

Hearing Date: February 24, 2021 at 10:00 a.m. (ET)
Objection Deadline: February 17, 2021 at 4:00 p.m. (ET)

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

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: Chapter 11
:
: Case No. 19-71020 (REG)
IN RE: : Case No. 19-71022 (REG)
: Case No. 19-71023 (REG)
DÉCOR HOLDINGS, INC., *et al.*,¹ : Case No. 19-71024 (REG)
: Case No. 19-71025 (REG)
Post-Confirmation Debtors. :
: (Substantively Consolidated)
:
: Hon. Robert E. Grossman

----- X
:
BRYAN RYNIKER, IN HIS CAPACITY AS :
LITIGATION ADMINISTRATOR OF THE :
POST-CONFIRMATION ESTATES OF :
DÉCOR HOLDINGS, INC., *et al.*, :
:
Plaintiff, :
: Adv. Pro. No. 20-8132 (REG)
v. :
:
SWAN DYEING AND PRINTING CORP., :
:
Defendant. :
:
----- X

**APPLICATION FOR ENTRY OF ORDER APPROVING
SETTLEMENT PURSUANT TO FED. R. BANKR. P. 9019**

¹ The debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Décor Holdings, Inc. (4174); Décor Intermediate Holdings LLC (5414); RAD Liquidation Inc. (f/k/a The Robert Allen Duralee Group, Inc.) (8435); RAD Liquidation LLC (f/k/a The Robert Allen Duralee Group, LLC) (1798); and RADF LLC (f/k/a The Robert Allen Duralee Group Furniture, LLC) (2835).

Bryan Ryniker in his capacity as litigation administrator (the “**Litigation Administrator**”) of the post-confirmation estates of Décor Holdings, Inc., et al., (the “**Debtors**”) by and through counsel files this application (the “**Application**”) seeking the entry of the *Stipulation and Order of Settlement* (the “**Settlement Agreement**”) by and among the Litigation Administrator and Swan Dyeing and Printing Corp. (“**Defendant**” and together with the Litigation Administrator, the “**Parties**”), attached as **Exhibit A**, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

JURISDICTION

1. This Court has jurisdiction to consider the relief requested in the Application pursuant to 28 U.S.C. §§ 157 and 1334.
2. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).
3. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

A. Bankruptcy Background

4. On February 12, 2019 (the “**Petition Date**”), Décor Holding Corp. and four of its subsidiaries (the “**Debtors**”) commenced voluntary cases (the “**Chapter 11 Cases**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”).

5. On April 11, 2019, the Court substantively consolidated the Debtors pursuant to the *Order, Pursuant to Bankruptcy Code Sections 105(A) and 302, Approving the Substantive Consolidation of the Debtors for Purposes of Balloting, Solicitation of Votes and Distributions Under the Debtors’ Chapter 11 Plan* (Dkt. No. 230).

6. On May 3, 2019, the Debtors filed the *Third Amended Joint Chapter 11 Plan of Liquidation Proposed by the Debtors* (Dkt. No. 296) (the “**Plan**”).

7. On May 6, 2019, the Court confirmed the Plan pursuant to its *Findings of Fact, Conclusions of Law and Order (I) Confirming Third Amended Joint Chapter 11 Plan of Liquidation Proposed by the Debtors and (II) Approving the Sale of Substantially All of the Debtors' Assets* (Dkt. No. 303).

B. Adversary Proceeding Background

8. On June 28, 2019, Bryan Ryniker was selected as the Litigation Administrator pursuant to the *Notice of Appointment of a Litigation Administrator* (Dkt. No. 339).

9. Pursuant to section 5.5 of the Plan, the Litigation Administrator is vested with the sole authority to, *inter alia*, commence, prosecute, and settle claims arising under chapter 5 of the Bankruptcy Code on behalf of the Debtors and their estates.

10. On August 25, 2020, the Litigation Administrator commenced the above-captioned adversary proceeding against Defendant (the “**Adversary Proceeding**”), asserting causes of action under section 547, 548, 550, and 502(d) and (j) of the Bankruptcy Code (the “**Claims**”).

11. In order to avoid the cost and uncertainty of litigation, the Parties have engaged in extensive, good faith negotiations and have agreed to consensually resolve between themselves the Claims, controversies, and defenses which have been asserted or which could have been asserted against each other in the Adversary Proceeding in accordance with the terms and conditions set forth herein.

