

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re

DRAW ANOTHER CIRCLE, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No.: 16- (_____)

(Joint Administration Requested)

**DEBTORS' APPLICATION FOR AN ORDER APPOINTING
RUST CONSULTING/OMNI BANKRUPTCY AS CLAIMS
AND NOTICING AGENT FOR THE DEBTORS PURSUANT
TO 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) AND LOCAL RULE 2002-1(f)**

Draw Another Circle, LLC ("DAC") and its chapter 11 affiliates, the debtors and debtors in possession (the "Debtors") in the above-captioned chapter 11 cases (the "Cases"), hereby move the Court for entry of an order substantially in the form annexed hereto as Exhibit C (the "Retention Order") pursuant to section 156(c) of title 28 of the United States Code and section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), appointing Rust Consulting/Omni Bankruptcy ("Rust/Omni") as claims and noticing agent ("Claims and Noticing Agent") in the Debtors' Cases (the "Section 156(c) Application"). In support of the Section 156(c) Application, the Debtors rely on the *Declaration of Duane A. Huesers in Support of Debtors' First Day Pleadings* (the "First Day Declaration")² concurrently filed herewith, and the *Declaration of Paul H. Deutch in Support of Debtors' Section 156(c) Application* (the "Deutch Declaration"), attached hereto as Exhibit B. In further support of the Section 156(c) Application, the Debtors respectfully represent as follows:

¹ The Debtors and the last four digits of their respective federal taxpayer identification numbers are as follows: Draw Another Circle, LLC (2102); Hastings Entertainment, Inc. (6375); MovieStop, LLC (9645); SP Images, Inc. (7773); and Hastings Internet, Inc. (0809). The Debtors' executive headquarters are located at 3601 Plains Boulevard, Amarillo, TX 79102.

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over these Cases and the Section 156(c) Application 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. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of these Cases and the Section 156(c) Application in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. Pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final judgment or order with respect to the Section 156(c) Application if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

3. The statutory and legal predicates for the relief requested herein are 28 U.S.C. § 156(c), section 105(a) of the Bankruptcy Code, and Local Rule 2002-1(f).

BACKGROUND

4. On the date hereof (the “Petition Date”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code.

5. The Debtors are authorized to continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or statutory committee has been appointed in these

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

Cases by the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”).

6. Founded in 1968, Hastings Entertainment, Inc. (“Hastings”), a Texas corporation, is a leading multimedia entertainment and lifestyle retailer. Hastings operates entertainment superstores that buy, sell, trade and rent various home entertainment products, including books, music, software, periodicals, movies on DVD and Blu-ray, video games, video game consoles, hobby, sports and recreation, lifestyle and consumer electronics. Hastings also offers consumables and trends products such as apparel, t-shirts, action figures, posters, greeting cards and seasonal merchandise. With the assistance of over 3,500 employees, Hastings operates 123 superstores, averaging approximately 24,000 square feet, principally in medium-sized markets located in 19 states, primarily in the Northwestern, Midwestern and Southeastern United States.

7. Hastings also operates a multimedia entertainment e-commerce web site, goHastings.com, which offers a broad selection of books, software, video games, movies on DVD and Blu-ray, music, trends, comics, sports, recreation, and electronics. Hastings fills orders for new and used products placed at the website and also through Amazon and eBay Marketplaces using its proprietary goShip program, which allows Hastings to ship directly from its stores or distribution center. Hastings has one wholly-owned subsidiary, Hastings Internet, Inc. In 2015, Hastings generated revenue totaling approximately \$401.1 million.

8. MovieStop, LLC (“MovieStop”), a Delaware limited liability company, is a value retailer of new and used movies based in Atlanta, Georgia. MovieStop currently operates 39 destination locations in 10 states, primarily along the Eastern United States Coast. MovieStop

is conducting store closing sales at all of its locations, and anticipates completion of all store closings by the end of July.

9. SP Images, Inc. ("SPI"), a Massachusetts corporation, is a full-service licensed distributor of sports and entertainment products and apparel headquartered in Franklin, Massachusetts. SPI specializes in providing retail partners with an unmatched assortment of licensed merchandise that allows them to maximize turns, sales and gross margins. SPI stocks over 20,000 individual items licensed by Major League Baseball, the National Football League, the National Hockey League, the National Basketball Association, Marvel Comics, DC Comics and many more.

10. Hastings, MovieStop and SPI are each wholly-owned subsidiaries of DAC.

11. As is further discussed in the First Day Declaration filed contemporaneously herewith, the Debtors commenced these chapter 11 cases to (i) effectuate the sale of Hastings pursuant to a Court-approved bidding and auction process; (ii) complete the liquidation of the MovieStop business for the benefit of creditors; (iii) preserve SPI's business through a going concern sale process; and (iv) liquidate all of the Debtors' remaining assets and discontinue all business lines that cannot be sold for value.

12. More detailed factual background regarding the Debtors and the commencement of these Cases is set forth in the First Day Declaration.

