sup>4</sup> As more fully described in the First Day Declaration, as a result of the global pandemic caused by COVID-19, the majority of the Debtors’ employees remain on furlough as of the date hereof, and certain of the Debtors’ accounting and reporting systems are not fully up to date. All estimated figures utilized in this Motion are based on the best currently-available information.

1108 of the Bankruptcy Code. The Debtors have concurrently filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

### **Customer Programs**<sup>5</sup>

7. The Debtors provide certain incentives, discounts, and accommodations to their customers to attract and maintain positive customer relationships. The Customer Programs promote customer satisfaction and inure to the goodwill of the Debtors' business and the value of their brand. Maintaining the goodwill of their customers is critical to the Debtors' ongoing operations in these chapter 11 cases and is necessary to maximize value for the benefit of all of the Debtors' stakeholders.

8. As of the Petition Date, the Debtors estimate that there are approximately \$28 million of prepetition obligations outstanding related to Customer Programs. These obligations include accrued credits, adjustments, discounts, prepayments, or other similar programs owing to customers. The vast majority of these obligations *do not* entail the expenditure of cash.

#### **I. The Refund and Exchange Program.**

9. The Debtors allow their customers to return or exchange purchased merchandise subject to the Debtors' return policies (the "Refund and Exchange Program"). The Refund and Exchange Program is comprised of two return policies: (a) a policy in effect for purchases made at Stage.com, Bealls, Goody's, Palais Royal, Peebles, and Stage store locations and (b) a policy in

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<sup>5</sup> Although this Motion is intended to be comprehensive, the Debtors may have inadvertently omitted some Customer Programs. The Debtors request relief with respect to all Customer Programs, regardless of whether every such Customer Program is specifically identified herein.

effect for purchases made at Gordmans store locations. For purposes of the relief sought in this Motion, the return policies are substantially similar in all material respects.

10. Under the Refund and Exchange Program, most merchandise can be returned within sixty days of purchase. A customer may return purchased merchandise either in-store or by mail for a refund of the full purchase price so long as it is returned unused, with the original tags attached, and in the original packaging. Under the Refund and Exchange Program, customers who have an original receipt are refunded the full purchase price of a returned item in the same manner that they purchased the item. If a customer does not have an original receipt, the Debtors attempt to locate the purchase transaction. If the purchase transaction is located, the customer is refunded. If the purchase transaction cannot be located, the customer is issued a merchandise credit for the returned item at the lowest selling price from the previous thirty days. Refunds for items purchased with a gift card and for gift returns are issued in the form of merchandise credits. Merchandise credits do not expire.

11. The Refund and Exchange Program is critical to maintaining the goodwill of the Debtors' customer base. Without the Refund and Exchange Program, potential customers may be unwilling to buy from the Debtors at all, which could lead to a decline in revenues. Maintaining the Refund and Exchange Program allows the Debtors to protect customer confidence and is an integral element of the Debtors' overall marketing and brand development strategy. Programs like the Refund and Exchange Program are common in the retail industry, and similar programs are used by the Debtors' competitors. The Debtors estimate that, as of the Petition Date, there are approximately \$5 million of outstanding liabilities related to the Refund and Exchange Program, including outstanding merchandise credits. The Debtors seek authorization to continue honoring

their obligations in connection with the Refund and Exchange Program in a manner consistent with their past practices, including satisfying any prepetition obligations with respect thereto.

## **II. The Gift Card Program.**

12. The Debtors maintain a gift card program (the “Gift Card Program”) through which their customers can purchase pre-paid, non-expiring gift certificates (the “Gift Cards”) in various denominations up to \$1,000 either in-store or online. On occasion, such as store openings, the Debtors historically distributed Gift Cards to customers as a marketing promotion. Gift Cards can then be redeemed in-store or online for merchandise at a later date. Gift Cards do not have an expiration date.<sup>6</sup> The Debtors estimate that, as of the Petition Date, approximately \$21 million in issued Gift Cards are outstanding. The Debtors seek authorization to (a) honor all Gift Cards purchased by or issued to customers prior to the Petition Date and (b) maintain the Gift Card Program after the Petition Date in a manner consistent with past practices.

