

**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 AN
ORDER ESTABLISHING PROCEDURES FOR THE
REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

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 (the "Motion") for entry of an order, substantially in the form attached hereto as Exhibit A (the "Proposed Order"), pursuant to sections 105(a), 365 and 554 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), and Rules 6006, 6007 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), approving procedures for the rejection of executory contracts and unexpired leases throughout these Cases, and granting authority to take all actions necessary to implement such procedures, including abandonment of the Remaining Property (as defined below). In support of the Motion, the Debtors rely on the *Declaration of Duane A. Huesers in Support of Debtors' First Day Pleadings* (the "First Day Declaration"),² which is fully incorporated herein by reference.

In further support of the Motion, 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.

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

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 as of 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 of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, 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 and legal predicates for the relief requested herein are sections 105(a), 365, and 554 of the Bankruptcy Code and Bankruptcy Rules 6006, 6007, and 9014.

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 business and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. To date, no trustee, examiner or statutory committee has been appointed in these 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. As discussed at length in the First Day Declaration, prior to the Petition Date, the Debtors implemented a series of internal restructuring and synergy initiatives, designed to streamline and improve operations, but various challenges remained. The Debtors ultimately were unable to preserve MovieStop as a going concern and, accordingly, shortly before the Petition Date, the Debtors commenced going out of business sales (the “Store Closing Sales”) of the MovieStop Stores (the “GOB Stores”).

13. The detailed factual background relating to the Debtors and the commencement of these Cases is set forth in the First Day Declaration.

RELIEF REQUESTED

14. By this Motion, the Debtors request that the Court enter the Proposed Order, approving procedures for the rejection of executory contracts and unexpired leases throughout these Cases, and granting authority to take all actions necessary to implement such procedures, including abandonment of the Remaining Property.

15. In the ordinary course of their business, the Debtors occupy premises across the United States in connection with the operation of approximately 200 stores, as well as their corporate headquarters in Amarillo, Texas, and distribution centers. The Debtors do not own the real property where such stores, distribution centers, and offices are located, and, instead, lease the real property from various lessors.

16. In connection with their efforts to preserve and maximize the value of their estates, the Debtors may determine that certain burdensome leases should be rejected rather than cause the Debtors' estates to potentially accrue expenses in the form of rent for those leases. In addition, the Debtors may determine, in the exercise of their business judgment during these Cases, that they no longer need certain executory contracts related either to these or other locations, or their businesses as a whole.

17. For instance, once the Store Closing Sales have completed, the Debtors will not be continuing operations at the GOB Stores. As such, the Debtors have retained RCS Real Estate Advisors to market the Debtors' leases, including the GOB Stores leases, to potential buyers. However, the Debtors may nonetheless determine, in the exercise of their business judgment during these Cases, to reject certain of the GOB Stores leases, as well as to close certain of their other leased locations.

18. The Debtors anticipate that some of the MovieStop Store Closing Sales may conclude by the end of June. Absent the relief requested herein, the Debtors may continue to be obligated to pay rent in respect of such leases – including certain of the MovieStop GOB Stores – even after they have ceased operations at the stores and have no other productive uses for those premises. The prompt rejection of such lease obligations would maximize the value of the Debtors’ estates. Similarly, in the event the Debtors determine that they no longer need an executory contract, the elimination of such executory contract obligations would maximize the value of the Debtors’ estates.

19. In an effort to minimize the postpetition expenses associated with the leases of undesirable or closed stores, and the costs attendant to rejecting those leases, as well as expenses associated with the contracts that the Debtors deem, in their business judgment, to be unnecessary for, or burdensome to, the Debtors’ ongoing operations, the Debtors seek approval of the following procedures with respect to all executory contracts (the “Contracts”) and unexpired leases (the “Leases”) (the “Rejection Procedures”):³

- a. Rejection Notice. The Debtors will file a notice (the “Rejection Notice”) setting forth the proposed rejection of one or more Contracts and/or Leases and will serve the Rejection Notice via U.S. mail on: (i) the counterparty to the Contract or Lease (the “Counterparty”) (and its counsel, if known) under the respective Contract or Lease at the last known address available to the Debtors; (ii) with respect to real property Leases (“Real Property Leases”), any known third party having an interest in personal property located at the leased premises (the “Leased Premises”); (iii) any party known to assert a lien in any property subject to the rejected Contract or Lease; (iv) counsel to Bank of America, N.A., (x) Riemer & Braunstein, LLP, Times Square Tower, Suite 2506, Seven Times Square, New York, New York 10036 (Attn: Donald E. Rothman, Esq. and Steven E. Fox, Esq.) Email: drothman@riemerlaw.com and sfox@riemerlaw.com and (y) Ashby & Geddes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, Delaware 19801 (Attn: Gregory Taylor, Esq.) Email: gtaylor@ashby-geddes.com; (v) counsel to Pathlight

³ Nothing herein shall prohibit the Debtors from filing one or more motions to reject executory contracts or unexpired leases.

