

Wednesday, January 11, 2012

ShoreBank Holding Company To Liquidate In Bankruptcy

By Stephanie Gleason

The holding company for the Chicago-based ShoreBank, which was seized and sold by the Federal Deposit Insurance Corp. in August 2010, began the final stage of the failed bank's wind-down by filing a petition to liquidate under Chapter 11 bankruptcy protection.

In documents filed Monday with the U.S. Bankruptcy Court in Chicago, ShoreBank Corp. claimed \$19.2 million in assets and \$63.6 million in liabilities. Eleven other affiliates also entered bankruptcy protection.

The bankruptcy will enable ShoreBank Corp. to pay \$8.5 million to the FDIC to settle a claim from its receivership of ShoreBank and to distribute its remaining assets to other creditors.

The 2010 closure of ShoreBank, which was ShoreBank Corp.'s primary asset, came at a time of widespread bank failures and represented the 114th bank closure in the U.S. that year. The bank specialized in low- to moderate-income loans to some of the most recession-affected areas in the Midwest, including Chicago, Cleveland and Detroit.

Prior to the closure, ShoreBank was the largest community-development bank and inspired the U.S. Treasury's Community Development Financial Institutions Fund, the company said.

But when the recession began, "real estate lending suffered, putting the communities the debtor served and the industry it helped create under severe stress. In short, the global financial crisis effectively curtailed the flow of credit into the lower-income communities the debtors largely served," it said in court documents.

The FDIC subsequently sold the bank to William Farrow, the ShoreBank president, creating a new institution called Urban Partnership Bank. The

see [ShoreBank](#) on page 2

Inside

International Media Group Files For Bankruptcy To Sell Stations	2
Bankruptcy Trustee Balks At Order To Snitch On Solomon Dwek	3
Friendly's Exits Bankruptcy After Closing Deal With Sun Capital	4
Houlihan Lokey Hires Veteran Rothschild Dealmaker Steve Tishman	4
SP Newsprint Gets Clearance To Make Payment To Pension Plans	5

Ahead In Bankruptcy

- 11-Jan
Wilmington: Delta Petroleum bid-rules, contract-rejection hearing
- 13-Jan
Wilmington: Pure Beauty auction
- 17-Jan
Wilmington: Real Mex exclusivity hearing
- 17-Jan
Wilmington: Syms bonus plan hearing
- 18-Jan
Las Vegas: 155 East Tropicana bid-rules hearing
- 18-Jan
Wilmington: Trident Microsystems bid-rules hearing
- 19-Jan
Wilmington: Pure Beauty sale hearing
- 23-Jan
Wilmington: Inner City Media exclusivity hearing
- 25-Jan
Manhattan: GSC Group claims hearing
- 26-Jan
Chicago: Hartford Computer Hardware bid-rules hearing
- 26-Jan
Wilmington: Manistique stalking-horse hearing
- 26-Jan
Wilmington: Real Mex auction
- 30-Jan
Wilmington: Real Mex sale hearing
- 22-Feb
Wilmington: Manistique auction

International Media Group Files For Bankruptcy To Sell Stations

By Katy Stech

Still struggling after the recession-dealt blow to TV advertising spending, International Media Group Inc. filed for bankruptcy protection to sell its multilingual television stations that broadcast throughout California and Hawaii.

International Media Group executives said their programming will remain on the air while they organize an auction in March for the company's three stations, which its biggest lender has already offered to purchase using \$45 million of the debt it is owed, according to papers filed Monday in U.S. Bankruptcy Court in Wilmington, Del.

Holding an auction would enable the company to sell the company's stations "in a controlled, but fair and open, fashion that promotes interest in the acquired assets by financially-capable, motivated bidders who are likely to close the transaction," International Media Group said in court papers.

The company's senior-ranking lender, an affiliate of Texas broadcasting company NRJ TV LLC, is owed \$77.4 million after it took over that debt in July, according to court papers.

By that time, International Media Group had already fallen several years behind on its loan promises after the economic downturn made it tough to sell blocks of airtime to its advertisers. The company's stations, which are located in Honolulu, Long Beach, Calif., and Poway, Calif., rotate their broadcasts between infomercials and a mix of locally produced news, talks shows and syndicated foreign-language programming.