## **III. Sales Promotions.**

13. The Debtors occasionally conduct sales promotions at selected stores (“Sales Promotions”). Sales Promotions include clearance discounts, happy-hour sales, BOGO sales, seasonal discounts, and other similar promotions. The Debtors also offer customers who pick up Amazon packages in the Debtors’ stores a stackable coupon for 20 percent off an order (at Stage stores) or 20 percent off two items (at Gordmans stores). Category, brand, and product exclusions apply to both promotions. Additionally, the Debtors sometimes offer a “gift with purchase” in their department store locations, typically around holidays, such as Mother’s Day. The Debtors notify customers of Sales Promotions via opt-in text alert and e-mail systems.

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<sup>6</sup> Customers should note that pursuant to the Wind-Down Motion, filed contemporaneously herewith, the Debtors are seeking to only accept Gift Cards for the first thirty days of a store-closing sale at closing stores. If the Debtors determine to cease the store-closing process to facilitate a going-concern sale, they intend to honor Gift Cards pursuant to this Motion at go-forward stores.

14. As of the Petition Date, the Debtors do not believe there are any amounts due and owing in relation to Sales Promotions. The Debtors seek authorization to honor and continue the Sales Promotions in a manner consistent with their past practices in the ordinary course of business on a postpetition basis.

#### **IV. Rewards Program.**

15. The Debtors offer customers the opportunity to participate in a loyalty rewards program, the Style Circle Rewards® Program (the “Rewards Program”). Customers may enroll in the Rewards Program online or in any store—holders of a Stage Credit Card (as defined herein) are automatically enrolled. Customers enrolled in the Rewards Program earn one point for every dollar spent, and are eligible for a five-dollar payback reward for every 100 rewards points (“Style Points”) accumulated. Additionally, customers enrolled in the Rewards Program receive a birthday reward and a Christmas reward. The Debtors account for the Rewards Program as an accrued expense and an “other current liability” on a monthly basis. Payback rewards expire thirty days after issuance. As of the Petition Date, the Debtors estimate that approximately \$2 million worth of Style Points rewards remain outstanding in connection with the Rewards Program, which are non-cash obligations of the Debtors. The Debtors seek authority to continue to administer the Rewards Program and to honor all related obligations in the ordinary course of business, including paying prepetition obligations related thereto.

#### **V. Charity Donation Programs.**

16. In the ordinary course of business, the Debtors periodically partner with certain charitable organizations to facilitate or directly provide charitable aid to such organizations (collectively, the “Charity Donation Programs”). Partnership charities include, but are not limited to, St. Jude Children’s Research Hospital, the Salvation Army, and Pets for Patriots.

17. In some instances, the Debtors accept charitable donations from customers in stores on behalf of a partner charitable organization and then contribute these collected customer donations to the applicable charity. The Debtors also periodically contribute a percentage of sales revenue for specific time periods to certain charitable organizations, including a longstanding partnership with the American Heart Association promoting Wear Red Day® as part of the Go Red For Women® initiative. The Debtors also participate in other events, like private auctions and the Salvation Army's Angel Tree program. The Charity Donation Programs typically run for one to three months with a specific partnership charity, corresponding to calendar events such as the back-to-school season (supporting No Kid Hungry and Kids Meals) and breast cancer awareness month (supporting the Breast Cancer Research Foundation).

18. In fiscal year 2019, the Debtors collected approximately \$2 million in customer donations. As of the Petition Date, the Debtors hold approximately \$1.6 million in customer donations. By this Motion, the Debtors request relief to continue existing Charity Donation Programs and to honor all prepetition and postpetition obligations related thereto in the ordinary course of business, including collecting and distributing customer donations to the Debtors' partnership charities.

## **VI. Credit Card Program.**

19. The Debtors offer their customers an opportunity to participate in a branded credit card program (the "Stage Credit Card")<sup>7</sup> that entitles cardholders to receive reward points through the Rewards Program. Customers may use Style Points to obtain payback rewards based on the amount spent using the Stage Credit Card. Cardholders earn double Style Points on all purchases

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<sup>7</sup> Gordmans offers a purple credit card that looks different than the rest of the Debtors' branded credit cards and has its own website with Comenity but is still part of the Stage Credit Card program.



made with their Stage Credit Card, and during special periods that occur four times a year earn four-times points.

20. The Stage Credit Card facilitates customer purchases from the Debtors. In addition to supplying credit, the Stage Credit Card builds customer loyalty, offering unique benefits to the Debtors' customers. For example, cardholders earn Style Points at an accelerated rate and are entitled to exclusive savings offers. Additionally, cardholders who spend \$750 using their Stage Credit Card in a calendar year are upgraded to platinum card status, which brings free shipping on online purchases and special orders in addition to other perks.