Capital LLC, (x) Choate, Hall & Stewart LLP, Two International Place, Boston, Massachusetts 02110 (Attn: Kevin J. Simard, Esq.) Email: ksimard@choate.com and (y) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Mark D. Collins, Esq. and John H. Knight, Esq.) Email: collins@rlf.com and knight@rlf.com; (vi) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Hannah Mufson McCollum, Esq.) Email: hannah.mccollum@usdoj.gov; and (vi) counsel to any committee appointed in these Cases (collectively, the “Rejection Notice Parties”).

- b. Content of Rejection Notice. The Rejection Notice shall be substantially in the form attached as Exhibit 1 to the Proposed Order. With respect to Real Property Leases, the Rejection Notice shall set forth the following information, to the best of the Debtors’ knowledge: (i) the street address of the related real property; (ii) the name and address of the landlord (the “Landlord”); (iii) the date on which the Debtors will vacate (or have vacated) the Leased Premises; and (iv) a brief description of any personal property or furniture, fixtures and equipment to be abandoned. With respect to all other Contracts or Leases to be rejected, the Rejection Notice shall set forth the following information, to the best of the Debtors’ knowledge: (i) the name and address of the Counterparty; and (ii) a brief description of the Contract or Lease to be rejected. All Rejection Notices will be accompanied by a copy of the proposed order approving the rejection of the Contracts and/or Leases set forth on the Rejection Notice (each such order a “Rejection Order”).
- c. Objections. Should a party in interest object to the Debtors’ proposed rejection of a Contract or Lease, such party must file and serve a written objection (an “Objection”) so that it is filed with this Court and actually received by the following parties (the “Objection Notice Parties”) no later than fourteen (14) days after the date the Rejection Notice is filed: (i) the Debtors, 3601 Plains Boulevard, Amarillo, Texas 79102 (Attn: Duane A. Huesers); (ii) proposed counsel for the Debtors, (x) Cooley LLP, 1114 Avenue of the Americas, New York, New York 10036 (Attn: Cathy Hershcopf, Esq. and Michael A. Klein, Esq.) Email: chershcopf@cooley.com and mklein@cooley.com and (y) Whiteford, Taylor & Preston LLC, The Renaissance Centre, 405 North King Street, Suite 500, Wilmington, Delaware 19801 (Attn: Christopher M. Samis, Esq. and L. Katherine Good, Esq.) Email: csamis@wtplaw.com and kgood@wtplaw.com; (iii) counsel to Bank of America, N.A., (x) Riemer & Braunstein, LLP, Times Square Tower, Suite 2506, Seven Times Square, New York, New York 10036 (Attn: Donald E. Rothman, Esq. and Steven E. Fox, Esq.) Email: drothman@riemerlaw.com and sfox@riemerlaw.com and (y) Ashby & Geddes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, Delaware 19801 (Attn: Gregory

Taylor, Esq.) Email: gtaylor@ashby-geddes.com; (iv) counsel to Pathlight Capital LLC, (x) Choate, Hall & Stewart LLP, Two International Place, Boston, Massachusetts 02110 (Attn: Kevin J. Simard, Esq.) Email: ksimard@choate.com and (y) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Mark D. Collins, Esq. and John H. Knight, Esq.) Email: collins@rlf.com and knight@rlf.com; (v) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Hannah Mufson McCollum, Esq.) Email: hannah.mccollum@usdoj.gov; and (vi) counsel to any statutory committee appointed in these Cases. Each Objection must state with specificity the ground for objecting to the proposed Contract or Lease rejection or abandonment of Remaining Property.

- d. Effects of Failing to File an Objection to a Rejection Notice. If no Objection to a Rejection Notice is timely filed and served, the applicable Contract or Lease shall be deemed rejected on the effective date set forth in the Rejection Notice (the “Rejection Date”); provided, however, that the Rejection Date for a Real Property Lease shall not be earlier than the later of (i) the date the Debtors file and serve a Rejection Notice for the Real Property Lease or (ii) the date the Debtors relinquish control of the applicable Leased Premises by notifying the affected Landlord in writing of the Debtors’ irrevocable surrender of the premises.
- e. Remaining Property. Upon the Rejection Date, any personal property or furniture, fixtures and equipment (the “Remaining Property”) remaining on the Leased Premises shall be deemed abandoned by the Debtors and the Landlords may dispose of any Remaining Property, in their sole discretion, in consultation with BofA and Pathlight, free and clear of all liens, claims, encumbrances and interests, and without any liability to the Debtors and any third party and without waiver of any claim the Landlords may have against the Debtors.
- f. Effects of Filing an Objection to a Rejection Notice. If a timely Objection to a Rejection Notice is filed and received in accordance with the Rejection Procedures, the Debtors shall schedule a hearing on such Objection and shall provide at least seven (7) days’ notice of such hearing to the objecting party and the Objection Notice Parties. If this Court upholds the Debtors’ determination to reject the applicable Contract or Lease, then the applicable Contract or Lease shall be deemed rejected (i) as of the Rejection Date or (ii) as otherwise determined by this Court as set forth in any order overruling such Objection.
- g. Consent Orders. Any Objection may be resolved without a hearing by an order of this Court submitted on a consensual basis by the Debtors (in consultation with BofA and Pathlight) and the objecting party. If no

Objection is filed, the Debtors may submit a form of order with the Court under certification of counsel substantially in the form attached to the Rejection Notice.