RELIEF REQUESTED

12. The Litigation Administrator respectfully requests that the Court enter an order substantially in the form attached as **Exhibit A** approving the Settlement Agreement pursuant to Bankruptcy Rule 9019.

BASIS FOR RELIEF

13. Bankruptcy Rule 9019(a) authorizes a court, after notice and a hearing, to approve a compromise or settlement of a controversy if it is in the best interest of the debtor's estate. *See Vaughn v. Drexel Burnham Lambert Grp., Inc. (In re Drexel Burnham Lambert Grp., Inc.)*, 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991).

14. The Second Circuit has made clear that the standard to approve a settlement under Rule 9019 is quite easy to satisfy. In this regard, the best possible outcome for the debtor is not required. Rather, the settlement simply must not "fall below the lowest point in the range of reasonableness." *Id.*; *see also Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir. 1983); *In re Ashford Hotels*, 226 B.R. 797, 802 (Bankr. S.D.N.Y. 1998) ("Significantly, that test does not contemplate that I substitute my judgment for the Trustee's, but only that I test his choice for reasonableness If the Trustee chooses one of two reasonable choices, I must approve that choice, even if, all things being equal, I would have selected the other.").

15. Compromises are favored in bankruptcy since "they minimize the costs of litigation and further the parties' interest in expediting the administration of a bankruptcy estate." *O'Connell v. Packles (In re Hilsen)*, 404 B.R. 58, 69 (Bankr. E.D.N.Y. 2009). Additionally, courts generally exercise their discretion "in light of the general public policy favoring settlements." *In re Hibbard Brown & Co.*, 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998).

16. A court need not conduct a "mini-trial" of the merits of the claims being settled, or conduct a full independent investigation. *See W.T. Grant Co.*, 699 F.2d at 608; *see also In re Drexel Burnham Lambert Grp., Inc.*, 134 B.R. at 496. Courts generally will consider whether a settlement is above the lowest range of reasonableness by determining whether the settlement is "fair and equitable" and "in the best interests of the estate." *Air Line Pilots Ass'n, Int'l v. Am.*

Nat'l Bank & Trust Co. (In re Ionosphere Clubs, Inc.), 156 B.R. 414, 426 (S.D.N.Y. 1993), *aff'd*, 17 F.3d 600 (2d Cir. 1994) (a Court need only find that the settlement is fair and equitable, reasonable, and in the best interests of the debtors' estate). Courts will also consider, where relevant, the following factors: (1) the complexity and likely expenses and duration of litigation; (2) the balance between the likelihood of success compared to the present and future benefits offered by the litigation; (3) the risk of establishing liability and damages; (4) the relative benefits achieved through settlement; (5) creditor support for the settlement; and (6) the reasonableness of the settlement in light of all the attendant risks of litigation. *Nellis v. Shugrue*, 165 B.R. 115, 122 (S.D.N.Y. 1994).

17. The Settlement Agreement here easily satisfies the standard for approval under Bankruptcy Rule 9019. The Settlement Agreement results in a significant recovery on the Claims while avoiding the uncertainty and costs of litigation, thereby providing maximum distributions to the estates' creditors. This is particularly true when taking into account the defenses asserted by the Defendant and the potential that the Defendant may not be able to pay even if a judgment is obtained.

18. Based on the foregoing, the Litigation Administrator respectfully submits that the relief requested in the Application is reasonable, appropriate, and in the best interests of the Debtors' estates and all parties-in-interest, rising well above the lowest range of reasonableness and should be approved.

NOTICE

19. Notice of this Application has been provided in accordance with Bankruptcy Rule 2002 as incorporated by Bankruptcy Rule 9019.

NO PRIOR REQUEST

20. No prior application for the relief requested herein has been made by the Litigation Administrator to this or any other Court.

CONCLUSION

WHEREFORE, the Litigation Administrator respectfully requests entry of an order, substantially in the form attached as **Exhibit A**, together with such other, further, and different relief as is appropriate.

