

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:

Sticky's Holdings LLC, *et al.*¹,

Reorganized Debtors.

Chapter 11

Case No. 24-10856 (JKS)

(Jointly Administered)

Obj. Deadline:

**MOTION OF 237 PARK LH OWNER LLC FOR ALLOWANCE OF CLAIMS FOR
LEASE REJECTION DAMAGES UNDER 11 U.S.C. §§ 503(B)(7) and 502(b)(6)**

**TO THE HONORABLE J. KATE STICKLES,
UNITED STATES BANKRUPTCY JUDGE:**

237 PARK LH OWNER LLC (the “Movant” or “Landlord”), by and through its undersigned counsel, hereby applies for allowance of a claim (the “Application”) for lease rejection damages under 11 U.S.C. §§ 503(b)(7) and 502(b)(6) in compliance with the requirements under the *Order Authorizing Reorganized Debtors’ Omnibus Motion for Entry of an Order (I) Authorizing the Rejection of Certain Unexpired Leases, Equipment Leases, and Executory Contracts; (II) Authorizing the Abandonment of Certain Personal Property; and (III) Granting Related Relief* (D.I. 642) (the “Rejection Order”), and in support of this Application, states 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 I LLC (0423); Sticky’s NJ I 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 I LLC (0427); Sticky’s Franchise LLC (5232); Sticky’s PA GK I LLC (7496); Sticky’s Corporate LLC (5719); and Sticky’s IP LLC (4569). The Reorganized Debtors’ mailing address is 21 Maiden Lane, New York, NY 10038 (collectively, the “Reorganized Debtors”).



JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012.

2. This is a core proceeding under 28 U.S.C. § 157(b).

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

4. Pursuant to Local Rule 9013-1(f), Movant consents to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

5. The statutory and legal bases for the relief requested herein are 11 U.S.C. §§ 503(b)(7) and 502(b)(6).

RELEVANT FACTS

6. Landlord is the owner of the building located at 237 Park Avenue, New York, New York (the “Building”).

7. Co-reorganized debtor Sticky Fingers VII LLC (“Tenant”) occupied a portion of the ground floor, known as Suite # 165 (the “Premises”), in the Building, pursuant to a written non-residential lease, first dated as of November 15, 2018 (the “Original Lease”), as amended by the: (i) First Amendment to Lease, dated as of August 12, 2020 (the “First Amendment”); (ii) Second Amendment to Lease, dated as of November 24, 2020 (the “Second Amendment”); (iii) Third Amendment to Lease, dated as of April 20, 2021 (the “Third Amendment”); (iv) Fourth Amendment to Lease, dated as of July 23, 2021 (the “Fourth Amendment”); and (v) Fifth

Amendment to Lease, dated as of January 16, 2023 (the “Fifth Amendment”) (the Original Lease, together with the First Amendment, Second Amendment, Third Amendment, Fourth Amendment and Fifth Amendment, collectively, the “Lease”), made between Landlord, as landlord, and Tenant, as tenant.

8. Pursuant to Original Lease Section 2.07, as security for its Lease obligations, Tenant deposited with Landlord a security deposit in the form of a letter of credit in the amount of \$128,167.60 (the “Letter of Credit”). As further shown below (see ¶ 16), because of Tenant’s default under the Lease, Landlord has applied the entire balance of the Letter of Credit to Landlord’s Pre-Rejection Claim, leaving a Letter of Credit balance of \$0.00.

9. Pursuant to Original Lease Section 2.08, as further security for Tenant’s Lease obligations, co-reorganized debtor Sticky’s Holdings, LLC (“Guarantor”) guaranteed Debtor’s obligations as tenant under the Lease by written guaranty of the Lease, dated as of November 15, 2018 (the “Guaranty”).

10. The Lease expires by its terms as of August 31, 2031 (the “Lease Expiration Date”).

11. On April 25, 2024 (the “Petition Date”), the Reorganized Debtors commenced voluntary cases under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”).

12. On December 2, 2024, the Reorganized Debtors filed the *Notice of Effective Date* (D.I. 431) with respect to the *Modified First Amended Plan of Reorganization* (the “Plan”). Pursuant to the *Notice of Effective Date*, the Effective Date of the Plan occurred on November 29, 2024.

13. Pursuant to the terms of the Plan, the Confirmation Order and the *Notice of Filing of Plan Supplement* (D.I. 268), the Lease was assumed by Tenant as of November 29, 2024.

14. The Lease was subsequently rejected pursuant to this Court's June 26, 2025 Order (D.I. 642), as of June 26, 2025 (the "Rejection Date").

15. Pursuant to the Order, Landlord was directed to file any claim for lease rejection damages under 11 U.S.C. § 503(b)(7) by not later than ten (10) days following entry of the Order, i.e., by July 6, 2025.