- h. Deadlines for Filing Claims. Any Rejection Order will be served on the appropriate Counterparties no later than five (5) days after entry of such order. Claims arising out of the rejection of Contracts or Leases must be filed on or before the later of (i) the deadline for filing proofs of claims established by this Court in these Cases or (ii) thirty-five (35) days after the date of entry of the applicable Rejection Order. If no proof of claim is timely filed, such claimant shall not be treated as a creditor with respect to such claims for voting on any chapter 11 plan in these Cases and shall be forever barred from asserting a claim for rejection damages and from participating in any distributions that may be made in connection with these Cases.
- i. Treatment of Security Deposits. If the Debtors have deposited funds with a Counterparty or Landlord as a security deposit or other arrangement, such Counterparty may not setoff or otherwise use such deposit without the prior authority of this Court or agreement of the Debtors.

20. In connection with the foregoing Rejection Procedures, the Debtors also request that they be authorized to execute and deliver all instruments and documents, and take such other actions as may be necessary or appropriate to implement and effectuate the Rejection Procedures as approved by the Court and that entry of the requested order be without prejudice to the Debtors' right to seek further, other, or different relief regarding the Contracts or Leases.

BASIS FOR RELIEF

I. Rejection of the Contracts and Leases is a Sound Exercise of the Debtors' Business Judgment.

21. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, "subject to the court's approval, may . . . reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). See *Univ. Med. Ctr. v. Sullivan (In re Univ. Med. Ctr.)*, 973 F.2d 1065, 1075 (3d Cir. 1992). The principal purpose of section 365(a) is to allow a debtor in possession or trustee "to relieve the bankruptcy estate of burdensome agreements which have not been completely performed." *Stewart Title Guar. Co. v. Old Republic Nat'l Title Ins. Co.*, 83

F.3d 735, 741 (5th Cir. 1996) (quoting *Phoenix Exploration, Inc. v. Yaquinto (In re Murexco Petroleum, Inc.)*, 15 F.3d 60, 62 (5th Cir. 1994)). Rejection of an executory contract or unexpired lease is appropriate where rejection of the contract or lease would benefit the estate. See *L.R.S.C. Co. v. Rickel Home Ctrs., Inc. (In re Rickel Home Ctrs., Inc.)*, 209 F.3d. 291, 298 (3d Cir. 2000); see also *Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 39 (3d Cir. 1989).

22. The decision to assume or reject an executory contract or unexpired lease is a matter within the “business judgment” of the debtor. See *NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982) (“The usual test for rejection of an executory contract is simply whether rejection would benefit the estate, the ‘business judgment’ test.”), *aff’d* 465 U.S. 513 (1984); see also *Computer Sales Int’l, Inc. v. Fed. Mogul (In re Fed. Mogul Global, Inc.)*, 293 B.R. 124, 126 (D. Del. 2003); *In re HQ Global Holdings, Inc.*, 290 B.R. 507, 511 (Bankr. D. Del. 2003). The business judgment standard mandates that a court approve a debtor’s business decision unless the decision is the product of bad faith, whim, or caprice. See *In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001); see also *Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R. 310, 315-16 (Bankr. D. Utah 1981) (absent extraordinary circumstance, court approval of a debtor’s decision to assume or reject an executory contract “should be granted as a matter of course”). Accordingly, if a debtor’s business judgment has been reasonably exercised, a court should approve the assumption or rejection of an unexpired lease or executory contract. See *Fed. Mogul*, 293 B.R. at 126.

23. The Debtors submit that any Contract or Lease that they seek to reject pursuant to the Rejection Procedures will be a Contract or Lease that is financially burdensome and unnecessary to the Debtors’ operations. Moreover, prior to rejecting any of the Contracts and Leases, the Debtors will have ensured that the Contracts and Leases are of inconsequential value

and benefit to the Debtors' estates and unlikely to generate any net proceeds to the estates. Accordingly, the Debtors will have determined that continued performance under the Contracts and Leases constitutes an unnecessary depletion of value of the Debtors' estates and, therefore, rejection of the Contracts and Leases reflects the Debtors' exercise of sound business judgment.

24. In addition, in the exercise of their sound business judgment, the Debtors may determine to leave certain personal property at the Leased Premises. To the extent that the Debtors leave any Remaining Property at the Leased Premises, the Debtors request that such Remaining Property be deemed abandoned pursuant to section 554 of the Bankruptcy Code. Section 554(a) of the Bankruptcy Code provides that "[a]fter notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate." 11 U.S.C. § 554(a). Prior to abandoning any Remaining Property pursuant to the Rejection Procedures, the Debtors will have determined that the Remaining Property to be abandoned by the Debtors is either: (i) burdensome to the estates to the extent that removal and storage of this property is likely to exceed any net proceeds from the property; or (ii) of inconsequential value and benefit to the estates. *See, e.g., In re Contract Research Solutions, Inc.*, 2013 WL 1910286, at *4 (Bankr. D. Del. May 1, 2013) (finding that abandonment of property was appropriate when it posed no threat to public safety and did not contravene any law or regulation; the debtor "need only demonstrate that [it] has exercised sound business judgment in making the determination to abandon.") (citation omitted). Accordingly, abandonment of the Remaining Property reflects the Debtors' exercise of sound business judgment and is in the best interests of the Debtors, their estates, their creditors and other parties in interest.