RELIEF REQUESTED

13. This Section 156(c) Application is made pursuant to 28 U.S.C. § 156(c), section 105(a) of the Bankruptcy Code and Local Rule 2002-1(f) for an order appointing

Rust/Omni to act as the Claims and Noticing Agent in order to assume full responsibility for the distribution of notices and the maintenance, processing and docketing of proofs of claim filed in the Debtors' Cases.

BASIS FOR RELIEF

14. The Debtors' selection of Rust/Omni to act as the Claims and Noticing Agent has satisfied the Court's *Protocol for the Employment of Claims and Noticing Agents under 28 U.S.C. § 156(c)*, in that the Debtors have obtained and reviewed engagement proposals from at least two (2) other court-approved claims and noticing agents to ensure selection through a competitive process. Moreover, the Debtors submit, based on all engagement proposals obtained and reviewed, that Rust/Omni's rates are competitive and reasonable given Rust/Omni's quality of services and expertise. The terms of retention are set forth in the Engagement Agreement annexed hereto as Exhibit A (the "Engagement Agreement"); provided, however, that the Debtors are seeking approval solely of the terms and provisions as set forth in this Application and the proposed order attached hereto.

15. Although the Debtors have not yet filed their schedules of assets and liabilities, they anticipate that there will be in excess of 1,000 entities to be noticed. In view of the number of anticipated claimants and the complexity of the Debtors' businesses, the Debtors submit that the appointment of a Claims and Noticing Agent is both necessary and in the best interests of both the Debtors' estates and their creditors.

16. Rust/Omni has acted as the Claims and Noticing Agent in numerous cases of comparable size, including several cases currently pending in the United States Bankruptcy Court for this District. *In re Phoenix Brands, LLC*, Case No. 16-11242 (BLS) (Bankr. D. Del.

May 24, 2016); *In re Affirmative Insurance Holdings, Inc.*, Case No. 15-12136 (Bankr. D. Del. Nov. 16, 2015); *In re Phoenix Payment Sys.*, Case No. 14-11848 (Bankr. D. Del. Aug. 4, 2014); *In re Gridway Energy Holdings, et al.*, Case No. 14-10833 (Bankr. D. Del. Apr. 10, 2014); *In re Restora Healthcare Holdings, LLC, et al.*, Case No. 14-10367 (Bankr. D. Del. Feb. 24, 2014); *In re First Mariner Bancorp*, Case No. 14-11952 (Bankr. D. Md. Feb. 10, 2014); *In re HDOS Enters.*, Case No. 14-12028 (Bankr. C.D. Cal. Feb. 3, 2014); *In re FAH Liquidating Corp.*, et al., Case No. 13-13087 (Bankr. D. Del. Nov. 22, 2013); *In re SGK Ventures, LLC*, Case No. 13-37603 (Bankr. N.D. Ill. Sep. 24, 2013).

17. By appointing Rust/Omni as the Claims and Noticing Agent in these Cases, the distribution of notices and the processing of claims will be expedited, and the Clerk's office will be relieved of the administrative burden of processing what may be an overwhelming number of claims.

18. This Section 156(c) Application pertains only to the work to be performed by Rust/Omni under the Clerk's delegation of duties permitted by 28 U.S.C. § 156(c) and Local Rule 2002-1(f), and any work to be performed by Rust/Omni outside of this scope is not covered by this Section 156(c) Application or by any Order granting approval hereof. Specifically, Rust/Omni will perform the following tasks in its role as Claims and Noticing Agent (the "Claims and Noticing Services"), as well as all quality control relating thereto:

- (a) Prepare and serve required notices and documents in the Cases in accordance with the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") in the form and manner directed by the Debtors and/or the Court, including (i) notice of the commencement of the Cases and the initial meeting of creditors under Bankruptcy Code § 341(a), (ii) notice of any claims bar

date, (iii) notices of transfers of claims, (iv) notices of objections to claims and objections to transfers of claims, (v) notices of any hearings on a disclosure statement and confirmation of the Debtors' plan or plans of reorganization, including under Bankruptcy Rule 3017(d), (vi) notice of the effective date of any plan and (vii) all other notices, orders, pleadings, publications and other documents as the Debtors or Court may deem necessary or appropriate for an orderly administration of the Cases;

- (b) Maintain an official copy of the Debtors' schedules of assets and liabilities and statement of financial affairs (collectively, the "Schedules"), listing the Debtors' known creditors and the amounts owed thereto;
- (c) Maintain (i) a list of all potential creditors, equity holders and other parties-in-interest; and (ii) a "core" mailing list consisting of all parties described in sections 2002(i), (j) and (k) and those parties that have filed a notice of appearance pursuant to Bankruptcy Rule 9010; update said lists and make said lists available upon request by a party-in-interest or the Clerk;
- (d) Furnish a notice to all potential creditors of the last date for the filing of proofs of claim and a form for the filing of a proof of claim, after such notice and form are approved by this Court, and notify said potential creditors of the existence, amount and classification of their respective claims as set forth in the Schedules, which may be effected by inclusion of such information (or the lack thereof, in cases where the Schedules indicate no debt due to the subject party) on a customized proof of claim form provided to potential creditors;
- (e) Maintain a post office box or address for the purpose of receiving claims and returned mail, and process all mail received;
- (f) For *all* notices, motions, orders or other pleadings or documents served, prepare and file or caused to be filed with the Clerk an affidavit or certificate of service within seven (7) business days of service which includes (i) either a copy of the notice served or the docket numbers(s) and