21. The Debtors use Comenity Bank and other vendors to administer the Stage Credit Card (the "Third Party Services"). The Debtors rely upon such vendors to service the Stage Credit Card. The Debtors seek authority to continue to administer the Stage Credit Card (including with respect to the Third Party Services) in the ordinary course of business and to satisfy prepetition obligations related thereto.

## **VII. Credit Card and Other Payment Processors.**

22. In addition to cash, Gift Cards, and the Stage Credit Card, the Debtors accept Visa, MasterCard, Discover, and American Express credit and debit cards from customers at in-store and online points of sale (collectively, the "Non-Cash Payments"). To process Non-Cash Payments, the Debtors are party to certain agreements with payment processors (the "Payment Processing Companies"). The processing fees charged by each Payment Processing Company (the "Processing Fees") vary. Processing Fees are paid differently to each Payment Processing Company.

23. When customers either return merchandise to the Debtors following a purchase made via Non-Cash Payment or dispute charges with a Payment Processing Company, the Debtors may be obligated to refund to such Payment Processing Company the purchase price of the

returned or disputed merchandise, subject to certain adjustments (collectively, the “Chargebacks,” and together with the Processing Fees, the “Processing Obligations”). Generally, Chargebacks are satisfied by netting the amount charged against pending payments owed by a Payment Processing Company to the Debtors. In light of business disruptions, it is possible that certain Processing Obligations incurred by the Debtors prior to the Petition Date may not have been fully netted out against the payments received by the Debtors prior to the Petition Date.

24. The Debtors’ continued acceptance of Non-Cash Payments is essential to the operation of the Debtors’ business because the majority of the Debtors’ sales—indeed, the majority of all retail sales—are made using Non-Cash Payments. Declining to accept Non-Cash Payments would have a severe negative effect on the Debtors’ ongoing operations, the cost of which would be borne by their estates. To avoid disrupting these vital payment processing services, the Debtors seek authority to continue paying the Processing Obligations in the ordinary course of their business pursuant to the terms of the Payment Agreements, and request that the Court authorize the Payment Processing Companies to continue to set off the Processing Obligations against amounts remitted to the Debtors, whether arising before or after the Petition Date, in a manner consistent with past practices.

### **Basis for Relief**

**I. Continuing to Honor the Customer Programs in the Ordinary Course is Warranted Under Sections 105(a) and 363 of the Bankruptcy Code and in the Best Interests of the Debtors’ Estates.**

25. Section 363(c) of the Bankruptcy Code authorizes a debtor in possession to use property of the estate in the ordinary course of business without notice or a hearing. Consequently, the postpetition continuation, renewal, and replacement of obligations under the Customer Programs in the ordinary course of business is likely permitted by sections 363(c), 1107(a), and

1108 of the Bankruptcy Code, without further application to the Court. Out of an abundance of caution, however, the Debtors request the relief described herein.

26. Courts have generally acknowledged that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value.<sup>8</sup> In so doing, these courts acknowledge that several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code support the payment of prepetition claims as provided herein.

27. Pursuant to section 363(b) of the Bankruptcy Code, courts may authorize payment of prepetition obligations where a sound business purpose exists for doing so. *See Ionosphere Clubs*, 98 B.R. at 175 (noting that section 363(b) provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification). Indeed, courts have recognized that there are instances when a debtor's fiduciary duty can "only be fulfilled by the pre-plan satisfaction of a prepetition claim." *CoServ*, 273 B.R. at 497.

28. In addition, courts may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) codifies the Court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." Under section 105(a), courts may authorize pre-plan payments of prepetition obligations when essential to the continued operation of a debtor's business.<sup>9</sup> Specifically, the Court may use its power under section 105(a) of the

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<sup>8</sup> *See, e.g., In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *see also In re Scotia Development, LLC*, No. 07-20027, 2007 WL 2788840, at \*1 (Bankr. S.D. Tex. Sep. 21, 2007) (acknowledging the existence of the doctrine of necessity); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.").

<sup>9</sup> *See In re Just for Feet, Inc.*, 242 B.R. 821, 824 (D. Del. 1999); *see also In re Fin. News Network Inc.*, 134 B.R. 732, 735-36 (Bankr. S.D.N.Y. 1991) (holding that the "doctrine of necessity" stands for the principle that a

Bankruptcy Code to authorize payment of prepetition obligations pursuant to the “necessity of payment” rule (also referred to as the “doctrine of necessity”). *Ionosphere Clubs*, 98 B.R. at 176.