25. Given the considerable number of Contracts and Leases the Debtors may seek to reject, obtaining Court approval of each rejection and the abandonment of any related

Remaining Property would impose unnecessary burdens on the Debtors and the Court and result in costs to the Debtors' estates that would correspondingly decrease the economic benefit of rejection. Accordingly, the Debtors propose to streamline the process as set forth in the Rejection Procedures, consistent with applicable law, in order to minimize potential costs to the Debtors' estates and reduce the burden on the Court's docket, while protecting Counterparties and Landlords by providing such parties notice and an opportunity to object to the proposed rejection. For the foregoing reasons, the Debtors submit that the adoption of the Rejection Procedures is in the best interest of their estates, their creditors and all other parties in interest.

II. The Rejection Procedures Provide Reasonable Notice and Hearing.

26. As a procedural matter, Bankruptcy Rule 9014 provides, in part, that "reasonable notice and opportunity for hearing shall be afforded the party against whom the relief is sought." *See* Fed. R. Bankr. P. 9014(a).⁴ The notice and hearing requirements for contested matters under Bankruptcy Rule 9014 are satisfied if appropriate notice and an opportunity for hearing are given in light of the particular circumstances. *See* 11 U.S.C. § 102(1)(A) (defining "after notice and a hearing" or a similar phrase to mean such notice and an opportunity for a hearing "as [are] appropriate in the particular circumstances").

27. The Landlords will not be prejudiced by the Rejection Procedures because, prior to receipt of a Rejection Notice, they will have received notice of the Debtors' intent to possibly reject their Lease by notice of this Motion. Additionally, upon receipt of the Rejection Notice, the Landlords and the Counterparties will receive notice of the effective date of the rejection and opportunity to object. *See, e.g., In re Mid Region Petroleum, Inc.*, 111 B.R. 968, 970 (Bankr. N.D. Okla. 1990) (holding effective date of rejection of leases was the date the

⁴ Bankruptcy Rule 9014 is made applicable to a motion to reject by Bankruptcy Rule 6006(a), which provides that "[a] proceeding to ... reject ... an executory contract or unexpired lease, other than as part of a plan, is governed by Rule 9014." Fed. R. Bankr. P. 6006(a).

trustee gave notice to lessor of intent to reject). Also, in the case of any Real Property Leases, the Debtors intend to vacate the Leased Premises upon the date specified in the Rejection Notice, thereby allowing the Landlords to take possession of the property. *See, e.g., Adelpia Bus. Solutions, Inc. v. Abnos*, 482 F.3d 602, 608-09 (2d Cir. 2007) (holding bankruptcy court did not abuse its discretion in finding balance of equities favored making rejection of a nonresidential lease of real property retroactive to date tenant vacated premises, as tenant's action provided landlord with opportunity to relet premises); *In re New Valley Corp.*, No. 98-982, 2000 U.S. Dist. LEXIS 12663, at *44-46 (D.N.J. Aug. 31, 2000) (holding bankruptcy court properly exercised its discretion in adjusting the effective date of rejection from the date the court signed the order authorizing rejection to the date on which the debtor vacated and the landlord exercised control over the property); *In re Amber's Stores*, 193 B.R. 819, 827 (Bankr. N.D. Tex. 1996) (holding that lease at issue should be deemed rejected as of the petition date due to equities of the case where debtor vacated premises and served motion to reject lease as soon as possible). The Debtors submit that the proposed Rejection Procedures balance the need for an expeditious reduction of potentially burdensome costs to the Debtors' estates while providing appropriate notice of the proposed rejection to the Landlords and Counterparties. The proposed Rejection Procedures are appropriately tailored to minimize potential administrative expenses, maximize the recovery for creditors in these Cases and, with respect to the Real Property Leases, return control of the affected Leased Premises to the Landlords as quickly as possible. Furthermore, the proposed Rejection Procedures are substantially similar to contract and lease rejection procedures regularly approved in this District. *See, e.g., In re Vestis Retail Grp., LLC*, Case No. 16-10971 (LSS) (Bankr. D. Del. May 16, 2016) [Docket No. 285]; *In re City Sports, Inc.*, Case No. 15-12054 (KG) (Bankr. D. Del. Nov. 9, 2015) [Docket No. 300]; *In re RS Legacy Corp. fka*

RadioShack Corp., Case No. 15-10197 (BLS) (Bankr. D. Del. Feb. 20, 2015) [Docket No. 467]; *In re The Wet Seal, Inc.*, Case No. 1510081 (CSS) (Bankr. D. Del. Feb. 5, 2015) [Docket No. 238]; *In re Deb Stores Holdings, LLC*, Case No. 14-12676 (KG) (Bankr. D. Del. Jan. 7, 2015) [Docket No. 333].⁵

III. Compliance With Bankruptcy Rule 6006(f)

28. Bankruptcy Rule 6006(f), in relevant part, requires that a motion to reject multiple executory contracts or unexpired leases:

(1) state in a conspicuous place that parties receiving the omnibus motion should locate their names and their contracts or leases listed in the motion;

(2) list parties alphabetically and identify the corresponding contract or lease;

. . .