"As a result of these significant declines in paid programming rates and spot advertiser rates, the company was not able to meet the minimum required financial tests under the debt" agreements, leading it to default, according to court papers.

Company executives have already asked Judge Mary F. Walrath to approve a series of requests that would enable the company to continue paying its roughly 90 workers and keep its promises to advertisers, who typically agree to pay for their ad segment and infomercial space at least 30 days before the promotions run.

"If the [company and its affiliates] do not honor, in their discretion, their obligations under the customer programs, the [company and its affiliates] risk alienating their advertisers and encouraging them to procure advertising airtime from the [their] competitors, all to the detriment of the [the company and its affiliates] and their business," the company said in court papers.

Walrath is scheduled to go over those requests at a hearing Wednesday. She is also likely to set a date to review the company's proposed bid rules, which were filed to the court but do not contain specific bidding and auction deadlines.

The company's bid-rules documents detail NRJ TV's offer, noting that the proposed purchase price could adjust before the deal closes.

The proposed sale would remove ownership control from AsianMedia Group LLC, an Asian-language media company that shares the same headquarters in Los Angeles.

International Media Group was founded in 1977 to push the concept of multilingual programming on U.S. television during an era well before today's cable offerings of hundreds of specialized stations, Chief Restructuring Officer Dennis J. Davis pointed out in court documents.

International Media Group filed for Chapter 11 bankruptcy protection along with six affiliates. The lead case is numbered 12-10140.

ShoreBank [continued from page 1](#)

move was unusual for the FDIC, which usually bars investors who own more than 10% of the failed bank from bidding on its assets.

Urban Partnership Bank continues to operate as a community-development bank in Chicago, Cleveland and Detroit.

-Dan Fitzpatrick contributed to this article.

Bankruptcy Trustee Balks At Order To Snitch On Solomon Dwek

By Peg Brickley

The latest twist in the saga of Solomon Dwek, government informant and convicted Ponzi-scheming real-estate developer, has sent veteran bankruptcy trustee Charles Stanziale to federal court to seek protection from a “devastating” bankruptcy-court ruling.

Judge Kathryn C. Ferguson has ordered Stanziale to hand over to an unhappy investor, and relative, of Dwek’s all the trustee’s communications with Dwek, who was paid for his aid in unraveling his own fraud-riddled business dealings in bankruptcy court.

Ferguson ruled for Kenneth Cayre, a multimillionaire and the uncle of Dwek’s wife, who demanded to see the back-and-forth between the bankruptcy trustee and Dwek as he defends against the trustee’s bid to claw back \$30 million Cayre allegedly received as an investor in the Dwek’s scheme.

It’s one of dozens of cases Stanziale is pursuing as he seeks to even the score of damage among people who invested with Dwek. But it’s the case that, according to Stanziale, poses a threat to “everyday Chapter 11 bankruptcy practice everywhere,” by opening the door to angry creditors eager to probe the dealings between bankruptcy trustees and the corporate executives they consult in their work.

“If not reversed, the bankruptcy judge’s ruling will end the previously unquestioned practice of Chapter 11 trustees and their counsel freely communicating in confidence with the corporate representatives of the debtors,” Stanziale’s attorneys warned in a court filing.

He’s asking for a writ of mandamus, an extraordinary remedy that would order Ferguson to restore the attorney-client shield to Stanziale.

Cayre’s attorneys say Dwek is not a corporate executive; he’s a crook and a “third-party witness,” and nothing he told Stanziale is entitled to the shield that protects discussions between attorneys and clients from disclosure in court fights.

Stanziale says Cayre is no innocent; he’s an insider who knew or should have know what was going on as Dwek raked in cash from investors with false promises of fast, high returns.

Dwek’s real estate investment operation was pushed into bankruptcy in 2007 after he successfully cashed a fraudulent \$25 million check at a PNC Bank drive-through window in New Jersey. Stanziale, a 40-year bankruptcy attorney with silver hair and a sterling reputation, was appointed as Chapter 11 trustee, charged with running the business and trying to do right by creditors. After the Chapter 11 plan was confirmed, Stanziale became liquidating trustee and is still in charge of the Dwek bankruptcy case.

