

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Liquidating Supply, Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-11054 (BLS)

(Jointly Administered)

Hearing Date: September 4, 2024 at 10:00 a.m. (ET)

Objection Deadline: August 28, 2024 at 4:00 p.m. (ET)

**MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER
EXTENDING THE TIME WITHIN WHICH UNEXPIRED LEASES OF
NONRESIDENTIAL REAL PROPERTY MAY BE ASSUMED OR REJECTED**

The above-captioned debtors and debtors in possession (the “Debtors”), by and through their undersigned counsel, hereby submit this motion (the “Motion”) pursuant to sections 105(a) and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”) and rule 9006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for entry of an order (the “Proposed Order”), substantially in the form attached hereto as **Exhibit A**, extending the Debtors’ time to assume or reject unexpired leases of nonresidential real property (“Unexpired Leases”). In support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion under 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 as of February 29, 2012. This is a core proceeding under 28 U.S.C.

¹ The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors’ headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.



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§ 157(b). Venue of the above-captioned cases (the “Chapter 11 Cases”) and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The legal predicates for the relief requested herein are sections 105(a) and 365(d)(4)(B) of the Bankruptcy Code, and rule 9006-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

3. Pursuant to Local Rule 9013-1(f), the Debtors confirm their consent to the entry of a final order or judgment by the Court with respect to this Motion if it is determined that this Court, absent consent of the parties, cannot enter a final order or judgment consistent with Article III of the United States Constitution.

BACKGROUND

A. General Background

4. On May 21, 2024 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. These Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b). *See* Docket No. 45. The Debtors are operating their business and managing their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

5. No trustee or examiner has been appointed in these Chapter 11 Cases. On June 3, 2024, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an Official Committee of Unsecured Creditors (the “Committee”). *See* Docket No. 82.

6. Additional factual background regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Thomas Studebaker in Support of Chapter 11*

Petitions and First Day Motions [Docket No. 3] (the “First Day Declaration”), which is incorporated herein by reference.²

7. As set forth in the First Day Declaration, the Debtors filed these Chapter 11 Cases to continue the process of marketing and selling substantially all of their assets. To that end, amongst other things, the Debtors filed the *Debtors’ Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors’ Assets, (B) Designating the Stalking Horse Bidder, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof and (F) Granting Related Relief; and (II)(A) Approving the Sale of the Debtors’ Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 16].

8. On July 19, 2024, the Court entered the *Order (A) Approving the Sale of the Debtors’ Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 222], which approved the sale of substantially all of the Debtors’ assets (the “Sale”). The Sale closed on July 19, 2024. *See* Docket No. 257.

9. Since the closing of the Sale, the Debtors have been moving towards filing a plan of liquidation and bringing these Chapter 11 Cases to a successful close. *See* Docket Nos. 281 & 288.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

B. The Current Deadline

10. Section 365(d)(4) currently provides that the Debtors have 120 days from the petition date to assume or reject unexpired leases of nonresidential real property. 11 U.S.C. § 365(d)(4). Accordingly, the current deadline for the Debtors to assume or reject Unexpired Leases is September 18, 2024 (the “Current Deadline”).

RELIEF REQUESTED

11. The Debtors respectfully request entry of the Proposed Order extending the period to assume or reject Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code for approximately ninety (90) days from the Current Deadline, through and including December 17, 2024.

BASIS FOR RELIEF

12. As noted above, section 365(d)(4)(A) of the Bankruptcy Code provides that:

an unexpired lease of nonresidential real property under which the debtor is the lessee shall be deemed rejected, and the trustee shall immediately surrender that nonresidential real property to the lessor, if the trustee does not assume or reject the unexpired lease by the earlier of –

- (i) The date that is 120 days after the date of the order of relief;
or
- (ii) The date of the entry of an order confirming a plan.

11 U.S.C. § 365(d)(4)(A).

13. Further, section 365(d)(4)(B) of the Bankruptcy Code provides that courts may extend the period under section 365(d)(4)(A) of the Bankruptcy Code “prior to the expiration of the 120-day period, for 90 days on the motion of the trustee or lessor for cause.” 11 U.S.C. § 365(d)(4)(B)(i).

14. It is well-settled that this Court is authorized to, and often does, enlarge the period provided under section 365(d)(4)(A) of the Bankruptcy Code to assume or reject unexpired leases of nonresidential property. *See, e.g., In re Packable Holdings, LLC*, No. 22-10797 (CTG) (Bankr. D. Del. Nov. 21, 2022) [Docket No. 400]; *In re Kidde-Fenwal, Inc.*, No. 23-10638 (LSS) (Bankr. D. Del. Sept. 22, 2023) [Docket No. 466]; *In re AmeriMark Interactive, LLC*, No. 23-10438 (TMH) (Bankr. D. Del. July 31, 2023) [Docket No. 513]; *In re Clovis Oncology Inc.*, No. 22-11292 (JKS) (Bankr. D. Del. Apr. 28, 2023) [Docket No. 647]; *In re In Shape Holdings, LLC*, No. 20-13130 (LSS) (Bankr. D. Del. Apr. 8, 2021) [Docket No. 366].