29. Accordingly, the Court can authorize the Debtors to continue the Customer Programs and satisfy prepetition obligations related thereto pursuant to sections 363(b) and 105(a) of the Bankruptcy Code. There can be no doubt that continuing to administer the Customer Programs without interruption during the pendency of these chapter 11 cases is critical to preserve the value of the Debtors’ assets. Without the customers, the Debtors would have no business. Continued support from the Debtors’ customers is essential for go-forward operations and value maximization, and no party can assert otherwise.

30. The substantial benefit conferred on the Debtors’ estates by the Customer Programs warrants the authority to honor the Customer Programs and any customer obligations relating thereto, and the Debtors request the authority to continue their Customer Programs and honor prepetition commitments related thereto in the ordinary course of business on a postpetition basis.

**Processing of Checks and Electronic Fund Transfers Should Be Authorized**

31. The Debtors have sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral. In addition, under the Debtors’ existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the Customer Programs. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors request that the Court authorize and direct all

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bankruptcy court may allow pre-plan payments of prepetition obligations where such payments are critical to the debtor’s reorganization).

applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

**Emergency Consideration**

32. Pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first twenty-one days after the commencement of a chapter 11 case “to the extent that relief is necessary to avoid immediate and irreparable harm,” and Local Rule 9013-1(i), the Debtors respectfully request emergency consideration of this Motion. An immediate and orderly transition into chapter 11 is critical to the viability of the Debtors’ operations and any delay may hinder the Debtors’ operations and cause irreparable harm. Furthermore, the failure to receive the requested relief during the first twenty-one days of these chapter 11 cases would severely disrupt the Debtors’ operations at this critical juncture and imperil the Debtors’ restructuring. Accordingly, the Debtors have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 and request that the Court approve the relief requested in this Motion on an emergency basis.

**Waiver of Bankruptcy Rule 6004(a) and 6004(h)**

33. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the fourteen-day stay period under Bankruptcy Rule 6004(h).

**Reservation of Rights**

34. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors’ or any other party in interest’s right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any

particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection, or seek avoidance of, all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

**Notice**

35. The Debtors will provide notice of this Motion to: (a) the U.S. Trustee for the Southern District of Texas; (b) the holders of the fifty largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to Wells Fargo Bank, National Association, as Agent under the Debtors' prepetition credit agreement; (d) the United States Attorney's Office for the Southern District of Texas; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) the state attorneys general for states in which the Debtors conduct business; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, no other or further notice need be given.

WHEREFORE, the Debtors request that the Court enter interim and final orders granting the relief requested in this Motion and granting such other and further relief as is appropriate under the circumstances.

Houston, Texas  
May 10, 2020

*/s/ Matthew D. Cavanaugh*

**JACKSON WALKER L.L.P.**

Matthew D. Cavanaugh (TX Bar No. 24062656)  
Jennifer F. Wertz (TX Bar No. 24072822)  
Kristhy M. Peguero (TX Bar No. 24102776)  
Veronica A. Polnick (TX Bar No. 24079148)  
1401 McKinney Street, Suite 1900  
Houston, Texas 77010  
Telephone: (713) 752-4200  
Facsimile: (713) 752-4221  
Email: mcavanaugh@jw.com  
          jwertz@jw.com  
          kpeguero@jw.com  
          vpolnick@jw.com

*Proposed Co-Counsel to the Debtors  
and Debtors in Possession*

**KIRKLAND & ELLIS LLP**

**KIRKLAND & ELLIS INTERNATIONAL LLP**

Joshua A. Sussberg, P.C. (*pro hac vice* pending)  
Neil E. Herman (*pro hac vice* pending)  
601 Lexington Avenue  
New York, New York 10022  
Telephone: (212) 446-4800  
Facsimile: (212) 446-4900  
Email: joshua.sussberg@kirkland.com  
          neil.herman@kirkland.com

-and-

Joshua M. Altman (*pro hac vice* pending)  
300 North LaSalle Street  
Chicago, Illinois 60654  
Telephone: (312) 862-2000  
Facsimile: (312) 862-2200  
Email: josh.altman@kirkland.com

*Proposed Co-Counsel to the Debtors  
and Debtors in Possession*

**Certificate of Service**

I certify that on May 10, 2020, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

