

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE: STAGE STORES, INC., *ET AL.*¹ § CHAPTER 11
DEBTORS § CASE NO. 20-32564-CML
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STIPULATION AND AGREED ORDER AUTHORIZING SETOFF AND ALLOWANCE OF
PROOF OF CLAIM FILED BY LOUISIANA DEPARTMENT OF REVENUE

This stipulation and agreed order (the “Agreed Order”) is made and entered into by and among Richard Nelson, Secretary, Department of Revenue, State of Louisiana (the “Department”), on the one hand, and Steven Balasiano, in his capacity as Plan Administrator (the “Plan Administrator”, and together with the Department, the “Parties”) of Stage Stores, Inc. and Specialty Retailers, Inc. (collectively, the “Debtors”), on the other hand. The Parties hereby stipulate and agree as follows:

WHEREAS, at all times relevant hereto, Specialty Retailers, Inc. was registered to do business and doing business in the State of Louisiana under Secretary of State Charter No. 34477165F with its principal business establishment in the State of Louisiana at 9800 Airline Highway, Suite 105, Baton Rouge, Louisiana 70816.

WHEREAS, at all times relevant hereto, Specialty Retailers, Inc. was registered with the Department and assigned Account No. 8655466 for Corporate Income Tax, Corporate Franchise Tax and Sales Tax.

¹ 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).



WHEREAS, on May 10, 2020 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the “Cases”) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”).

WHEREAS, the Bankruptcy Court entered an order setting the deadline for governmental units to file proofs of claim in the Cases as November 6, 2020 at 5:00 P.M. (prevailing Central Time) [Docket No. 478].

WHEREAS, prior to the Petition Date, Specialty Retailers, Inc. was selected for Sales Tax Audit (Audit ID A77545472) for the audited Sales Tax Periods January 1, 2017 through and including May 10, 2020 (the “Sales Audit”).

WHEREAS, on July 31, 2020, the Department filed with Kurtzman Carson Consultants Inc. (“KCC”), the court appointed Claims and Noticing Agent, an unliquidated priority claim under 11 U.S.C. § 507(a)(8) (Claim No. 4295)² against Specialty Retailers, Inc. on the basis of governmental taxes with respect to the Sales Audit in progress.

WHEREAS, on July 31, 2020, the Department filed a \$10,000 priority claim under 11 U.S.C. § 507(a)(8) (Claim No. 4296)³ against Specialty Retailers, Inc. on the basis of governmental taxes for the Corporate Tax Period ending January 31, 2020, which claim has been disallowed and expunged in its entirety by order of the Bankruptcy Court [Docket No. 1141].

WHEREAS, on August 14, 2020, the Bankruptcy Court entered an order [Docket No. 705] confirming the *Joint Second Amended Chapter 11 Plan of Stage Stores, Inc. and Specialty*

² Prior to the appointment of KCC, this claim was filed in the Claims Register of the Bankruptcy Court as Claim No. 137.

³ Prior to the appointment of KCC, this claim was filed in the Claims Register of the Bankruptcy Court as Claim No. 136.

Retailers, Inc. (the “Confirmed Plan”), which, among other things, appointed Steven Balasiano as the Plan Administrator (“Plan Administrator”).

WHEREAS, on February 12, 2021, the Department filed a \$11,383.00 priority claim under 11 U.S.C. § 507(a)(8) (Claim No. 5842) against Specialty Retailers, Inc. on the basis of governmental taxes for the Corporate Tax Period ending January 31, 2020, which amended Claim No. 4296.

WHEREAS, Specialty Retailers, Inc. filed with the Department its Corporate Tax Return for fiscal year ending January 31, 2020 and its Corporate Tax Return for fiscal year ending January 31, 2021.

WHEREAS, Specialty Retailers, Inc.’s Corporate Tax Return for the fiscal year ending January 31, 2020 reflects an adjusted overpayment in the amount of \$361,637.00 (“Overpayment 1/2020”) after a credit carryforward in the amount of \$40,000.00 to fiscal year ending January 31, 2021.

WHEREAS, Specialty Retailers, Inc.’s Corporate Tax Return for the fiscal year ending January 31, 2021 reflects an adjusted overpayment in the amount of \$345,428.00 (“Overpayment 1/2021”).

