

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: Sticky's Holdings LLC, <i>et al.</i> , ¹ <div style="text-align: right; padding-right: 20px;">Debtors.</div>) Chapter 11)) Case No. 24-10856 (JKS))) (Joint Administration Requested))) Related Docket No. 545, 549, & 553) Obj. Deadline April 23, 2025 at 4:00 p.m. (ET) ²) Hearing Date April 29, 2025 at 1:00 p.m. (ET))
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**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF
SRI-WSA PROPERTIES I, LLC AND UE BERGEN MALL OWNER LLC
TO REORGANIZED DEBTORS' MOTION FOR ENTRY OF AN
ORDER (I) AUTHORIZING ENTRY INTO PROPOSED LETTER OF INTENT
WITH HARKER PALMER INVESTORS LLC; (II) AUTHORIZING REORGANIZED
DEBTORS AND THEIR PROFESSIONALS TO PERFORM OBLIGATIONS
THEREUNDER; AND (III) GRANTING RELATED RELIEF**

SRI-WSA Properties I, LLC ("SRI") and UE Bergen Mall Owner LLC ("UE Bergen") collectively, the "Landlords", by and through their undersigned counsel, hereby file this limited objection and reservation of rights (the "Objection") to the *Reorganized Debtors' Motion for Entry of an Order (I) Authorizing Entry Into Proposed Letter of Intent with Harker Palmer Investors LLC; (II) Authorizing Reorganized Debtors and Their Professionals to Perform Obligations Thereunder; and (III) Granting Related Relief* [D.I. 545] (the "LOI Motion")³, and respectfully represent as follows:

¹ The Reorganized Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number are as follows: Sticky's Holdings LLC (3586); Sticky Fingers LLC (3212); Sticky Fingers II LLC (7125); Sticky Fingers III LLC (3914); Sticky Fingers IV LLC (9412); Sticky Fingers V LLC (1465); Sticky Fingers VI LLC (0578); Sticky's BK 1 LLC (0423); Sticky's NJ 1 LLC (5162); Sticky Fingers VII LLC (1491); Sticky's NJ II LLC (6642); Sticky Fingers IX LLC (5036); Sticky's NJ III LLC (7036); Sticky Fingers VIII LLC (0080); Sticky NJ IV LLC (6341); Sticky's WC 1 LLC (0427); Sticky's Franchise LLC (5232); Sticky's PA GK I LLC (7496); Stickys Corporate LLC (5719); and Sticky's IP LLC (4569). The Reorganized Debtors' mailing address is 21 Maiden Lane, New York, NY 10038.

² Extended by agreement.

³ Capitalized terms used but not otherwise defined herein shall have the meaning given to them in the LOI Motion.



BACKGROUND

1. On April 25, 2024 (the “Petition Date”), each of the Reorganized Debtors filed a voluntary petition for relief under subchapter V of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (as amended, the “Bankruptcy Code”), in the United States Bankruptcy Court for the District of Delaware (the “Court”), which subchapter V cases have been jointly consolidated for administrative purposes only (the “Chapter 11 Cases”).

2. On April 26, 2024, the United States Trustee appointed Natasha Songonuga as the subchapter V trustee in these Chapter 11 Cases.

3. On October 21, 2024, the Debtors filed the *Subchapter V Debtor’s Modified First Amended Plan of Reorganization* [D.I. 368] (the “Plan”).

4. On November 13, 2024, the Bankruptcy Court confirmed the Plan pursuant to the *Findings of Fact, Conclusions of Law, and Order Confirming Subchapter V Debtors’ Modified First Amended Plan of Reorganization* [D.I. 398] (the “Confirmation Order”). The Plan went effective on November 29, 2024. *See* D.I. 431.

5. The Reorganized Debtors are parties to certain unexpired leases of nonresidential real property (individually, a “Lease,” and collectively, the “Leases”), for the Reorganized Debtors’ lease of retail space (the “Premises”) in the certain of the Landlords’ shopping centers (each a “Center” and collectively, the “Centers”), as more fully set forth below.

LANDLORD	CENTER	LOCATION
SRI	The Social	Hoboken, NJ
UE Bergen	Outlets at Bergen Town Center	Paramus, NJ

6. Each Lease is a lease “of real property in a shopping center” as that term is used in Section 365(b)(3). *See In re Joshua Slocum, Ltd.*, 922 F.2d 1081, 1086-87 (3d Cir. 1990).

7. Each of the Leases were included on the Assumed Contracts List [D.I. 268] and were deemed to have been assumed by the Reorganized Debtors pursuant to Article 2.4 of the Plan on the Effective Date. *See* Confirmation Order, ¶ P, the Plan and the *Notice of Filing of Plan Supplement* [D.I. 268] (the “Plan Supplement”).

8. The Reorganized Debtors are currently in default of their obligations under the assumed Leases as a result of, among other things, their vacating the Premises and failing to pay monthly rent and other charges under the Leases for the months of February, March, and April, 2025.

9. On February 10, 2025, the Reorganized Debtors filed the *Motion of Reorganized Debtors to Convert the Chapter 11 Cases to Cases Under Chapter 7 of the Bankruptcy Code* [D.I. 481] (the “Motion to Convert”), which Motion to Convert remains pending.

10. On April 3, 2025, the Reorganized Debtors filed the LOI Motion, which now seeks authorization for the Reorganized Debtors to enter into an agreement with Harker Palmer Investors LLC (“Harker Palmer”) pursuant to the terms of a proposed letter of intent (the “Harker Palmer LOI”) in lieu of conversion. The Harker Palmer LOI contemplates, among other things:

- (i) the sale of all assets of the Reorganized Debtors (other than real property leases or financed equipment) free and clear of all claims, liens, and interests to Harker Palmer for a purchase price of \$2 million plus the assumption of payment obligations on the EIDL loan (the “Purchase Price”); (ii) the rejection of all real property leases and executory contracts assumed under the Plan and the surrender of equipment to the equipment lessors; and (iii) the funding of an Allowed Administrative Claims Reserve with the Net Cash portion of the Purchase Price, less \$260,840 to be used to fund an Allowed General Unsecured Claims Reserve.