*/s/ Matthew D. Cavanaugh*

\_\_\_\_\_  
Matthew D. Cavanaugh



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

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In re:	)	
	)	Chapter 11
	)	
STAGE STORES, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 20-32564 (DRJ)
	)	
Debtors.	)	(Joint Administration Requested)
	)	
	)	<b>Re: Docket No. ___</b>

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**INTERIM ORDER (I) AUTHORIZING THE DEBTORS  
TO MAINTAIN AND ADMINISTER THEIR EXISTING  
CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
OBLIGATIONS RELATED THERETO AND (II) GRANTING RELATED RELIEF**

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Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”), (a) authorizing the Debtors to maintain and administer the Customer Programs and honor certain prepetition obligations related thereto and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Stage Stores, Inc. (6900) and Specialty Retailers, Inc. (1900). The Debtors’ service address is: 2425 West Loop South, Houston, Texas 77027.

<sup>2</sup> Capitalized terms used and not defined herein have the meanings ascribed to them in the Motion.

notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The final hearing (the "Final Hearing") on the Motion shall be held on \_\_\_\_\_, 2020, at \_\_\_:\_\_\_ .m., prevailing Central Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Central Time, on \_\_\_\_\_, 2020.

2. The Debtors are authorized, but not directed, to continue to administer the Customer Programs and satisfy prepetition obligations related thereto; *provided, however*, that prior to entry of a final order on the Motion granting such relief, the Debtors shall not make any payments on behalf of its Customer Programs that exceed the amounts set forth in the Motion. In the event Debtors intend to exceed the category amounts detailed in the Motion, they shall file a notice of the proposed overage and category with the Court.

3. The banks and financial institutions on which checks were drawn or electronic fund transfer requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic fund transfer requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic fund transfer request as approved by this Interim Order.

4. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the

amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection, or seek avoidance of, all such liens.

5. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Customer Programs.

6. Nothing contained in the Motion or this Interim Order is intended or should be construed to create an administrative priority claim on account of any of the Customer Programs.

7. Nothing in this Interim Order authorizes the Debtors to accelerate any payments not otherwise due prior to the date of the Final Hearing.

8. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

9. Notice of the Motion satisfies the requirements of Bankruptcy Rule 6004(a), and the Local Rules are satisfied by such notice.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

12. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Houston, Texas

Dated: \_\_\_\_\_, 2020

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DAVID R. JONES  
UNITED STATES BANKRUPTCY JUDGE

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

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In re:	)	
	)	Chapter 11
	)	
STAGE STORES, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 20-32564 (DRJ)
	)	
Debtors.	)	(Joint Administration Requested)
	)	
	)	<b>Re: Docket No. ___</b>

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**FINAL ORDER (I) AUTHORIZING THE DEBTORS  
TO MAINTAIN AND ADMINISTER THEIR EXISTING  
CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
OBLIGATIONS RELATED THERETO AND (II) GRANTING RELATED RELIEF**

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Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final Order”), (a) authorizing the Debtors to maintain and administer the Customer Programs and honor certain prepetition obligations related thereto and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Stage Stores, Inc. (6900) and Specialty Retailers, Inc. (1900). The Debtors’ service address is: 2425 West Loop South, Houston, Texas 77027.

<sup>2</sup> Capitalized terms used and not defined herein have the meanings ascribed to them in the Motion.

notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The Debtors are authorized, but not directed, to continue to administer the Customer Programs and satisfy prepetition obligations related thereto; *provided, however*, the Debtors shall not pay any amounts on account of prepetition Customer Programs that exceed the amounts set forth in the Motion. In the event Debtors intend to exceed the category amounts detailed in the Motion, they shall file a notice of the proposed overage and category with the Court.

2. The banks and financial institutions on which checks were drawn or electronic fund transfer requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic fund transfer requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors’ designation of any particular check or electronic fund transfer request as approved by this Final Order.

3. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors’ or any other party in interest’s right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an

implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection, or seek avoidance of, all such liens.

4. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Customer Programs.

5. Nothing contained in the Motion or this Final Order is intended or should be construed to create an administrative priority claim on account of any of the Customer Programs.

6. Notice of the Motion satisfies the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

7. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

9. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

Houston, Texas

Dated: \_\_\_\_\_, 2020

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DAVID R. JONES  
UNITED STATES BANKRUPTCY JUDGE