- title(s) of the pleading(s) served, (ii) a list of persons to whom it was mailed (in alphabetical order) with their addresses, (iii) the manner of service, and (iv) the date served;
- (g) Process all proofs of claim received, including those received by the Clerk's Office, and check said processing for accuracy, and maintain the original proofs of claim in a secure area;
 - (h) Maintain the official claims register for each Debtor (the "Claims Registers") on behalf of the Clerk; upon the Clerk's request, provide the Clerk with certified, duplicate unofficial Claims Registers; and specify in the Claims Registers the following information for each claim docketed: (i) the claim number assigned, (ii) the date received, (iii) the name and address of the claimant and agent, if applicable, who filed the claim, (iv) the amount asserted, (v) the asserted classification(s) of the claim (*e.g.*, secured, unsecured, priority, *etc.*), (vi) the applicable Debtor, and (vii) any disposition of the claim;
 - (i) Implement necessary security measures to ensure the completeness and integrity of the Claims Registers and the safekeeping of the original claims;
 - (j) Record all transfers of claims and provide any notices of such transfers as required by Bankruptcy Rule 3001(e);
 - (k) Relocate, by messenger or overnight delivery, all of the court-filed proofs of claim to the offices of Rust/Omni, not less than weekly;
 - (l) Upon completion of the docketing process for all claims received to date for each case, turn over to the Clerk copies of the claims register for the Clerk's review (upon the Clerk's request);
 - (m) Monitor the Court's docket for all notices of appearance, address changes, and claims-related pleadings and orders filed and make necessary notations on and/or changes to the claims register;
 - (n) Assist in the dissemination of information to the public and

respond to requests for administrative information regarding the case as directed by the Debtors or the Court, including through the use of a case website and/or call center;

- (o) If the case is converted to chapter 7, contact the Clerk's Office within three (3) days of the notice to Rust/Omni of entry of the order converting the case;
- (p) Thirty (30) days prior to the close of these Cases, to the extent practicable, request that the Debtors submit to the Court a proposed Order dismissing Rust/Omni and terminating the services of such agent upon completion of its duties and responsibilities and upon the closing of these Cases;
- (q) Within seven (7) days of notice to Rust/Omni of entry of an order closing the Cases, provide to the Court the final version of the claims register as of the date immediately before the close of the Cases; and
- (r) At the close of these Cases, box and transport all original documents, in proper format, as provided by the Clerk's Office, to (i) the Federal Archives Record Administration, located at 14700 Townsend Road, Philadelphia, PA 19154-1096 or (ii) any other location requested by the Clerk's Office.

19. The Claims Registers shall be opened to the public for examination without charge during regular business hours and on a case-specific website maintained by Rust/Omni.

20. Rust/Omni shall not employ any past or present employee of the Debtors for work that involves the Debtors' Cases.

21. The Debtors respectfully request that the undisputed fees and expenses incurred by Rust/Omni in the performance of the above services be treated as administrative expenses of the Debtors' estates pursuant to 28 U.S.C. § 156(c) and 11 U.S.C. § 503(b)(1)(A)

and be paid in the ordinary course of business without further application to or order of the Court. Rust/Omni agrees to maintain records of all services showing dates, categories of services, fees charged and expenses incurred, and to serve monthly invoices on the Debtors, the office of the United States Trustee, counsel for the Debtors, counsel for an official committee, if any, monitoring the expenses of the Debtors and any party-in-interest who specifically requests service of the monthly invoices. If any dispute arises relating to the Engagement Agreement or monthly invoices, the parties shall meet and confer in an attempt to resolve the dispute; if resolution is not achieved, the parties may seek resolution of the matter from the Court.

22. Prior to the Petition Date, the Debtors provided Rust/Omni a retainer in the amount of \$20,000. Rust/Omni seeks to first apply the retainer to all pre-petition invoices, and thereafter, to have the retainer replenished to the original retainer amount, and thereafter, to hold the retainer under the Engagement Agreement during the Cases as security for the payment of fees and expenses incurred under the Engagement Agreement.

23. In connection with its retention as Claims and Noticing Agent, Rust/Omni represents in the Deutch Declaration, among other things, that:

- (a) Rust/Omni will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the Claims and Noticing Agent in the Cases;
- (b) By accepting employment in the Cases, Rust/Omni waives any rights to receive compensation from the United States government in connection with the Cases;
- (c) In its capacity as the Claims and Noticing Agent in the Cases, Rust/Omni will not be an agent of the United States and will not act on behalf of the United States; and

- (d) It is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code with respect to the matters upon which it is to be engaged.