(5) be numbered consecutively with other omnibus motions to assume, assign, or reject executory contracts or unexpired leases; and

(6) be limited to no more than 100 executory contracts or unexpired leases.

The Debtors will comply with the foregoing requirements of Bankruptcy Rule 6006(f) when serving the Rejection Notices.

29. The Rejection Procedures satisfy Bankruptcy Rule 6006(f). The clear purpose of Bankruptcy Rule 6006(f), as amended, is to protect the due process rights of parties to the Contracts and Leases. Counterparties must be able to locate their Contracts or Leases and readily determine whether their Contracts or Leases are being rejected. Through the Rejection Procedures, the Debtors will comply with all applicable procedural requirements of Bankruptcy

⁵ 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.

Rule 6006(f) when serving the Rejection Notices. Under the circumstances, given the substantial number of Contracts and Leases the Debtors may seek to reject, obtaining Court approval of each rejection would impose unnecessary administrative burdens on the Debtors and the Court and result in costs to the Debtors' estates that may decrease the economic benefits of rejection. Therefore, the Debtors propose to streamline the process as set forth in the Rejection Procedures, consistent with applicable law, in order to minimize costs to the Debtors' estates and reduce the burden on the Court's docket while protecting Counterparties to the Contracts and Leases by providing such parties with notice and the opportunity to object to the proposed rejection and have a hearing to resolve any such objections.

RESERVATION OF RIGHTS

30. Nothing herein or in the Proposed Order is intended or should be construed as: (a) an admission as to the validity of any claim against the Debtors and their estates; (b) a waiver of the rights of the Debtors and their estates to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an admission that any particular claim is of a type specified or defined hereunder; (e) a request or authorization to assume any executory contract or unexpired lease; or (f) a waiver of the rights of the Debtors and their estates under the Bankruptcy Code or any other applicable law, pursuant to section 365 of the Bankruptcy Code.

NOTICE

31. 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; (v) all Landlords; and (vi) 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.

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

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CONCLUSION

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that this Court enter the Proposed Order, 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/ Christopher M. Samis

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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 ESTABLISHING PROCEDURES FOR THE
REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Upon the motion (the “Motion”)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, pursuant to sections 105(a), 365, and 554 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rules 6006, 6007, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), approving procedures for the rejection of executory contracts and unexpired leases throughout these Cases, and granting authority to take all actions necessary to implement such procedures, including abandonment of any Remaining Property; 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 order consistent with Article III of the United States Constitution; and it appearing that venue of these Cases and of the Motion is

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 defined herein shall have the meanings ascribed to them in the Motion.

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 following Rejection Procedures are hereby APPROVED:
 - a. Rejection Notice. The Debtors will file a notice (the "Rejection Notice") setting forth the proposed rejection of one or more Contracts and/or Leases and will serve the Rejection Notice via U.S. mail on: (i) the counterparty to the Contract or Lease (the "Counterparty") (and its counsel, if known) under the respective Contract or Lease at the last known address available to the Debtors; (ii) with respect to real property Leases ("Real Property Leases"), any known third party having an interest in personal property located at the leased premises (the "Leased Premises"); (iii) any party known to assert a lien in any property subject to the rejected Contract or Lease; (iv) counsel to Bank of America, N.A., (x) Riemer & Braunstein, LLP, Times Square Tower, Suite 2506, Seven Times Square, New York, New York 10036 (Attn: Donald E. Rothman, Esq. and Steven E. Fox, Esq.) Email: drothman@riemerlaw.com and sfox@riemerlaw.com and (y) Ashby & Geddes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, Delaware 19801 (Attn: Gregory Taylor, Esq.) Email: gtaylor@ashby-geddes.com; (v) counsel to Pathlight Capital LLC, (x) Choate, Hall & Stewart LLP, Two International Place, Boston, Massachusetts 02110 (Attn: Kevin J. Simard, Esq.) Email: ksimard@choate.com and (y) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Mark D. Collins, Esq. and John H. Knight, Esq.) Email: collins@rlf.com and knight@rlf.com; (vi) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Hannah Mufson McCollum, Esq.) Email: hannah.mccollum@usdoj.gov; and (vii) counsel to

any committee appointed in these Cases (collectively, the “Rejection Notice Parties”).