Dated: New York, New York
February 1, 2021

LOEB & LOEB LLP

By: /s/ Schuyler G. Carroll
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*Attorneys for Bryan Ryniker in his capacity as
litigation administrator the of the post-
confirmation estates of Decor Holdings, Inc., et al.*

Exhibit A
(Stipulation and Order of Settlement)

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

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 DÉCOR HOLDINGS, INC., *et al.*, :
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 Plaintiff, :
 : Adv. Pro. No. 20-8132-reg
 v. :
 :
 SWAN DYEING AND PRINTING CORP., :
 :
 Defendant. :
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STIPULATION AND ORDER OF SETTLEMENT

¹ The debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Décor Holdings, Inc. (4174); Décor Intermediate Holdings LLC (5414); RAD Liquidation Inc. (f/k/a The Robert Allen Duralee Group, Inc.) (8435); RAD Liquidation LLC (f/k/a The Robert Allen Duralee Group, LLC) (1798); and RADF LLC (f/k/a The Robert Allen Duralee Group Furniture, LLC) (2835).

This Stipulation and Order of Settlement (the “**Agreement**”) is entered into on January 28, 2021, by and between Bryan Ryniker in his capacity as litigation administrator (the “**Litigation Administrator**”) of the post-confirmation estates of Decor Holdings, Inc. (“**Decor**” or the “**Debtors**”) and Swan Dyeing and Printing Corp. (“**Defendant**”, and together with the Litigation Administrator, the “**Parties**”).

RECITALS

A. On February 12, 2019, the Debtors commenced voluntary petitions under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Eastern District of New York (the “**Court**”).

B. On May 6, 2019, the Court confirmed (Dkt. No. 303) the *Third Amended Joint Chapter 11 Plan of Liquidation Proposed by the Debtors* (Dkt. No. 296) (the “**Plan**”).

C. On June 28, 2019, Bryan Ryniker was selected as the Litigation Administrator pursuant to the *Notice of Appointment of a Litigation Administrator* (Dkt. No. 339).

D. Pursuant to section 5.5 of the Plan, the Litigation Administrator is vested with the sole authority to, *inter alia*, commence, prosecute, and settle claims arising under chapter 5 of the Bankruptcy Code on behalf of the Debtors and their estates.

E. On August 25, 2020, the Litigation Administrator commenced the above-captioned adversary proceeding against Defendant (the “**Adversary Proceeding**”), asserting causes of action under sections 547, 548, 550, and 502 of the Bankruptcy Code (the “**Claims**”).

F. The Parties have engaged in extensive, good faith negotiations and have agreed to consensually resolve between themselves the Claims, controversies, and defenses, which have been asserted or which could have been asserted against each other in the Adversary Proceeding in accordance with the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. Subject to the terms and conditions set forth herein, Defendant shall pay to the Litigation Administrator the aggregate sum of \$25,000.00 (the “**Settlement Payment**”), so as to be actually received by the Litigation Administrator by the later of: (i) April 19, 2021; or (ii) the date that is ten (10) days after the entry of the Approval Order (defined below) (the later of such dates shall be referred to as the “**Payment Date**”). In the event, the Settlement Payment is not received by the Litigation Administrator on or before the Payment Date, the Litigation Administrator shall be entitled to immediate entry of judgment against Defendant in the amount of \$232,553.85 and shall be immediately entitled to enforce said judgment.

2. Defendant shall pay the Settlement Payment to the Litigation Administrator by wire transfer on the following instructions:

Account Name: The Robert Allen Duralee Group, Inc., Litigation Administrator,
Case #8-19-71020-reg
Account Number: 200100180245
Routing Number: 122287251
Bank Name: Axos Bank
Bank Address: 4350 La Jolla Village Drive
San Diego, California 92122

3. The Litigation Administrator shall file a motion under Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), seeking approval of this Agreement (“**Approval Order**”).

