

**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' MOTION FOR ENTRY OF ORDER
(I) AUTHORIZING DEBTORS TO PREPARE CONSOLIDATED
LIST OF CREDITORS IN LIEU OF SUBMITTING A SEPARATE
MAILING MATRIX FOR EACH DEBTOR AND (II) GRANTING RELATED RELIEF**

Draw Another Circle, LLC ("DAC") and its affiliated debtors and debtors in possession (collectively, the "Debtors") in the above-captioned chapter 11 cases (the "Cases") file this motion (the "Motion") for entry of an order substantially in the form annexed hereto as Exhibit A (the "Proposed Order"), pursuant to sections 105(a) and 521 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), Rules 1007(a)(1) and (d) and 2002(a) and (b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 1001-1(c), 1007-2, 2002-1, and 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), (i) authorizing the Debtors to file a consolidated list of creditors in lieu of submitting separate mailing matrices for each Debtor, and (ii) granting such other and further relief as requested herein or as the Court (as defined herein) otherwise deems necessary or appropriate. In support of the Motion, the Debtors rely on the *Declaration of Duane A. Huesers in Support of*

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.

Debtors' First Day Pleadings (the "First Day Declaration")² concurrently filed herewith. In further support of the Motion, the Debtors respectfully represent as follows:

JURISDICTION

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

2. Pursuant to Rule 9013-1(f) of the Local Rules, the Debtors consent to the entry of a final judgment or order with respect to the Motion 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 bases for the relief requested herein are sections 105(a) and 521 of the Bankruptcy Code, as supplemented by Bankruptcy Rules 1007(a)(1) and (d) and 2002(a) and (b) and Local Rules 1001-1(c), 1007-2, 2002-1, and 9013-1(m).

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. The Debtors seek entry of an order substantially in the form annexed hereto as Exhibit A, pursuant to sections 105(a) and 521 of the Bankruptcy Code, Bankruptcy Rules 1007(a)(1) and (d) and 2002(a) and (b), and Local Rules 1001-1(c), 1007-2, 2002-1, and

9013-1(m), (a) authorizing the Debtors to file a consolidated list of creditors (including a consolidated list of their largest thirty (30) unsecured creditors), and (b) granting related relief.

BASIS FOR RELIEF

14. Pursuant to Local Rule 2002-1, each debtor in a jointly administered case is required to maintain a separate creditor mailing matrix. Del. Bankr. L.R. 2002-1(f)(v). This requirement, however, is subject to modification where warranted “in the interest of justice” under Local Rule 1001-1. Del. Bankr. L.R. 1001-1(c).

15. The Debtors respectfully submit that filing a single consolidated matrix of creditors (including a consolidated list of their thirty (30) largest unsecured creditors) is warranted and in the best interest of the estates. The Debtors share many common creditors, and therefore consolidation will increase efficiency and decrease the administrative burden on their respective estates by reducing the need for duplicative mailings of required notices to parties in interest.

16. This relief is consistent with the Local Rules and similar to relief routinely granted in comparable chapter 11 cases in this district. *See, e.g., In re Phoenix Brands, LLC*, Case No. 16-11242 (BLS) (Bankr. D. Del. May 23, 2016) [Docket No. 45]; *In re Am. Apparel, Inc.*, Case No. 15-12055 (BLS) (Bankr. D. Del. Oct. 13, 2015) [Docket No. 120]; *In re Quicksilver Resources Inc.*, No. 15-10585 (LSS) (Bankr. D. Del. Mar. 19, 2015) [Docket No. 85]; *In re MACH Gen, LLC*, No. 14-10461 (MFW) (Bankr. D. Del. Mar. 5, 2014) [Docket No. 46]; *In re Maxcom Telecomunicaciones S.A.B. de C.V.*, No. 13-11839 (PJW) (Bankr. D. Del.

July 25, 2013) [Docket No. 45].³ As such, the Debtors respectfully submit that the relief requested by this Motion is appropriate in the instant case.

NOTICE

17. The Debtors will provide notice of this Motion 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 Motion, have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. As this Motion is seeking “first day” relief, within two business days of the hearing on this Motion, the Debtors will serve copies of this Motion and any order entered in respect to this Motion 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.

18. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

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³ Because of the voluminous nature of the unreported orders cited herein, they are not annexed to this Motion. Copies of these orders are available upon email request of Debtors’ counsel by contacting Max Schlan, Esq. at mschlan@cooley.com.

CONCLUSION

WHEREFORE, for the reasons set forth herein and in the First Day Declaration, the Debtors respectfully request that this Court enter an order, substantially in the form attached hereto, granting the relief requested in the Motion and such other and further relief as is just and proper.

Dated: June 13, 2016
Wilmington, Delaware

Respectfully submitted,

/s/ Chantelle D. McClamb

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EXHIBIT A

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 (I) AUTHORIZING DEBTORS
TO PREPARE CONSOLIDATED LIST OF CREDITORS
IN LIEU OF SUBMITTING A SEPARATE MAILING MATRIX
FOR EACH DEBTOR AND (II) GRANTING RELATED RELIEF**

Upon the Motion (the “Motion”)² of Draw Another Circle, LLC, and its affiliated debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Cases”) for entry of an order (the “Order”), pursuant to sections 105(a) and 521 of the Bankruptcy Code, Bankruptcy Rules 1007(a)(1) and (d) and 2002(a) and (b), and Local Rules 1001-1(c), 1007-2, 2002-1, and 9013-1(m), (i) authorizing the Debtors to file a consolidated list of creditors in lieu of submitting separate mailing matrices for each Debtor, and (ii) granting such other and further relief as requested herein or as the Court otherwise deems necessary or appropriate; and upon consideration of the First Day Declaration and the entire record of these Cases; and it appearing that the Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 1334 and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that the Motion is a core matter pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final

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

order consistent with Article III of the United States Constitution; and it appearing that venue of these Cases and of the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and adequate notice of the Motion has been given under the circumstances, and that no other or further notice need be given; and it appearing that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and after due deliberation, and good and sufficient cause appearing therefor, it is hereby **ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is granted as set forth herein.
2. The requirement in Local Rule 2002-1(f)(v) that a separate mailing matrix be submitted for each Debtor is waived, and the Debtors are authorized to file a consolidated list of their thirty (30) largest unsecured creditors; provided, however, that if any of these Cases converts to a case under chapter 7 of the Bankruptcy Code, the applicable Debtor shall file its creditor mailing matrix.
3. Notwithstanding the possible applicability of Bankruptcy Rules 6004(a) and 6004(h) or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry and the requirements of Bankruptcy Rules 6004(a) and 6004(h) are hereby waived.
4. The Debtors are authorized and empowered to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.
5. The Court retains jurisdiction with respect to all matters arising from or relating to the implementation, interpretation, and enforcement of this Order.

Dated: Wilmington, Delaware
_____, 2016

United States Bankruptcy Judge