15. Extension of the Current Deadline is appropriate because the Debtors have expended considerable time and effort: (a) minimizing the adverse effects caused by the commencement of the Chapter 11 Cases on their business by securing various first-day relief; (b) obtaining entry of interim and final orders approving debtor in possession financing; (c) preparing and filing the schedules of assets and liabilities and statements of financial affairs; (d) successfully completing a sale process of substantially all of their assets; (e) preparing and filing the Debtors' monthly operating reports; (f) negotiating with key stakeholders and the Committee concerning a chapter 11 plan of liquidation; and (g) preparing and filing the *Combined Joint Chapter 11 Plan of Liquidation and Disclosure Statement of Supply Source Enterprises, Inc. and its Debtor Affiliates* [Docket No. 281] and motion seeking approval of certain solicitation procedures [Docket No. 288]. Additionally, the Debtors are still using certain Unexpired Leases in connection with the transition services agreement related to the Sale.

16. Given the posture of the Chapter 11 Cases and the necessity that the Debtors' resources be devoted to the foregoing matters, the Debtors would be severely prejudiced if they

did not have additional time to make a decision as to whether to assume or reject the Unexpired Leases.

17. In sum, the Debtors believe the proposed extension will provide sufficient time and flexibility to allow them to consider, and make decisions concerning, the assumption or rejection of Unexpired Leases. Accordingly, the Debtors respectfully submit that cause exists for the relief requested herein.

NOTICE

18. Notice of this Motion will be provided to the following parties or their respective counsel: (i) the U.S. Trustee; (ii) the Committee; (iii) the DIP Lender; (iv) the Prepetition Secured Parties; (v) non-Debtor parties to the Unexpired Leases; and (vi) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that, in light of the nature of the relief requested, no further notice is necessary.

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WHEREFORE, the Debtors respectfully request entry of an order, substantially in the form of the Proposed Order attached hereto as **Exhibit A**, (i) granting the relief requested herein and (ii) granting such other or further relief as is just and proper.

Dated: August 21, 2024
Wilmington, Delaware

Respectfully submitted,

/s/ Katelin A. Morales

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R. Stephen McNeill (No. 5210)

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Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Liquidating Supply, Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-11054 (BLS)

(Jointly Administered)

Hearing Date: September 4, 2024 at 10:00 a.m. (ET)

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**NOTICE OF MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER
EXTENDING THE TIME WITHIN WHICH UNEXPIRED LEASES OF
NONRESIDENTIAL REAL PROPERTY MAY BE ASSUMED OR REJECTED**

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “Debtors”), filed the *Motion of the Debtors for Entry of an Order Extending the Time Within Which Unexpired Leases of Nonresidential Real Property May Be Assumed or Rejected* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that objections to the Motion, if any, must be in writing, filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 North Market Street, Wilmington, Delaware 19801, on or before **August 28, 2024 at 4:00 p.m. (ET)** (the “Objection Deadline”) and served upon and received by the undersigned attorneys for the Debtors.

¹ The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors’ headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.

PLEASE TAKE FURTHER NOTICE that, if any objections to the Motion are received, the Motion and such objections shall be considered at a hearing before the Honorable Brendan L. Shannon at the Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801 on **September 4, 2024 at 10:00 a.m. (ET)**.

IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

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Dated: August 21, 2024
Wilmington, Delaware

Respectfully submitted,

/s/ Katelin A. Morales

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EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Liquidating Supply, Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-11054 (BLS)

(Jointly Administered)

Re: Docket No. ____

**ORDER GRANTING DEBTORS' MOTION FOR ENTRY OF AN
ORDER EXTENDING THE TIME WITHIN WHICH UNEXPIRED LEASES OF
NONRESIDENTIAL REAL PROPERTY MAY BE ASSUMED OR REJECTED**

Upon consideration of the *Motion of the Debtors for Entry of an Order Extending the Time Within Which Unexpired Leases of Nonresidential Real Property May Be Assumed Or Rejected* (the "Motion"),² filed by the Debtors; and the Court having reviewed the Motion; and it appearing that proper and adequate notice has been given and that no other or further notice is required; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted hereon; and after due deliberation thereon; and sufficient cause therefor; it is hereby ORDERED that:

1. The Motion is GRANTED, as set forth herein.
2. The deadline within which the Debtors must assume or reject the Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code is hereby extended through and including **December 17, 2024**.

¹ The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor's federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors' headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

3. Nothing contained herein shall be deemed to authorize the assumption or rejection of any Unexpired Leases.

4. The extension granted in this Order is without prejudice to the Debtors' right to seek further extension(s) of their time to assume or reject Unexpired Leases.

5. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

7. This Court shall retain jurisdiction with respect to all matters relating to or arising from the Motion or the interpretation or implementation of this Order.