4. Unless otherwise agreed to by the Parties, if the Bankruptcy Court does not enter the Approval Order on or before April 19, 2021, (a) the Agreement shall be deemed null and void; (b) neither of the Parties to the Agreement shall be deemed to have waived any right or to have settled any controversy between the Parties that existed before the execution of the Agreement; (c) each of the Parties shall be restored to their respective status quo positions immediately before execution of this Agreement; (d) neither this Agreement nor any exhibit, document, or instrument delivered hereunder, nor any statement, transaction, or proceeding in connection with the negotiation, execution, or implementation of this Agreement, shall be (y) deemed to be or construed as an admission by any party herein of any act, matter, proposition, or merit or lack of merit of any claim or defense, or (z) referred to or used in any manner or for any purpose in any subsequent proceeding or in any other action in any court or in any other proceeding; and (e) all negotiations, proceedings, and statements made in connection with the negotiation of this Agreement (x) shall be without prejudice to any person or party herein, (y) shall not be deemed as or construed to be an admission by any party herein of any act, matter, proposition, or merit or lack of merit of any claim or defense, and (z) shall not be offered in evidence in this or any other action or proceeding, except in connection with the enforcement of the terms of this Agreement.

5. Effective upon entry of the Approval Order, Defendant, together with its affiliates, predecessors, successors, assigns, subsidiaries, affiliates, current and former officers and directors, principals, equity holders, members, partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, consultants, representatives, heirs, executors, estates, and nominees hereby waive and release any and all claims of any kind whatsoever against any of the Debtors and the Litigation Administrator together with their respective predecessors in interest, successors in interest, affiliates, agents, and assigns, officers and directors, including any obligations, claims, and demands of any kind whatsoever, at law or in equity, direct or indirect, known or unknown, discovered or undiscovered arising under the Bankruptcy Code, or arising in or related to the Debtors, the Debtors’ estates, or the Debtors’ bankruptcy case, including without limitation, any proof of claim filed against the Debtors and any claim arising under Section 502(h) of the Bankruptcy Code. Upon entry of the Approval Order, Defendant shall file a withdrawal of any proof of claim filed against the Debtors.

6. Upon the Litigation Administrator's receipt and clearance of the Settlement Payment, the Litigation Administrator, together with the Debtors and their affiliates, predecessors, successors, assigns, subsidiaries, affiliates, current and former officers and directors, principals, equity holders, members, partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, consultants, representatives, heirs, executors, estates, and nominees will be deemed to have released Defendant and its respective predecessors in interest, successors in interest, affiliates, agents, and assigns, officers and directors of any and all obligations, claims, and demands of any kind whatsoever, at law or in equity, direct or indirect, known or unknown, discovered or undiscovered arising under the Bankruptcy Code, or arising in or related to the Debtors, the Debtors' estates or the Debtors' bankruptcy case.

7. This Agreement contains the entire agreement between the Parties and may only be modified in writing signed by the Parties or their duly appointed agents. All prior agreements and understandings between the Parties concerning the subject matter of this Agreement are superseded by the terms of this Agreement.

8. This Agreement shall inure to the benefit of the Parties. There are no intended third-party beneficiaries to this Agreement.

9. The Parties represent and warrant to each other that they have the full power and authority to execute and to perform their respective obligations under this Agreement and, where appropriate, have obtained the requisite corporate authority to enter into this Agreement.

10. This Agreement is governed by, and shall be construed in accordance with the laws of the State of New York, without regard to its conflict of laws principles.

11. Each of the Parties acknowledges that it has read all of the terms of this Agreement, has had an opportunity to consult with counsel of their own choosing, and enters into those terms voluntarily and without duress.

12. Each Party acknowledges that it participated in and jointly consented to the drafting of this Agreement and any claimed ambiguity shall not be construed for or against either Party on account of such drafting.

13. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or by electronic mail in portable document format (PDF) shall be effective as delivery of a manually executed counterpart of this Agreement.

14. The Court shall retain jurisdiction over the Parties to hear and determine any matter arising from or related to the making, interpretation, and enforcement of this Agreement or any issues arising hereunder, and the Parties agree to waive any entitlement to a trial by jury

in any suit concerning this Agreement and/or the releases given in connection with this Agreement.

[SIGNATURE PAGE TO FOLLOW]

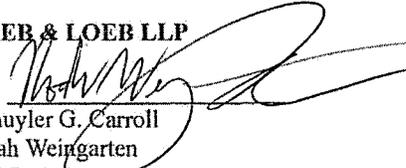
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[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused the execution of this Agreement as of the 28 day of January, 2021.

LOEB & LOEB LLP

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SWAN DYEING AND PRINTING CORP.

By: 
Name MICHAEL RODRIGUES
Position CEO

*Attorneys for Brian Ryniker in His Capacity as
Litigation Administrator*