- b. Content of Rejection Notice. The Rejection Notice shall be substantially in the form attached as Exhibit 1 hereto. With respect to Real Property Leases, the Rejection Notice shall set forth the following information, to the best of the Debtors’ knowledge: (i) the street address of the related real property; (ii) the name and address of the landlord (the “Landlord”); (iii) the date on which the Debtors will vacate (or have vacated) the Leased Premises; and (iv) a brief description of any personal property or furniture, fixtures and equipment to be abandoned. With respect to all other Contracts or Leases to be rejected, the Rejection Notice shall set forth the following information, to the best of the Debtors’ knowledge: (i) the name and address of the Counterparty; and (ii) a brief description of the Contract or Lease to be rejected. All Rejection Notices will be accompanied by a copy of the proposed order approving the rejection of the Contracts and/or Leases set forth on the Rejection Notice (each such order a “Rejection Order”).
- c. Objections. Should a party in interest object to the Debtors’ proposed rejection of a Contract or Lease, such party must file and serve a written objection (an “Objection”) so that it is filed with this Court and actually received by the following parties (the “Objection Notice Parties”) no later than fourteen (14) days after the date the Rejection Notice is filed: (i) the Debtors, 3601 Plains Boulevard, Amarillo, Texas 79102 (Attn: Duane A. Huesers); (ii) proposed counsel for the Debtors, (x) Cooley LLP, 1114 Avenue of the Americas, New York, New York 10036 (Attn: Cathy Hershcopf, Esq. and Michael A. Klein, Esq.) Email: chershcopf@cooley.com and mklein@cooley.com and (y) Whiteford, Taylor & Preston LLC, The Renaissance Centre, 405 North King Street, Suite 500, Wilmington, Delaware 19801 (Attn: Christopher M. Samis, Esq. and L. Katherine Good, Esq.) Email: csamis@wtplaw.com and kgood@wtplaw.com; (iii) counsel to Bank of America, N.A., (x) Riemer & Braunstein, LLP, Times Square Tower, Suite 2506, Seven Times Square, New York, New York 10036 (Attn: Donald E. Rothman, Esq. and Steven E. Fox, Esq.) Email: drothman@riemerlaw.com and sfox@riemerlaw.com and (y) Ashby & Geddes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, Delaware 19801 (Attn: Gregory Taylor, Esq.) Email: gtaylor@ashby-geddes.com; (iv) counsel to Pathlight Capital LLC, (x) Choate, Hall & Stewart LLP, Two International Place, Boston, Massachusetts 02110 (Attn: Kevin J. Simard, Esq.) Email: ksimard@choate.com and (y) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington,

Delaware 19801 (Attn: Mark D. Collins, Esq. and John H. Knight, Esq.) Email: collins@rlf.com and knight@rlf.com; (v) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Hannah Mufson McCollum, Esq.) Email: hannah.mccollum@usdoj.gov; and (vi) counsel to any statutory committee appointed in these Cases. Each Objection must state with specificity the ground for objecting to the proposed Contract or Lease rejection or abandonment of Remaining Property.

- d. Effects of Failing to File an Objection to a Rejection Notice. If no Objection to a Rejection Notice is timely filed and served, the applicable Contract or Lease shall be deemed rejected on the effective date set forth in the Rejection Notice (the “Rejection Date”); provided, however, that the Rejection Date for a Real Property Lease shall not be earlier than the later of (i) the date the Debtors file and serve a Rejection Notice for the Real Property Lease or (ii) the date the Debtors relinquish control of the applicable Leased Premises by notifying the affected Landlord in writing of the Debtors’ irrevocable surrender of the premises.
- e. Remaining Property. Upon the Rejection Date, any personal property or furniture, fixtures and equipment (the “Remaining Property”) remaining on the Leased Premises shall be deemed abandoned by the Debtors and the Landlords may dispose of any Remaining Property, in their sole discretion, in consultation with BofA and Pathlight, free and clear of all liens, claims, encumbrances and interests, and without any liability to the Debtors and any third party and without waiver of any claim the Landlords may have against the Debtors.
- f. Effects of Filing an Objection to a Rejection Notice. If a timely Objection to a Rejection Notice is filed and received in accordance with the Rejection Procedures, the Debtors shall schedule a hearing on such Objection and shall provide at least seven (7) days’ notice of such hearing to the objecting party and the Objection Notice Parties. If this Court upholds the Debtors’ determination to reject the applicable Contract or Lease, then the applicable Contract or Lease shall be deemed rejected (i) as of the Rejection Date or (ii) as otherwise determined by this Court as set forth in any order overruling such objection.
- g. Consent Orders. Any Objection may be resolved without a hearing by an order of this Court submitted on a consensual basis by the Debtors (in consultation with BofA and Pathlight) and the objecting party. If no Objection is filed, the Debtors may submit a

form of order with the Court under certification of counsel substantially in the form attached to the Rejection Notice.

- h. Deadlines for Filing Claims. Any Rejection Order will be served on the appropriate Counterparties no later than five (5) days after entry of such order. Claims arising out of the rejection of Contracts or Leases must be filed on or before the later of (i) the deadline for filing proofs of claims established by this Court in these Cases or (ii) thirty-five (35) days after the date of entry of the applicable Rejection Order. If no proof of claim is timely filed, such claimant shall not be treated as a creditor with respect to such claims for voting on any chapter 11 plan in these Cases and shall be forever barred from asserting a claim for rejection damages and from participating in any distributions that may be made in connection with these Cases.
- i. Treatment of Security Deposits. If the Debtors have deposited funds with a Counterparty or Landlord as a security deposit or other arrangement, such Counterparty may not setoff or otherwise use such deposit without the prior authority of this Court or agreement of the Debtors.

