

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

-----  
 In re: ) Chapter 11  
 )  
 ) Case No. 18-11780 (BLS)  
 BROOKSTONE HOLDINGS CORP., *et al.*,<sup>1</sup> )  
 ) Substantively Consolidated  
 Post-Confirmation Debtors. )  
 ) Re: 1624  
 )  
 -----

**ORDER SUSTAINING LIQUIDATING TRUSTEE’S EIGHTEENTH OMNIBUS  
 (SUBSTANTIVE) OBJECTION TO CERTAIN (A) MISCLASSIFIED CLAIMS;  
 (B) OVERSTATED CLAIMS; (C) OVERSTATED AND MISCLASSIFIED CLAIMS;  
 (D) FIXED AND ALLOWED CLAIMS; AND (E) NO LIABILITY CLAIMS**

Upon consideration of the *Liquidating Trustee’s Eighteenth Omnibus (Substantive) Objection to Certain (A) Misclassified Claims; (B) Overstated Claims; (C) Overstated and Misclassified Claims; (D) Fixed and Allowed Claims; and (E) No Liability Claims* (the “Eighteenth Omnibus Objection”);<sup>2</sup> and the Court having considered the Declaration in support of the Eighteenth Omnibus Objection; and it appearing that notice of the Eighteenth Omnibus Objection was good and sufficient upon the particular circumstances and that no other or further notice need be given; and the Court having considered the Eighteenth Omnibus Objection, the claims listed on Exhibit A through Exhibit E attached thereto, and any responses thereto; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby

---

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each entity’s tax identification number, are: Brookstone Holdings Corp. (4638); Brookstone, Inc. (2895); Brookstone Company, Inc. (3478); Brookstone Retail Puerto Rico, Inc. (5552); Brookstone International Holdings, Inc. (8382); Brookstone Purchasing, Inc. (2514); Brookstone Stores, Inc. (2513); Big Blue Audio LLC (N/A); Brookstone Holdings, Inc. (2515); and Brookstone Properties, Inc. (2517).

<sup>2</sup> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Eighteenth Omnibus Objection.

**FOUND AND DETERMINED THAT:**

1. The Eighteenth Omnibus Objection is a core proceeding under 28 U.S.C. § 157(b)(2); and

2. Each holder of a claim (as to each, a “Claim”) listed on Exhibit A through Exhibit E attached to the Eighteenth Omnibus Objection and attached hereto was properly and timely served with a copy of the Eighteenth Omnibus Objection, this Order, the accompanying exhibits, and the notice; and

3. Any entity known to have an interest in the Claims subject to the Eighteenth Omnibus Objection has been afforded reasonable opportunity to respond to, or be heard regarding, the relief requested in the Eighteenth Omnibus Objection; and

4. The relief requested in the Eighteenth Omnibus Objection is in the best interests of the Debtors’ creditors, the Estates, and other parties in interest; and it is therefore

ORDERED, that the Eighteenth Omnibus Objection is SUSTAINED; and is further

ORDERED, that each of the Misclassified Claims listed on Exhibit A is hereby reclassified to reflect the priority listed in the “Modified Claim Priority” column on Exhibit A; and it is further

ORDERED, that each of the Overstated Claims listed on Exhibit B is hereby reduced to reflect the amount listed in the “Modified Claim Amount” column on Exhibit B; and it is further

ORDERED, that each of the Overstated and Misclassified Claims listed on Exhibit C is hereby reduced and reclassified to reflect the amounts and priorities as set forth

under the columns titled “Modified Claim Amount” and “Modified Claim Priority”, respectively, on Exhibit C; and it is further

ORDERED, that each of the Fixed and Allowed Claims listed on Exhibit D is hereby allowed in the amounts and priorities as set forth under the columns titled “Allowed Amount” and “Allowed Nature,” respectively, on Exhibit D; and it is further

ORDERED, that each of the No Liability Claims listed on the attached Exhibit E is hereby disallowed and expunged in its entirety; and it is further