See LOI Motion, ¶ 2.

OBJECTION AND RESERVATION OF RIGHTS

11. The Landlords do not necessarily object to the Reorganized Debtors entering into the Harker Palmer LOI, or the granting of the LOI Motion by this Court, however, there are a number of issues arising from the broad terms of the Harker Palmer LOI that Landlords believe are significant and which will need to be addressed, and any order granting the Reorganized Debtors' entry into the Harker Palmer LOI should not be construed in any way as to approve the references in the LOI Motion and Harker Palmer LOI to the proposed structure and provisions of a modified plan, the treatment of claims, the rejection of the Leases, or any other substantive matters raised by the LOI Motion, and shall ensure that all of Landlords' rights are preserved under the Bankruptcy Code, the Leases or applicable law.

12. Specifically, but not exclusively, the issues of particular concern to the Landlords arising from the terms of the Harker Palmer LOI are:

(a) *Timing for the Rejection of the Leases and removal of Equipment.*

While the Landlords support the rejection of the Leases, any such rejection and surrender of the Leases must be done in a manner to ensure that the equipment lessors of any property situate in the Premises are notified and given sufficient time to remove their property **prior to** any lease rejection and surrender to ensure that any liability arising from or claims associated with the Debtors' surrender of their financed equipment are not transferred to the Landlords. The Debtors should not be permitted, contrary to the Bankruptcy Code and applicable law, to seek a rejection of the Leases on a date prior in time to the date that they are able to unequivocally surrender the Premises to the Landlords, or be given an opened ended right to re-enter and/or require the Landlord to provide continued access to the Premises post-rejection in order to fulfil the Reorganized Debtors obligations to their equipment lessors. Landlords are not in a position to be, and should not be, tasked with bearing the risks and costs of storing and maintaining any

non-abandoned property for an indeterminate, post-rejection period. The Debtors are in a position to and should provide notice to any third parties that have an interest in the equipment remaining at the Premises now, so that such equipment can be removed in advance of any rejection date, so that at the time of rejection, the Premises may be unequivocally surrendered to the Landlords.

(b) *Treatment of Post-Effective Date Rejection and Other*

Administrative Claims. The proposed structure of the modified plan and, more particularly, the treatment of post-effective date rejection and other administrative claims does not appear to meet the requirements for confirmation under Section 1191(b), and thus, the Reorganized Debtors should not be permitted to embark on a path to incur additional administrative claims if the modified plan will not be confirmable. This Court may address confirmability issues in advance of a hearing on confirmation. *See, e.g., In re Pecht*, 57 B.R. 137, 139 (Bankr. E.D. Va. 1985) (“If, on the face of the plan, the plan could not be confirmed, then the court will not subject the estate to the expense of soliciting votes and seeking confirmation.”); Mabey v. Southwestern Elec. Power Co. (In the Matter of Cajun Elec. Power Cooperative, Inc.), 150 F. 3d 503, 513, n.3 (5th Cir. 1998) (“a plan may not be confirmed unless the plan complies with the applicable provisions of Title 11”), citing Mickey’s Enters., Inc. v. Saturday Sales, Inc. (In re Mickey’s Enters., Inc.), 165 B.R. 188, 193 (Bankr. W.D. Tex. 1994) (“In order to confirm a plan the court must find that the plan and its proponent have complied with the applicable provisions of Title 11.”).

(c) *Re-Solicitation Needed.* The structure of the modified Plan

proposed also deviates substantially from the construct of the confirmed Plan (i.e., there will a substantially increased Administrative Claim pool, it proposes the sale of assets and liquidation

of the Debtors, and it proposes pro rata and unequal treatment of administrative claims) and, therefore, may also require re-solicitation, especially to obtain the necessary consent required from administrative creditors to accept the proposed treatment of their claims.

CONCLUSION

13. Landlords acknowledge that the Harker Palmer LOI may represent the only opportunity available to the Reorganized Debtors in lieu of a conversion, and do not oppose the LOI Motion's approval, but Landlords do object to the specific proposed terms of the Harker Palmer LOI that are expected to form the structure of a modified plan that may not be confirmable. Accordingly, Landlord submits this Objection to ensure that all of its rights are reserved to object to any treatment of its Leases or its claims, or any matter affecting the Landlords' rights under the Bankruptcy Code or applicable law, in connection with the Harker Palmer LOI.

14. The Landlords reserve their rights to supplement this Objection and to make other and further objections as deemed necessary or appropriate at the hearing on the LOI Motion.

15. The Landlords also join in the objections of any other parties to the extent not inconsistent herewith.

WHEREFORE, Landlords respectfully request that the Court enter an order consistent with the foregoing Objection; and for such other and further relief as may be just and proper under all of the circumstances.

Dated: April 23, 2025
Wilmington, Delaware

Respectfully submitted,

/s/ Leslie C. Heilman

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CERTIFICATE OF SERVICE

I, Leslie C. Heilman, hereby certify that on this 23rd day of April, 2025, I caused a true and correct copy of the foregoing pleading to be served electronically on parties who have requested notice in these cases via CM/ECF and to the following parties, in the manner indicated:

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United States Trustee

Dated: April 23, 2025
Wilmington, Delaware

/s/ Leslie C. Heilman
Leslie C. Heilman (No. 4716)
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