24. To the extent that there is any inconsistency between this Section 156(c) Application, the Retention Order and the Engagement Agreement, the Retention Order shall govern.

25. This Section 156(c) Application complies with the *Protocol for the Employment of Claims and Noticing Agents under 28 U.S.C. § 156(c)* and conforms to the standard Section 156(c) Application in use in this Court. The Debtors have provided copies of this Section 156(c) Application to (i) the U.S. Trustee; (ii) holders of the thirty (30) largest unsecured claims on a consolidated basis against the Debtors; (iii) Bank of America, N.A.; (iv) Pathlight Capital LLC; and (v) all parties who, as of the filing of this Section 156(c) Application, have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. As this Section 156(c) Application is seeking “first day” relief, within two business days of the hearing on this Section 156(c) Application, the Debtors will serve copies of this Section 156(c) Application and any order entered in respect to this Section 156(c) Application as required by Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

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WHEREFORE, the Debtors request entry of an order, in the form annexed hereto as Exhibit C, authorizing Rust/Omni to act as Claims and Noticing Agent for the maintenance and processing of claims and the distribution of notices.

Dated: June 13, 2016

Draw Another Circle, LLC, *et al.*

By: /s/ Duane Huesers
Duane Huesers
Chief Financial Officer, Hastings
Entertainment, Inc. and Chief Executive
Officer and Chief Financial Officer of
MovieStop, LLC

EXHIBIT A

Engagement Agreement



May 25, 2016

Mr. Joel Weinshanker
Draw Another Circle, LLC
3601 Plains Blvd
Amarillo, TX, 79102

Re: Rust Consulting/Omni Bankruptcy
-Retention letter

Mr. Weinshanker:

This letter (the "Agreement") will acknowledge that you have requested Rust Consulting/Omni Bankruptcy ("Rust Omni") to provide services to Draw Another Circle LLC ("DAC") and four (4) related entities (collectively with DAC, the "Companies") in preparation of, and in connection with, the Companies' potential chapter 11 filings. Rust Omni will make itself available to the Companies, as requested, for the purposes of assisting the Companies with pre- and post-petition case administration matters including data entry, preparation and management of the creditor matrix, preparation of schedules of assets and liabilities and statements of financial affairs, claims management, noticing, plan solicitation and tabulation, distribution, the development and maintenance of a virtual data room, the development and maintenance of an informational website, and any other services as may be requested by the Companies.

The services to be rendered by Rust Omni will be billed at rates ranging from \$26.25 to \$146.25 per hour as per the attached rate sheet. In addition, Rust Omni has agreed to a one hundred and twenty (\$120.00) dollars blended rate cap, to be calculated on a quarterly basis. Rates are adjusted annually on January 2nd of each year, and are subject to increases not to exceed ten (10%) percent per annum. Increases greater than ten (10%) percent per annum will be discussed with you, and be subject to your prior approval, before becoming effective.

For all such services rendered, we require a \$20,000 retainer, which such retainer must be replenished immediately prior to the commencement of the Companies' chapter 11 proceedings. All charges will be on a portal to portal basis plus out-of-pocket expenses. Rust Omni shall be compensated on a monthly basis for those services performed by Rust Omni during the preceding calendar month. Invoices are payable upon submission.

Joel Weinshanker

May 25, 2016

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Each of Rust Omni and the Companies, on behalf of themselves and their respective employees, agents, professionals and representatives, agrees to keep confidential all non-public records, systems, procedures, software and other information received from the other party in connection with the services provided under this Agreement; provided, however, that if either party reasonably believes that it is required to produce any such information by order of any governmental agency or other regulatory body it may, upon not less than five (5) business days' written notice to the other party, release the required information.

The parties understand that the software programs and other materials furnished by Rust Omni pursuant to this Agreement and/or developed during the course of this Agreement by Rust Omni are the sole property of Rust Omni. The term "program" shall include, without limitation, data processing programs, specifications, applications, routines, and documentation. The Companies agree not to copy or permit others to copy the source code from the support software or any other programs or materials furnished pursuant to this Agreement. The Companies further agree that any ideas, concepts, know-how or techniques relating to data processing or Rust Omni's performance of its services developed during the course of its Agreement by Rust Omni shall be the exclusive property of Rust Omni. Upon the Companies' request at any time or times while this Agreement is in effect, Rust Omni shall immediately deliver to the Companies and/or the Companies' retained professionals, at the Companies' expense, any or all of the non-proprietary data and records held by Rust Omni pursuant to this Agreement, in the form requested by the Companies.

This Agreement is terminable at will by the parties hereto upon thirty (30) days written notice. In the event that this Agreement is terminated, regardless of the reason for such termination, Rust Omni shall cooperate with the Companies to maintain an orderly transfer of all records, data and information and record keeping functions, and shall provide all necessary staff, services and assistance required for an orderly transfer. The Companies agree to pay for such services in accordance with Rust Omni's then existing prices for such services.