ORDERED, that nothing in the Eighteenth Omnibus Objection or this Order shall be construed as an allowance of any Claim and all of the Liquidating Trustee’s rights and the rights of other parties in interest to object to any of the Claims or any other claims (filed or not) which may be asserted against the Debtors on any other grounds are preserved. Additionally, should one or more of the grounds of objection stated in the Eighteenth Omnibus Objection be dismissed, the Liquidating Trustee’s rights to object on other stated grounds or on any other grounds that the Liquidating Trustee discovers during the pendency of these cases are further preserved; and it is further

ORDERED, that without limiting the generality of the foregoing, the Liquidating Trustee’s rights and the rights of other parties in interest to object to any of the Claims pursuant to section 502(d) and 502(j) of the Bankruptcy Code are preserved; and it is further

ORDERED, that the rights of the Liquidating Trustee to setoff, counterclaim and recoupment including, but not limited to, in respect of security deposits, against the allowed amount of any Claims are preserved; and it is further

ORDERED, that this Court shall retain jurisdiction over any matters related to or arising from the Eighteenth Omnibus Objection or the implementation of this Order; and it is further

ORDERED, that each Claim and the objections by the Liquidating Trustee to such Claim, as set forth on Exhibit A through Exhibit E hereto, constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014 and Local Rule 3007-1. This Order shall be deemed a separate Order with respect to each Claim. Any stay of this Order pending appeal by any claimants whose Claims are subject to this Order shall only apply to the contested matter which involves such claimant and shall not act to stay the applicability and/or finality of this Order with respect to the other contested matters listed in the Eighteenth Omnibus Objection or this Order.

Dated: September 15th, 2020  
Wilmington, Delaware



BRENDAN L. SHANNON UNITED STATES BANKRUPTCY  
JUDGE

## Exhibit A - Misclassified Claims

Creditor	Claim No.	Claim Amount	Asserted Claim Priority	Claim Amount	Modified Claim Priority	Basis for Reclassification
Aftershockz LLC	734	\$493,152.00	General Unsecured			Claim asserts priority treatment in connection with a reclamation demand for goods received by the debtors within 45 days of the Petition Date. However, the goods subject to the reclamation demand were subject to a prepetition security interest, and such goods were liquidated or sold post petition. There are no goods, therefore, upon which such demand can attach. Accordingly, the Claim should be reclassified.
		\$43,200.00	Priority	\$536,352.00	General Unsecured	
ASM Capital	4	\$2,000.00	Administrative	\$2,000.00	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, Claim is for services provided, not for goods received by the Debtors within 20 days of the Petition Date. Accordingly, the Claim should be reclassified.
		\$1,303.01	Administrative	\$421.28	Administrative	
C & N Distributing	197	\$421.28	General Unsecured	\$1,303.01	General Unsecured	Claim asserts administrative priority of \$1,303.01 pursuant to section 503(b)(9) of the Bankruptcy Code. However, only \$421.28 of product was received by the Debtors within 20 days of the Petition Date. Accordingly, the Claim should be reclassified, in part.
		\$299.00	Administrative	\$299.00	General Unsecured	
EnergyWise Solutions	208	\$210.00	Administrative	\$210.00	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, claimant was a drop-shipper, and therefore, not entitled to administrative priority treatment for such goods. See <i>In re SRC Liquidation, LLC</i> , Case No. 15-10541, 2017 WL 2992718 (Bankr. D. Del. July 13, 2017). Accordingly, the Claim should be reclassified.
		\$210.00	Administrative	\$210.00	General Unsecured	
EnergyWise Solutions	210	\$210.00	Administrative	\$210.00	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, claimant was a drop-shipper, and therefore, not entitled to administrative priority treatment for such goods. See <i>In re SRC Liquidation, LLC</i> , Case No. 15-10541, 2017 WL 2992718 (Bankr. D. Del. July 13, 2017). Accordingly, the Claim should be reclassified.
		\$210.00	Administrative	\$210.00	General Unsecured	
EnergyWise Solutions	211	\$210.00	Administrative	\$210.00	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, claimant was a drop-shipper, and therefore, not entitled to administrative priority treatment for such goods. See <i>In re SRC Liquidation, LLC</i> , Case No. 15-10541, 2017 WL 2992718 (Bankr. D. Del. July 13, 2017). Accordingly, the Claim should be reclassified.
		\$1,274.00	Administrative	\$210.00	General Unsecured	
Euler Hermes N.A. Ins. (as agent for Technogel)	74	\$7,093.50	General Unsecured	\$8,367.50	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, Claim is not for goods received by the Debtors within 20 days of the Petition Date. Accordingly, the Claim should be reclassified.
		\$799.00	Administrative	\$799.00	General Unsecured	
Heely Dermer	613	\$1,951.00	Secured			Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, Claim relates to the purchase by claimant of a massage chair, not goods received by the Debtors within 20 days of the Petition Date. Accordingly, the Claim should be reclassified.
		\$10,719.66	General Unsecured	\$12,679.66	General Unsecured	
Iron Mountain Information Management, LLC	753	\$10,719.66	General Unsecured	\$12,679.66	General Unsecured	Secured portion of Claim relates to warehousemen lien for value of property in claimant's possession. However, the property was destroyed, eliminating basis for a secured claim. Accordingly, the Claim should be reclassified.
		\$3,478.23	Administrative	\$3,478.23	General Unsecured	
Larry G. Acheson	720	\$3,478.23	Administrative	\$3,478.23	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, the Claim is not for goods received by the Debtors within 20 days of the Petition Date. Accordingly, the Claim should be reclassified.