ARGUMENT

A. Pre-Rejection Claim:

16. Through the Rejection Date, i.e., June 26, 2025, and following application of the Letter of Credit, Tenant has failed to pay Fixed Rent and Additional Rent in the amount of \$30,512.16, as follows:

DESCRIPTION OF CHARGE	DATE	AMOUNT DUE
Fixed Rent (02/2025)	02/01/2025	40,522.14
Water Meter 11/26/2024-12/27/2024	02/02/2025	405.67
Fixed Rent (04/2025)	04/01/2025	40,522.14
Water Sub-Meter 01/28/2025 - 02/27/2025	04/02/2025	375.09
Fixed Rent (05/2025)	05/01/2025	40,522.14
2024 CONDENSER WATER TRUE UP	05/02/2025	429.94
Water Meter 02/27/2025 - 03/31/2025	05/02/2025	400.39
Fixed Rent	06/01/2025-06/26/2025	35,119.24
Water Meter 03/31/2025-05/05/2025	06/02/2025	383.01
Application of Letter of Credit		-128,167.60
	TOTAL:	\$30,512.16

B. Landlord's 503(b)(7) Administrative Claim:

17. 11 U.S.C. § 503(b) provides, in pertinent part:

After notice and a hearing, there shall be allowed administrative expenses ... including -

(7) with respect to a nonresidential real property lease previously assumed under section 365, and subsequently rejected, a sum equal to all monetary obligations due, excluding those arising from or relating to a failure to operate or a penalty provision, for the period of 2 years following the later of the rejection date or the date of actual turnover of the premises, without reduction or setoff for any reason whatsoever except for sums actually received or to be received from an entity other than the debtor, and the claim for remaining sums due for the balance of the term of the lease shall be a claim under section 502(b)(6).

18. The Third Circuit has held that “[p]ost-petition rent due under a nonresidential lease that has been accepted and then rejected is clearly an administrative expense as defined by the Code. See In re Jughandle Brewing Co., LLC, 2004 Bankr. LEXIS 1305, *1, *9 (Bankr. D.N.J. June 3, 2024); In re Rite Aid Corp., 2004 LEXIS 2607, *1, *6 (Bankr. D.N.J. Oct. 24, 2024) (“Section 503(b)(7) classifies certain debts incurred under a nonresidential lease that have been assumed and subsequently rejected as administrative expenses.”)

19. As of the Rejection Date, i.e., June 26, 2025, and through the date that is two (2) years therefrom, i.e., June 25, 2027, Landlord’s administrative claim is \$1,134,713.02, calculated as follows:

DESCRIPTION OF CHARGE	DATE	AMOUNT DUE
Fixed Rent	06/27/2025- 06/30/2025 (at \$40,522.14 per month)	5,402.96
Misc. - W-P-KH-1496 (work order)	07/02/2025	241.08

DESCRIPTION OF CHARGE	DATE	AMOUNT DUE
Misc. - W-P-KH-1496 (work order)	07/02/2025	719.36
Misc. - W-P-KH-1496 - Sales Tax	07/02/2025	63.84
Misc. - W-P-KH-1496 - Sales Tax	07/02/2025	21.40
Fixed Rent (07/2025)	07/01/2025	40,522.14
Water Meter 05/05/2025-05/29/2025	07/02/2025	286.76
Fixed Rent	08/01/2025- 08/14/2025 (at \$40,522.14 per month)	18,300.32
Fixed Rent	08/15/2025- 08/31/2025 (at \$41,737.80 per month)	22,888.47
Condenser Water	11/01/2025- 10/31/2026	11,289.98
Fixed Rent	09/01/2025 - 08/14/2026 (at \$41,737.80 per month)	477,965.13
Fixed Rent	08/01/2026- 08/14/2026 (at \$41,737.80 per month)	18,849.33
Fixed Rent	08/15/2026- 08/31/2026 (at \$42,989.93 per month)	23,575.12

DESCRIPTION OF CHARGE	DATE	AMOUNT DUE
Fixed Rent	09/01/2026 – 06/25/2027 (at \$42,989.93 per month)	508,713.98
Condenser Water	11/01/2026- 06/25/2027 (at \$11,289.98 per year/\$940.83 per month)	5,488.15
ESTIMATED RE TAX CHARGE	01/2027-12/2027	385.00
	TOTAL:	\$1,134,713.02

C. Landlord's 502 (b)(6) Post-Administrative Rejection Claim:

20. After the expiration of the Administrative Period referred to above, there will be approximately fifty (50) months remaining on the Lease term, i.e., June 26, 2027, through August 31, 2031. Therefore, pursuant to 11 U.S.C. § 503(b)(7), this portion of Landlord's claim is governed by 11 U.S.C. § 502(b)(6), which states that Landlord's damages are limited by the "cap" at the greater of 1 year's rent or 15% of the rent due under the balance of the term of the Lease (not to exceed 3 years' rent).