WHEREAS, the Parties agree that Overpayment 1/2020 and Overpayment 1/2021 are not entitled to payment of interest.

WHEREAS, the results of the Sales Audit found a tax deficiency of \$123,531.63 for unpaid tax and interest and \$26,639.91 for unpaid penalties.

WHEREAS, the Parties hereby agree that Claim No. 4295 shall be an Allowed Claim against Specialty Retailers, Inc. in the amount of \$150,171.52, including (i) an Allowed Priority

Tax Claim (as defined in the Confirmed Plan) in the amount of \$123,531.61 and (ii) an Allowed General Unsecured Claim (as defined in the Confirmed Plan) in the amount of \$26,639.91.

WHEREAS, the Parties agree that the Department may offset Overpayment 1/2020 in the amount of \$361,637.00 against the Allowed Priority Tax Claim in the amount of \$123,531.63.

WHEREAS, the Parties agree that the Allowed General Unsecured Claim in the amount of \$26,639.91 shall be paid in accordance with the terms of the Confirmed Plan.

WHEREAS, the Parties agree that Overpayment 1/2020 and Overpayment 1/2021 are based on unaudited federal tax returns and in the event that the Internal Revenue Service should adjust the Debtors' federal tax returns for such years, nothing herein shall relieve the parties of their rights and obligations under Louisiana state law.

NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED, AND UPON APPROVAL BY THE BANKRUPTCY COURT OF THIS AGREED ORDER, IT IS SO ORDERED AS FOLLOWS:

1. The above recitals are incorporated by reference into this Agreed Order with the same force and effect as if fully set forth hereinafter.
2. Claim No. 4295 shall be an Allowed Claim against Specialty Retailers, Inc. in the amount of \$150,171.52, including (i) an Allowed Priority Tax Claim (as defined in the Confirmed Plan) in the amount of \$123,531.63 and (ii) an Allowed General Unsecured Claim (as defined in the Confirmed Plan) in the amount of \$26,639.91.
3. The Department shall be permitted to offset the Allowed Priority Tax Claim in the amount of \$123,531.63 against Overpayment 1/2020 in the amount of \$361,637.00, which shall satisfy in full the Allowed Priority Tax Claim.

4. The Allowed General Unsecured Claim in the amount of \$26,639.91 shall be payable in accordance with the Confirmed Plan.

5. The Department shall remit to the Debtors the balance of Overpayment 1/2020 in the amount of \$238,105.37, without any interest, within ten (10) business days after entry of this Agreed Order.

6. The Department shall remit to the Debtors Overpayment 1/2021 in the amount of \$345,428.00, without any interest, within ten (10) business days after entry of this Agreed Order.

7. Claim No. 5842 shall be deemed withdrawn and is hereby disallowed and expunged in its entirety.

8. *Binding Effect; Successors and Assigns:* The provisions of this Agreed Order shall be binding upon the Parties hereto, including the Debtors and Plan Administrator.

9. Kurtzman Carson Consultants LLC is authorized to adjust the claims register in the Cases consistent with this Agreed Order.

10. Notwithstanding any applicable rules to the contrary, this Agreed Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution of effectiveness of this Agreed Order. This Agreed Order shall be valid, binding and enforceable on all parties in interest and fully effective immediately upon entry.

11. Each of the Parties to this Agreed Order represents and warrants that it is duly authorized to enter into and be bound by this Agreed Order.

12. This Agreed Order may be executed in multiple counterparts, any of which may be transmitted by facsimile or electronic mail, and each of which will be deemed an original, but all of which together will constitute one instrument.

13. The Bankruptcy Court shall retain jurisdiction with respect to all matters relating to the interpretation and implementation of this Agreed Order.

SIGNED: _____, 2024


CHRISTOPHER M. LOPEZ
UNITED STATES BANKRUPTCY JUDGE
HOUSTON DIVISION

DATED: February 28, 2024

LOUISIANA DEPARTMENT OF
REVENUE

By: /s/ Florence Bonaccorso-Saenz
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PLAN ADMINISTRATOR

By: /s/ 
Steven Balasiano, solely in his capacity as Plan Administrator