Exhibit A - Misclassified Claims

Creditor	Claim No.	Claim Amount	Asserted Claim Priority	Claim Amount	Modified Claim Priority	Basis for Reclassification
Sal Cicalese	221	\$1,300.00	Administrative	\$2,670.81	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, Claim relates to the purchase by claimant of a massage chair, not goods received by the Debtors within 20 days of the Petition Date. Accordingly, the Claim should be reclassified.
		\$1,370.81	General Unsecured			
		\$2,003.40	General Unsecured			
Salutica Allied Solutions Sdn. Bhd.	35	\$222.60	Administrative	\$2,226.00	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, claim is not for goods received by the Debtors within 20 days of the Petition Date. Accordingly, the Claim should be reclassified.
		\$2,805.30	Administrative			
Tannor Partners Credit Fund LP as assignee for Proactive Sports	281	\$2,805.30	Administrative	\$2,805.30	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, claimant was a drop-shipper, and therefore, not entitled to administrative priority treatment for such goods. See <i>In re SRC Liquidation, LLC</i> , Case No. 15-10541, 2017 WL 2992718 (Bankr. D. Del. July 13, 2017). Accordingly, the Claim should be reclassified.
		\$14,721.22	Administrative			
Tempur-Pedic North America, LLC	255	\$61,916.70	General Unsecured	\$68,480.92	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, \$6,564.22 of invoices were drop shipped, and therefore, not entitled to administrative priority treatment for such goods. See <i>In re SRC Liquidation, LLC</i> , Case No. 15-10541, 2017 WL 2992718 (Bankr. D. Del. July 13, 2017). Accordingly, the Claim should be reclassified, in part.
		\$500.00	Priority			
Tracy Trieu	413	\$500.00	Priority	\$500.00	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, claim is not for goods received by the Debtors within 20 days of the Petition Date. Accordingly, the Claim should be reclassified.
		\$834.74	Administrative			
Vendor Recovery Fund IV, LLC	282	\$1,780.26	General Unsecured	\$2,615.00	General Unsecured	Claim asserts administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. However, claimant was a drop-shipper, and therefore, not entitled to administrative priority treatment for such goods. See <i>In re SRC Liquidation, LLC</i> , Case No. 15-10541, 2017 WL 2992718 (Bankr. D. Del. July 13, 2017). Accordingly, the Claim should be reclassified.