21. As of the date hereof, Landlord has not re-let the Premises and accordingly, Landlord cannot calculate its damages at this time, but it anticipates, based on current market conditions, that it will incur damages in excess of the cap. (Landlord reserves the right to amend its rejection damages claim to add any costs incurred as a result of any re-letting of the Premises that Landlord is able to achieve, as well as to reduce its claim as appropriate in the event of any reletting).

22. As stated above, the Lease Expiration Date is August 31, 2031. Accordingly, the rejection damages cap will be equal to 15% of the remaining term of the Lease measured as of the day following the end of the two-year administrative claim period, i.e., June 26, 2027, through the Lease Expiration Date, i.e., August 31, 2031, in the amount of \$355,175.34, calculated as follows:

DESCRIPTION OF CHARGE	DATE	AMOUNT DUE
Fixed Rent	06/26/2027- 06/30/2027 (at \$42,989.93 per month)	7,164.95
Fixed Rent	07/2027	42,989.93
Fixed Rent	08/01/2027- 08/14/2027 (at \$42,989.93 per month)	19,414.81
Fixed Rent	08/15/2027- 08/31/2027 (at \$44,279.63 per month)	24,282.38
Fixed Rent	09/01/2027- 07/31/2028 (at \$44,279.63 per month)	487,075.93
Fixed Rent (08/2028)	08/01/2028- 08/14/2028 (at \$44,279.63 per month)	19,997.25

DESCRIPTION OF CHARGE	DATE	AMOUNT DUE
Fixed Rent	08/15/2028- 08/31/2028 (at \$45,608.02 per month)	25,010.85
Fixed Rent	09/01/2028- 07/31/2029 (at \$45,608.02 per month)	501,688.22
Fixed Rent	08/01/2029- 08/14/2029 (at \$45,608.02 per month)	20,597.17
Fixed Rent	08/15/2029- 08/31/2029 (at \$46,976.26 per month)	25,761.17
Fixed Rent	09/01/2029- 07/31/2030 (at \$46,976.26 per month)	516,738.86
Fixed Rent	08/01/2030- 08/14/2030 (at \$46,976.26 per month)	21,215.09
Fixed Rent	08/15/2030- 08/31/2030 (at \$48,385.55 per month)	26,534.01
Fixed Rent	09/01/2030- 08/31/2031 (at \$48,385.55 per month)	580,626.60

DESCRIPTION OF CHARGE	DATE	AMOUNT DUE
Condenser Water	(06/26/27-10/31/2027) (at \$11,289.98 per year/\$940.83 per month)	3,920.12
Condenser Water	11/01/2027-10/31/2028	11,289.98
Condenser Water	11/01/2028-10/01/2029	11,289.98
Condenser Water	11/01/2029-10/01/2030	11,289.98
Condenser Water	11/01/2030-8/31/2031 (at \$11,289.98 per year/\$940.83 per month)	9,408.32
RE TAX CHARGE	01/2028-12/2028	385.00
RE TAX CHARGE	01/2029-12/2029	385.00
RE TAX CHARGE	01/2030-12/2030	385.00
RE TAX CHARGE	01/2031-08/2031	385.00
	TOTAL:	\$2,367,835.60
	15% OF TOTAL:	\$355,175.34

D. SUMMARY OF LANDLORD'S CLAIMS:

23. In Summary, Landlord's Claims, as of the date of this submission are as follows:

- | | |
|--|----------------|
| a. Pre-Rejection Claim | \$30,512.16 |
| b. Administrative Lease Rejection Claim | \$1,134,713.02 |
| c. Post-Administrative Lease Rejection Claim | \$355,175.34 |

TOTAL CLAIM	\$1,520,400.52
(no part of Landlord's claim is secured)	

17. As of the submission of this Application, with respect to the Premises and Landlord's claims, Landlord has not received and is not scheduled to receive any sums from any entity other than the Reorganized Debtors.

18. Landlord acknowledges that the revised plan of reorganization has been filed and that there may be negotiations with respect to the amount at which Landlord's claims may be allowed.

WHEREFORE, the Landlord respectfully requests that the Court enter an order, allowing Landlord's: (i) Pre-Rejection Claim in the amount of \$30,512.16; (ii) 503(b)(7) Administrative Claim, in the amount of \$1,134,713.02; (iii) 502(b)(6) Post-Administrative Rejection Claim in the amount of \$355,175.34, for a total claim amount of \$1,520,400.52; and (iv) granting any such other and further relief as this Court deems just and proper.

Dated: New York, New York
July 3, 2025

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