3. The form of Rejection Notice attached hereto as Exhibit 1 is hereby APPROVED.

4. The Debtors are authorized to send the Rejection Notices to the Counterparties of the Contracts and Leases.

5. Nothing in the Motion or this Order shall prohibit the Debtors from filing one or more motions to reject executory contracts or unexpired leases.

6. The Debtors reserve all rights to contest any rejection claims and/or the characterization of any lease as an unexpired lease.

7. The Debtors do not waive any claims they may have against Landlords and Counterparties, regardless of whether such claims relate to the Contracts and Leases.

8. Nothing herein shall be construed as a concession or evidence that a Contract or Lease has expired, been terminated or is otherwise not currently in full force and effect. The Debtors' rights with respect thereto are reserved, including their right to seek a later

determination of such matters and to dispute the validity, status, characterization or enforceability of such Contract or Lease or any claims related thereto.

9. Notwithstanding the relief granted herein and any actions taken pursuant hereto, nothing herein is intended or should be construed as: (a) an admission as to the validity of any claim against the Debtors; (b) a waiver of the rights of the Debtors and their estates to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an admission that any particular claim is of a type specified or defined hereunder; (e) a request or authorization to assume any executory contract or unexpired lease; or (f) a waiver of the rights of the Debtors and their estates under the Bankruptcy Code or any other applicable law, pursuant to section 365 of the Bankruptcy Code.

10. Notwithstanding anything to the contrary contained herein, any payment made or to be made under this Order, any authorization contained in this Order, or any claim for which payment is authorized hereunder, shall be subject to the requirements imposed on the Debtors under any orders of this Court approving any debtor-in-possession financing for, or any use of cash collateral by, the Debtors and any budget in connection therewith.

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

12. Notwithstanding the relief granted herein and any actions taken pursuant hereto, nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of, any claim held by any person or entity.

13. The Court retains jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: Wilmington, Delaware
_____, 2016

United States Bankruptcy Judge

EXHIBIT 1

Rejection Notice

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re DRAW ANOTHER CIRCLE, LLC, <i>et al.</i> , ¹ Debtors.

Chapter 11

 Case No.: 16- (_____)

 (Joint Administration Requested)

**NOTICE OF REJECTION OF
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

PLEASE TAKE NOTICE that on [], 2016, the United States Bankruptcy Court for the District of Delaware (the “Court”) entered an order [Docket No. __] (the “Procedures Order”) ² in the above-referenced chapter 11 cases of Draw Another Circle, LLC and its chapter 11 affiliates, the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), establishing, among other things, procedures (the “Rejection Procedures”) for the rejection of executory contracts (each a “Contract” and collectively the “Contracts”) and unexpired leases (each a “Lease” and collectively the “Leases”).

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Procedures Order, the Debtors hereby provide notice of their intent to reject the below-referenced Contracts and Leases. Pursuant to the terms of the Procedures Order, unless a written objection is filed and served in accordance with the terms of the Procedures Order, the following Contracts and Leases will be rejected pursuant to section 365(a) of the Bankruptcy Code, effective as of the date set forth below in this Notice (the “Rejection Date”):

**EXECUTORY CONTRACTS AND UNEXPIRED LEASES OTHER THAN
NONRESIDENTIAL PROPERTY LEASES**

Title/Description of Contract	Counterparty Name and Address	Rejection Date
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UNEXPIRED NONRESIDENTIAL REAL PROPERTY LEASES

Address of Subject Property	Landlord Name and Address	Rejection Date
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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 defined herein shall have the meanings ascribed to them in the Procedures Order.

PLEASE TAKE FURTHER NOTICE that objections, if any, to this Notice must be filed and served so that such objection is filed with the Court and actually received by the following parties no later than ten (10) business days after the date of this Notice: (i) the Debtors, 3601 Plains Boulevard, Amarillo, Texas 79102 (Attn: Duane A. Huesers); (ii) proposed counsel for the Debtors, (x) Cooley LLP, 1114 Avenue of the Americas, New York, New York 10036 (Attn: Cathy Hershcopf, Esq. and Michael A. Klein, Esq.) Email: chershcopf@cooley.com and mklein@cooley.com and (y) Whiteford, Taylor & Preston LLC, The Renaissance Centre, 405 North King Street, Suite 500, Wilmington, Delaware 19801 (Attn: Christopher M. Samis, Esq. and L. Katherine Good, Esq.) Email: csamis@wtplaw.com and kgood@wtplaw.com; (iii) counsel to Bank of America, N.A., (x) Riemer & Braunstein, LLP, Times Square Tower, Suite 2506, Seven Times Square, New York, New York 10036 (Attn: Donald E. Rothman, Esq. and Steven E. Fox, Esq.) Email: drothman@riemerlaw.com and sfox@riemerlaw.com and (y) Ashby & Geddes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, Delaware 19801 (Attn: Gregory Taylor, Esq.) Email: gtaylor@ashby-geddes.com; (iv) counsel to Pathlight Capital LLC, (x) Choate, Hall & Stewart LLP, Two International Place, Boston, Massachusetts 02110 (Attn: Kevin J. Simard, Esq.) Email: ksimard@choate.com and (y) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Mark D. Collins, Esq. and John H. Knight, Esq.) Email: collins@rlf.com and knight@rlf.com; (v) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Hannah Mufson McCollum, Esq.) Email: hannah.mccollum@usdoj.gov; and (vi) counsel to any statutory committee appointed in these Cases (collectively, the “Objection Notice Parties”).