Please acknowledge the above by signing and returning a copy of this letter.



Joel Weinshanker
May 25, 2016
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Should you have any questions regarding the above, please do not hesitate to call me.

Sincerely,



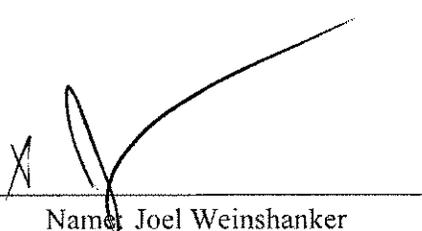
Paul H. Deutch
Executive Managing Director

Enc.

cc: Michael Klein
Max Schlan
Brian Osborne

DRAW ANOTHER CIRCLE LLC, ET AL.

Date: _____

By:  _____

Name: Joel Weinshanker

Title: *Manager*





Rate Sheet

WWW.OMNIMGT.COM

Hourly Rates for Standard and Custom Services	RATE/COST
Clerical Support	\$26.25 - \$37.50 per hour
Project Specialists	\$48.75 - \$63.75 per hour
Project Supervisors	\$63.75 - \$78.75 per hour
Consultants	\$78.75 - \$105.00 per hour
Technology/Programming	\$82.50 - \$123.75 per hour
Senior Consultants	\$131.25 - \$146.25 per hour
Equity Services	\$168.75 per hour
Printing and Noticing Services	
Copy	\$.08 per image
Document folding and insertion	No Charge
Labels/Envelope printing	\$.035 each
E-mail noticing	No Charge
Certified email	Quote upon request
Facsimile noticing	\$.10/image
Postage	At cost (Advance payment required for postage charges over \$10,000)
Envelopes	Varies by size
Newspaper and Legal Notice Publishing	
Coordinate and publish legal notice	Quote prior to publishing
Claims Management	
Inputting proofs of claim	Hourly rates (No per claim charges)
Scanning	\$.10/image
Remote Internet access for claims management	
Setup	No charge
Access	No charge
Creditor Database	
Data storage	Waived for 3 months. Under 10,000 records - No charge, Over 10,000 records - .06 per record, Over 100,000 records - .05 per record
Per image storage	No charge
Informational Website	
Creation, configuration, and initial setup	No charge
Data entry/information updates	\$56.25 per hour
Programming and customization	\$82.50 - \$123.75 per hour
Court Docket and Claims Docket Updates	No charge
Debtor website hosting	No charge
Committee website hosting	No charge



Rate Sheet

WWW.OMNIMGT.COM

Shareholder website hosting	No charge
Scanning	\$.10/image
▲ Virtual Data Rooms	Quote upon request
▲ Call Centers / Dedicated Line	
Creation, configuration and initial setup	No charge
Hosting fee	\$5.50 per month
Usage	\$.0825 per minute
Service rates (actual talk and log-entry time)	\$48.75 - \$63.75 per hour
▲ Case Docket / Claims Register	No charge
▲ Solicitation and Tabulation	
Plan and disclosure statement mailings	Quoted prior to printing
Ballot tabulation	Standard hourly rates apply
▲ Public Debt and Equities Securities and/Rights Offerings Services	
Noticing Services	Standard hourly rates apply
Solicitation, Balloting and Tabulation	Standard hourly rates apply
Rights Offerings	Standard hourly rates apply
Security Position Identification Reports	Standard hourly rates apply
▲ Schedules / SoFA	
Preparation and updating of schedules and SoFAs	\$26.25 - \$146.25 per hour
▲ Pre-Petition Consulting Services	
(e.g., preparation of cash flow, analysis of cash management system, evaluation of insurance coverage, assist with payroll, assist procurement and distribution of cashiers checks)	Standard hourly rates apply
▲ UST Reporting Compliance	
(e.g., assist debtors to meet satisfy jurisdictional requirements, preparation of monthly operating and post-confirmation reports)	Standard hourly rates apply
▲ Liquidating / Disbursing Agent	
(e.g., comply with Plan requirements, preparation of disbursement reports, payout calculations, check generation, bank reconciliations)	Standard hourly rates apply
▲ Miscellaneous	
Telephone charges	At cost



Rate Sheet

WWW.OMNIMGT.COM

Delivery	At cost
Archival DVD/CD-Rom	\$40.00 per copy

▲ Real-Time Reports

Claims dashboard	No charge
Claim reports	\$25.00
Solicitation dashboard	No charge
Tabulation dashboard	No charge
Solicitation reports	\$25.00
Service list manager	\$0.05 per party, per generated list

EXHIBIT B

Deutch Declaration

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re

DRAW ANOTHER CIRCLE, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No.: 16- (_____)

(Joint Administration Requested)

**DECLARATION OF PAUL H. DEUTCH IN SUPPORT OF DEBTORS'
APPLICATION FOR AN ORDER APPOINTING RUST CONSULTING/OMNI
BANKRUPTCY AS CLAIMS AND NOTICING AGENT FOR THE DEBTORS
PURSUANT TO 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) AND LOCAL RULE 2002-1(f)**

I, Paul H. Deutch, under penalty of perjury, declare as follows:

1. I am the Executive Managing Director of Rust Consulting/Omni Bankruptcy ("Rust/Omni"), an administrative services firm that specializes in the administration of large bankruptcy cases. Except as otherwise noted, I have personal knowledge of the matters set forth herein, and if called and sworn as a witness, I could and would testify competently thereto.