Exhibit B - Overstated Claims

Creditor	Claim No.	Claim Amount	Claim Priority	Modified Claim Amount	Claim Priority	Basis for Reduction
Amazon.com Services, Inc.	253	\$110,882.12	General Unsecured	\$8,395.04	General Unsecured	Claim asserts amount due under "confidential agreements" between the Debtors and claimant. However, no detail is provided with respect to the amount asserted or the basis for such claim. Further the Debtors' Books and Records only identify \$8,395.04 as due and owing to claimant. Accordingly, the Claim should be reduced to the Modified Claim Amount.
Bohanna Development Company	175	\$42,949.63	General Unsecured	\$19,920.75	General Unsecured	Claim includes \$23,028.88 on account of August and September 2018 rent, which was paid in the ordinary course of business. Accordingly, the Claim should be reduced to the Modified Claim Amount.
Holiday Law Firm P.C.	307	\$20,810.00	General Unsecured	\$10,405.00	General Unsecured	Claim asserts unpaid amount due under an invoice for professional services. However, the Debtors' books and records only identify \$10,405.00 as due and owing. Accordingly, the Claim should be reduced to the Modified Claim Amount.
International Caravan, Inc.	C466	13,380.84	General Unsecured	\$11,170.84	General Unsecured	Claim includes \$2,210 of post-petition invoices that were paid in the ordinary course of business. Accordingly, the Claim should be reduced to the Modified Claim Amount.
Municipality of Anchorage	C280	\$114.29	General Unsecured	\$114.29	General Unsecured	Secured portion of claim is for personal property taxes that were paid in the ordinary course of business on October 5, 2018. See Docket No. 226. Accordingly, the Claim should be reduced to the Modified Claim Amount.
NorthPark Partners LP	174	\$267,331.62	General Unsecured	\$223,501.81	General Unsecured	Claim includes \$43,829.81 of stub rent, which was paid in the ordinary course of business on November 1, 2018. Accordingly, the Claim should be reduced to the Modified Claim Amount.
South Coast Plaza	939	\$62,938.50	General Unsecured	\$56,730.63	General Unsecured	Claim is for damages arising from the rejection of a real property lease. However, claimant mitigated its damages by \$7,019.31. Accordingly, the Claim should be reduced to the Modified Claim Amount.
Taylor Communications, Inc.	121	\$186,960.52	General Unsecured	\$33,330.55	General Unsecured	Claim includes \$153,629.97 for cleaning supplies purchased by claimant, but not yet ordered by, or shipped to, the Debtors. This inventory was saleable to an alternative purchaser, and therefore, there is no evidence that claimant has been damaged in the full amount claimed. Absent information indicating why such inventory could not be resold, such amount is not due and owing by the Debtors' estates. Further, invoice # V7920484 in the amount of \$4,017.56 asserted as an administrative claim was paid by check # 2101613. Accordingly, the Claim should be reduced to the Modified Claim Amount.

Exhibit C - Overstated and Misclassified Claims

Creditor	Claim No	Claim Amount	Claim Priority	Modified Claim Amount	Modified Claim Priority	Basis for Reduction/Reclassification
Julia C.Tien	396	\$731.21	Administrative	\$731.21	General Unsecured	Claim asserts \$731.21 due under a gift card as entitled to both administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code and secured status. However, Claim is not for goods received by the Debtors within 20 days of the Petition Date. Further, Claim does not include any evidence of a security interest. Accordingly, the Claim should be reduced to a single amount and reclassified as general unsecured.
		\$731.21	Secured			
May Balitaan	978	\$463.28	Administrative	\$463.28	General Unsecured	Claim asserts the same amount as entitled to both administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code and secured status. However, Claim is not for goods received by the Debtors within 20 days of the Petition Date. Further, Claim does not include any evidence of a security interest. Accordingly, the Claim should be reduced to a single amount and reclassified as general unsecured.
		\$463.28	General Unsecured			