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Procedures Order, if no objection is filed and served in accordance with the above procedures, the Debtors may submit a proposed order approving the rejection of the Contracts and/or Leases set forth on this Notice (the “Rejection Order”), substantially in the form attached hereto as Exhibit A, for entry by the Court under certification of counsel, and such rejection shall be deemed effective as of the Rejection Date.

PLEASE TAKE FURTHER NOTICE that if an objection to this Notice is timely filed and served, the Debtors shall seek a hearing on such objection and shall provide at least seven (7) days’ notice of such hearing to the objecting party and the Objection Notice Parties. If the Court upholds the Debtors’ determination to reject the applicable Contract or Lease, then the applicable Contract or Lease shall be deemed rejected (a) as of the Rejection Date or (b) as otherwise determined by the Court as set forth in any order overruling such objection.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Procedures Order, if the Debtors have deposited monies with the Contract or Lease counterparty as a security deposit or otherwise, the Contract or Lease counterparty may not setoff or otherwise use such deposit without the prior authorization of the Court.

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Procedures Order, you will receive notice of any order entered rejecting any Contract or Lease set forth in this Notice to which you are a counterparty no later than five (5) days after entry of such order.

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Procedures Order, for any claim that you may assert against the Debtors as a result of the rejection of any Contract or Lease, you must submit a proof of claim for damages arising from such rejection, on or before the later of (a) the deadline for filing proofs of claim established by the Court in the Debtors' cases, or (b) thirty-five (35) days after the date of entry of the Rejection Order. If you do not timely file such proof of claim, you shall not be treated as a creditor with respect to such claims for voting on any chapter 11 plan in these cases and shall be forever barred from asserting a claim for rejection damages arising from the rejection of the above-referenced Contract or Lease and from participating in any distributions that may be made in connection with these chapter 11 cases unless otherwise ordered by the Court.

Dated: June __, 2016
Wilmington, Delaware

Respectfully submitted,

/s/

Christopher M. Samis (No. 4909)
L. Katherine Good (No. 5101)
Chantelle D. McClamb (No. 5978)
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- and -

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*Proposed Counsel for the Debtors and Debtors
in Possession*

EXHIBIT A

Proposed Rejection 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 APPROVING THE REJECTION
OF UNEXPIRED LEASES AND EXECUTORY CONTRACTS**

Pursuant to and in accordance with the *Order Establishing Procedures for the Rejection of Executory Contracts and Unexpired Leases* [Docket No. _____] (the “Rejection Procedures Order”);² and the Court having jurisdiction over this matter 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; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and it appearing that venue of these Cases and this matter is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Debtors having properly filed and served a “Notice of Rejection of Executory Contracts and Unexpired Leases” (the “Rejection Notice”) in accordance with the terms of the Rejection Procedures Order in respect of the rejection of the executory contracts (the “Contracts”) and unexpired leases (the “Leases”) set forth on Exhibit 1 hereto; and no timely objections having been filed to the rejection of the Contracts and Leases; and it appearing that due and adequate notice of the Rejection

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 defined herein shall have the meanings ascribed to them in the Motion.

Procedures Order and the Rejection Notice has been given, and that no other or further notice need be given; and the Court having determined that the rejections provided for herein are an appropriate exercise of the Debtors' business judgment; and after due deliberation, and good and sufficient cause appearing therefor, it is hereby **ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Leases and Contracts listed on Exhibit 1 hereto are hereby rejected effective as of the dates set forth for each such Lease or Contract listed on Exhibit 1 hereto (the "Rejection Date").

2. With respect to the Leases listed on Exhibit 1 hereto, any personal property remaining at the leased premises as of the Rejection Date shall be deemed abandoned and the landlord shall be free to dispose of such abandoned property in its sole and absolute discretion without notice or liability to the Debtors or any third parties.

3. If any affected landlord or counterparty subject to this Order (the "Rejection Claimant") asserts a claim or claims against the Debtors arising from the rejection of a Lease or Contract, such Rejection Claimant shall submit a proof of claim on or before the later of (i) the date that is thirty (30) days after entry of this Order and (ii) the general bar date established by this Court for filing proofs of claim against the Debtors. If a Rejection Claimant does not timely file such proof of claim, such claimant will be forever barred from asserting a claim for such rejection damages.

4. The Debtors are authorized to take any action necessary or appropriate to implement the terms of this Order and the rejection without further order from this Court.

5. This Court shall retain exclusive jurisdiction and power to resolve any dispute arising from or related to this Order.

Dated: _____, 2016
Wilmington, Delaware

United States Bankruptcy Judge