2. This Declaration is made in support of the *Debtors' Application for an Order Appointing Rust Consulting/Omni Bankruptcy as Claims and Noticing Agent for the Debtors Pursuant to 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) and Local Rule 2002-1(f)*, which was filed contemporaneously herewith (the "Section 156(c) Application").²

¹ The Debtors and the last four digits of their respective federal taxpayer identification numbers are as follows: Draw Another Circle, LLC (2102); Hastings Entertainment, Inc. (6375); MovieStop, LLC (9645); SP Images, Inc. (7773); and Hastings Internet, Inc. (0809). The Debtors' executive headquarters are located at 3601 Plains Boulevard, Amarillo, TX 79102.

² Capitalized terms used but not otherwise defined in this Declaration have the meanings used in the Section 156(c) Application.

3. Pursuant to a separate application filed on the Petition Date, the Debtors requested joint administration of the Debtors' estates, as provided for in Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

4. Rust/Omni is an industry leader, whose professionals have significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. Rust/Omni's professionals have experience in noticing, claims administration, solicitation, balloting, and facilitating other administrative aspects of chapter 11 cases, including in matters of this size and complexity. Rust/Omni's professionals have acted as official Claims and Noticing Agent in many large bankruptcy cases in this district and in other districts nationwide, including: *In re Phoenix Brands, LLC*, Case No. 16-11242 (BLS) (Bankr. D. Del. May 24, 2016); *In re Affirmative Insurance Holdings, Inc.*, Case No. 15-12136 (Bankr. D. Del. Nov. 16, 2015); *In re Phoenix Payment Sys.*, Case No. 14-11848 (Bankr. D. Del. Aug. 4, 2014); *In re Gridway Energy Holdings*, Case No. 14-10833 (Bankr. D. Del. Apr. 10, 2014); *In re Restora Healthcare Holdings, LLC*, Case No. 14-10367 (Bankr. D. Del. Feb. 24, 2014); *In re First Mariner Bancorp*, Case No. 14-11952 (Bankr. D. Md. Feb. 10, 2014); *In re HDOS Enters.*, Case No. 14-12028 (Bankr. C.D. Cal. Feb. 3, 2014); *In re FAH Liquidating Corp.*, Case No. 13-13087 (Bankr. D. Del. Nov. 22, 2013); *In re SGK Ventures, LLC*, Case No. 13-37603 (Bankr. N.D. Ill. Sep. 24, 2013).

5. As agent and custodian of court records under 28 U.S.C. § 156(c), Rust/Omni will perform, at the request of the Office of the Clerk of the Bankruptcy Court (the "Clerk"), the services specified in the Section 156(c) Application and the Engagement Agreement, and, at the Debtors' request, any related administrative, technical, and support

services as specified in the Section 156(c) Application and the Engagement Agreement. In performing such services, Rust/Omni will charge the Debtors the rates set forth in the Engagement Agreement, which is attached as Exhibit A to the Section 156(c) Application.

6. Rust/Omni represents that:
 - (a) Rust/Omni is not a creditor of the Debtors;
 - (b) Rust/Omni will not consider itself employed by the United States government and will not seek any compensation from the United States government in its capacity as Claims and Noticing Agent in these Cases;
 - (c) By accepting employment in these Cases, Rust/Omni waives any rights to receive compensation from the United States government in connection with these Cases;
 - (d) In its capacity as Claims and Noticing Agent in these Cases, Rust/Omni will not be an agent of the United States and will not act on behalf of the United States;
 - (e) Rust/Omni will not employ any past or present employees of the Debtors in connection with its work as Claims and Noticing Agent in these Cases;
 - (f) Rust/Omni is a “disinterested person” as that term is defined in Bankruptcy Code section 101(14) for the matters on which it is engaged;
 - (g) In its capacity as Claims and Noticing Agent in these Cases, Rust/Omni will not intentionally misrepresent any fact to any person;
 - (h) Rust/Omni’s receipt and recordation of claims (if any) and claim transfers will fall under the supervision and control of the Clerk’s office;
 - (i) Rust/Omni will comply with all requests of the Clerk’s office and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c); and
 - (j) The Clerk’s office will bear none of the costs of Rust/Omni’s services as Claims and Noticing Agent in these Cases.