Exhibit D - Fixed and Allowed Claims

Creditor	Claim No.	Asserted Claim Amount	Allowed Amount	Allowed Nature	Basis for Claim Fixing and Allowance
AxentWear Inc.	C285	Unliquidated	\$309,317.32	General Unsecured	Claim is for royalties due under a licensing agreement with the Debtors. Based upon the Debtors' Books and Records, the unpaid royalties due to claimant is \$309,317.32. Accordingly, the Claim should be fixed and allowed in such amount.
Jerry Selwyn	C198	Unliquidated	\$453.64	General Unsecured	Based upon the documentation attached to the Claim, claimant asserts \$453.64 due and owing based upon the big blue party speaker recall, and no further amount is due and owing in the Debtors' Books and Records. Accordingly, the Claim should be fixed and allowed in such amount.
Merchant & Gould, P.C.	C336	Unliquidated	\$7,366.69	General Unsecured	Claim includes invoices asserting \$7,366.69 of unpaid legal fees, and no further amount is due and owing in the Debtors' Books and Records. Accordingly, Claim should be fixed and allowed in such amount.

Exhibit E - No Liability Claims

Creditor	Claim No.	Asserted Claim Amount	Asserted Claim Priority	Basis for Claim Disallowance
Arkansas Department of Finance and Administration	25	\$101,021.73	Priority	Claim is for 2014 corporate taxes. However, a tax return was timely filed and no amount was indicated as due and owing. Accordingly, the Claim should be disallowed.
		\$24,605.00	General Unsecured	
Bell Tower Shops	167	\$12,213.74	General Unsecured	Claim asserts amount due for unpaid lease obligations. However, Claimant did not provide evidence substantiating the claim and Debtors' Books and Records do not indicate an amount due. Accordingly, the Claim should be disallowed and expunged.
Bergmeyer Associates	C8	Unliquidated	General Unsecured	Claim asserts \$1,853.60 credit due from claimant to the Debtors, with no amount due and owing by the Debtors. Accordingly, the Claim should be disallowed.
County of San Bernardino	139	\$433.35	Priority	Claim is for property taxes, which were paid in the ordinary course of business in August 2018. See Docket No. 226. Accordingly, the Claim should be disallowed.
County of Santa Clara	51	\$4,641.31	Priority	Claim is for taxes paid in the ordinary course of business in August 2018. [Docket No. 226] Accordingly, the Claim should be disallowed.
Jeffrey Yuhas	332	Unliquidated	General Unsecured	Claim asserts unliquidated amount arising out of big blue party speaker recall. However, claimant did not assert an amount due and owing or attach proof of purchase. Additionally, Debtors' books and records do not indicate an amount due and owing to claimant. Accordingly, the Claim should be disallowed.
		\$5,179.49	Priority	
Marion County Treasurer	172	\$0.45	General Unsecured	Claim is for unpaid tax liability. However, the Debtors' Books and Records indicate \$1,194.03 was due and owing, which was paid in the ordinary course of business on November 21, 2018. See Docket No. 226. Accordingly, the Claim should be disallowed.
Oregon Department of Treasury	685	\$734.41	Priority	Claim relates to 2016 withholding taxes, which were paid in the ordinary course of business. See Docket No. 226. Accordingly, the Claim should be disallowed.
		\$168.23	Secured	
The Woodlands Metro Center Mud	7			Claim is for 2018 property taxes. However, a tax return was timely filed indicating that \$131.09 was due and owing, which was paid in the ordinary course of business on January 23, 2019. See Docket No. 223. Accordingly, the Claim should be disallowed.
Treasurer of Virginia	350	Unliquidated	General Unsecured	Claim asserts unliquidated amount on behalf of Virginia residents on account of undaimed property allegedly being held by the Debtors. The Claim does not include any information to evaluate the claim. Upon information and belief, no amount is due and owing to claimant in the Debtors' Books and Records. Accordingly, the Claim should be disallowed.

Exhibit E - No Liability Claims

Creditor	Claim No.	Asserted Claim Amount	Asserted Claim Priority	Basis for Claim Disallowance
Treasurer of Virginia	854	Unliquidated	General Unsecured	Claim asserts unliquidated amount on behalf of Virginia residents on account of unclaimed property allegedly being held by the Debtors. The Claim does not include any information to evaluate the claim. Upon information and belief, no amount is due and owing to claimant in the Debtors' Books and Records. Accordingly, the Claim should be disallowed.