7. Although the Debtors by this Section 156(c) Application do not propose to retain Rust/Omni under Bankruptcy Code section 327 (such retention will be sought by separate application), I authorized our conflicts system to review the names of all known potential parties in interest (the “Potential Parties in Interest”) in these Cases. The list of Potential Parties in Interest was provided by the Debtors and included, among other parties, the Debtors, non-Debtor affiliates, directors and officers of the Debtors, equity interest holders, secured creditors, and the Debtors’ largest unsecured creditors on a consolidated basis. Rust/Omni professionals under my supervision compiled and reviewed the results of the conflicts check. As set forth in further detail herein, Rust/Omni is not currently aware of any relationship that would present a disqualifying conflict of interest. Should Rust/Omni discover any new relevant facts or relationships bearing on the matters described herein during the period of its retention, Rust/Omni will use reasonable efforts to promptly file a supplemental declaration.

8. To the best of my knowledge, and based solely on information provided to me by the Debtors, and except as detailed herein, neither Rust/Omni nor any of its professionals has any materially adverse connection to the Debtors, their creditors, or other relevant parties. Rust/Omni may have relationships with certain of the Debtors’ creditors as vendors or in connection with cases in which Rust/Omni serves or has served in a neutral capacity as Claims and Noticing Agent or administrative advisor for another chapter 11 debtor or as class action settlement administrator.

9. Rust/Omni has and will continue to represent clients in matters unrelated to these Cases. In addition, Rust/Omni has and will continue to have relationships in the ordinary course of its business with certain vendors, professionals, and other parties in interest

that may be involved in these Cases. There is also a possibility that Rust/Omni will provide professional services to entities or persons that may be creditors or parties in interest in these Cases—though such services would not directly relate to, or have any direct connection with, these Cases or the Debtors.

10. Rust/Omni and its personnel in their individual capacities regularly use the services of law firms, accounting firms, and financial advisors. Such firms engaged by Rust/Omni or its personnel may appear in these Cases representing the Debtors or parties in interest. All engagements where such firms represent Rust/Omni or its personnel in their individual capacities are unrelated to these Cases.

11. To the best of my knowledge, neither Rust/Omni nor any of its partners or employees represents any interest materially adverse to the Debtors' estates with respect to any matter on which Rust/Omni is to be engaged. Based on the foregoing, I believe that Rust/Omni is a "disinterested person" as that term is defined in Bankruptcy Code section 101(14).

[remainder of page intentionally left blank]

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge and belief.

Executed on this 13th day of June, 2016

/s/ Paul H. Deutch
PAUL H. DEUTCH

EXHIBIT C

Proposed Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re

DRAW ANOTHER CIRCLE, LLC, *et al.*,¹
Debtors.

Chapter 11

Case No.: 16- (_____)

(Joint Administration Requested)

Re: Docket No. __

**ORDER AUTHORIZING RETENTION AND APPOINTMENT OF RUST
CONSULTING/OMNI BANKRUPTCY AS CLAIMS AND NOTICING AGENT
UNDER 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) AND LOCAL RULE 2002-1(f)**

Upon the application (the “Section 156(c) Application”)² of Draw Another Circle, LLC and its chapter 11 affiliates, the debtors and debtors in possession (the “Debtors”) in the above-captioned jointly administered chapter 11 cases (the “Cases”), for entry of an order authorizing the retention and appointment of Rust Consulting/Omni Bankruptcy (“Rust/Omni”) as Claims and Noticing Agent under 28 U.S.C. § 156(c), Section 105(a) of the Bankruptcy Code and Local Rule 2002-1(f) and to, among other things, (i) distribute required notices to parties in interest, (ii) receive, maintain, docket and otherwise administer the proofs of claim filed in the Debtors’ Cases, and (iii) provide such other administrative services – as required by the Debtors – that would fall within the purview of services to be provided by the Clerk’s Office; and upon the Deutch Declaration submitted in support of the Section 156(c) Application; and the Debtors having estimated that there are in excess of 1,000 creditors in these Cases, many of which are

¹ The Debtors and the last four digits of their respective federal taxpayer identification numbers are as follows: Draw Another Circle, LLC (2102); Hastings Entertainment, Inc. (6375); MovieStop, LLC (9645); SP Images, Inc. (7773); and Hastings Internet, Inc. (0809). The Debtors’ executive headquarters are located at 3601 Plains Boulevard, Amarillo, TX 79102.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Section 156(c) Application.

expected to file proofs of claim, and it appearing that the receiving, docketing and maintaining of proofs of claim would be unduly time consuming and burdensome for the Clerk; and the Court being authorized under 28 U.S.C. § 156(c) to utilize, at the Debtors' expense, outside agents and facilities to provide notices to parties in title 11 cases and to receive, docket, maintain, photocopy and transmit proofs of claim; and the Court being satisfied that Rust/Omni has the capability and experience to provide such services and that Rust/Omni does not hold an interest adverse to the Debtors or the estates respecting the matters upon which it is to be engaged; and good and sufficient notice of the Section 156(c) Application having been given; and no other or further notice being required; and it appearing that the employment of Rust/Omni is in the best interests of the Debtors, the estates and creditors; and sufficient cause appearing therefor; it is hereby **ORDERED, ADJUDGED, AND DECREED THAT:**

1. Notwithstanding the terms of the Engagement Letter attached to the Section 156(c) Application, the Section 156(c) Application is approved solely as set forth in this Order.

2. The Debtors are authorized to retain Rust/Omni effective as of the Petition Date under the terms of the Engagement Agreement, and Rust/Omni is authorized and directed to perform noticing services and to receive, maintain, record and otherwise administer the proofs of claim filed in these Cases, and all related tasks, all as described in the Section 156(c) Application.

3. Rust/Omni shall serve as the custodian of court records and shall be designated as the authorized repository for all proofs of claim filed in these Cases and is

authorized and directed to maintain official claims registers for each of the Debtors and to provide the Clerk with a certified duplicate thereof upon the request of the Clerk.

4. Rust/Omni is authorized and directed to obtain a post office box or address for the receipt of proofs of claim.

5. Rust/Omni is authorized to take such other action to comply with all duties set forth in the Section 156(c) Application.

6. The Debtors are authorized to compensate Rust/Omni in accordance with the terms of the Engagement Agreement upon the receipt of reasonably detailed invoices setting forth the services provided by Rust/Omni and the rates charged for each, and to reimburse Rust/Omni for all reasonable and necessary expenses it may incur, upon the presentation of appropriate documentation, without the need for Rust/Omni to file fee applications or otherwise seek Court approval for the compensation of its services and reimbursement of its expenses.

7. Rust/Omni shall maintain records of all services showing dates, categories of services, fees charged and expenses incurred, and shall serve monthly invoices on the Debtors, the office of the United States Trustee, counsel for the Debtors, counsel for an official committee, if any, monitoring the expenses of the Debtors and any party-in-interest who specifically requests service of the monthly invoices.

8. The parties shall meet and confer in an attempt to resolve any dispute which may arise relating to the Engagement Agreement or monthly invoices, and that the parties may seek resolution of the matter from the Court if resolution is not achieved.

9. Pursuant to section 503(b)(1)(A) of the Bankruptcy Code, the fees and expenses of Rust/Omni under this Order shall be an administrative expense of the Debtors' estates.

10. Rust/Omni may apply its retainer to all pre-petition invoices, which retainer shall be replenished to the original retainer amount, and thereafter, Rust/Omni may hold its retainer under the Engagement Agreement during the Cases as security for the payment of fees and expenses incurred under the Engagement Agreement.

11. The Debtors shall indemnify Rust/Omni under the terms of the Engagement Agreement.

12. Rust/Omni shall not be entitled to indemnification, contribution or reimbursement pursuant to the Engagement Agreement for services other than the services provided under the Engagement Agreement, unless such services and the indemnification, contribution or reimbursement therefore are approved by the Court.

13. Notwithstanding anything to the contrary in the Engagement Agreement, the Debtors shall have no obligation to indemnify Rust/Omni, or provide contribution or reimbursement to Rust/Omni, for any claim or expense that is either: (i) judicially determined (the determination having become final) to have arisen from Rust/Omni's gross negligence, willful misconduct, or fraud; (ii) for a contractual dispute in which the Debtors allege the breach of Rust/Omni's contractual obligations if the Court determines that indemnification, contribution or reimbursement would not be permissible pursuant to *In re United Artists Theatre Co.*, 315 F.3d 217 (3d Cir. 2003), or (iii) settled prior to a judicial determination under (i) or (ii), but determined by this Court, after notice and a hearing, to be a claim or expense for which

Rust/Omni should not receive indemnity, contribution or reimbursement under the terms of the Engagement Agreement as modified by this Order.

14. If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these Cases (that order having become a final order no longer subject to appeal), or (ii) the entry of an order closing these Cases, Rust/Omni believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Engagement Agreement (as modified by this Order), including without limitation the advancement of defense costs, Rust/Omni must file an application therefore in this Court, and the Debtors may not pay any such amounts to Rust/Omni before the entry of an order by this Court approving the payment. This paragraph is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by Rust/Omni for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify Rust/Omni. All parties in interest shall retain the right to object to any demand by Rust/Omni for indemnification, contribution or reimbursement.

15. In the event Rust/Omni is unable to provide the services set out in this order, Rust/Omni will immediately notify the Clerk and Debtors' attorney and cause to have all original proofs of claim and computer information turned over to another claims and noticing agent with the advice and consent of the Clerk and Debtors' attorney.

16. The Debtors may submit a separate retention application, pursuant to 11 U.S.C. § 327 and/or any applicable law, for work that is to be performed by Rust/Omni but is not specifically authorized by this Order.

17. The Debtors and Rust/Omni are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Section 156(c) Application.

18. Notwithstanding any term in the Engagement Agreement to the contrary, the Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

19. Rust/Omni shall not cease providing claims processing services during the case(s) for any reason, including nonpayment, without an order of the Court.

20. In the event of any inconsistency between the Engagement Agreement, the Section 156(c) Application and the Order, the Order shall govern.

Dated: Wilmington, Delaware

_____, 2016

United States Bankruptcy Judge