Dwek’s operation featured records on “handwritten legal pads and check records which are completely indecipherable to anyone but Mr. Dwek,” court papers say. Stanziale asked for and received bankruptcy-court permission to pay Dwek to help set things straight.

Dwek was collecting \$12,500 in monthly living expenses from the bankruptcy case, getting his business expenses reimbursed—\$28,000 from July through December 2010—as well as the protection of a security detail that at times cost nearly \$10,000 per month.

The bodyguards may have been necessitated by Dwek’s work wearing a wire for the Federal Bureau of Investigation in Operation Bid Rig III, the largest corruption sting in New Jersey history. While he was assisting Stanziale in unwinding his mostly phony real estate investment company, Dwek was also assisting federal prosecutors, snagging politicians, rabbis, friends and family with bribes and fake asset-hiding and kidney-buying schemes.

Although he was denounced by his father, a prominent rabbi, for his willingness to snitch on members of the Syrian Jewish community, Dwek remained free and got paid while those he set up went to jail.

“He’s a confessed liar and a confessed thief who we believe has parlayed this bankruptcy case into a perpetual income stream,” Cayre attorney M. Ryan Pinkston of Seyforth Shaw LLP told the bankruptcy judge at a Nov. 29 hearing.

The bankruptcy payments to Dwek ended abruptly last summer, when a federal judge ordered Dwek to jail after a misunderstanding involving charges of car theft, which were later dropped. Dwek’s living expenses and security services are now the problem of his warders at a federal prison in Philadelphia, instead of his creditors in bankruptcy court. He awaits sentencing on his \$50 million bank fraud conviction, which is scheduled for March.

Cayre’s lawyers say their client lost \$9 million by investing with Dwek’s companies and are entitled to probe his dealings with Stanziale during the bankruptcy case. Among other things, they say, Stanziale sent a letter to the federal judge presiding over his criminal case last year, when Dwek was in hot water about the car theft allegations.

The letter from Stanziale wasn’t part of the record in the criminal case, and U.S. District Judge Jose L. Linares isn’t giving it up, Cayre’s attorney said. Additionally, Cayre wants to question Stanziale to find out whether the trustee did, as reported, tell the FBI he believes Dwek is a pathological liar, his lawyer said.

Friendly's Exits Bankruptcy After Closing Deal With Sun Capital

By Rachel Feintzeig

Friendly Ice Cream Corp. officially emerged from Chapter 11 protection, ending a three-month-long case capped by a sale to the company's prebankruptcy private equity firm owner and the closure of dozens of the casual-dining chain's outposts.

The 76-year-old restaurant chain, known for its signature Fribble milkshakes and hearty SuperMelt sandwiches, Monday announced its exit from bankruptcy.

That same day, the company closed a transaction with Sun Capital Partners Inc., the company's prebankruptcy owner, postbankruptcy lender and the stalking horse for its would-be auction. Sun Capital, a Boca Raton, Fla., buyout firm, is continuing to keep its grip on the company by swapping a \$75 million loan in exchange for the assets—an offer that went unchallenged during the Friendly's sale process.

Now known as Friendly's Ice Cream LLC, the revamped chain has 380 stores, according to a spokeswoman. The company closed 100 during its Chapter 11 proceedings, including 37 that were shuttered Sunday, after the company failed to negotiate an "acceptable agreement with landlords" for those properties, it said.

"We intend to accommodate as many [employees] as possible from closed locations to nearby operating restaurants, where available," Harsha V. Agadi, the company's chairman and chief executive, said.

Houlihan Lokey Hires Veteran Rothschild Dealmaker Steve Tishman

By Ryan Dezember and Mike Spector

Investment bank Houlihan Lokey has hired dealmaker Steven Tishman to head its global mergers and acquisitions group, tapping a veteran of competitor Rothschild to bolster its deals business.

Houlihan, based in Los Angeles, is consistently at or near the top of restructuring and bankruptcy advisory rankings. But the firm has traditionally been a smaller player in mergers and acquisitions, focusing on middle-market deals.

The hiring of Tishman, who most recently was co-head of U.S. M&A at Rothschild, underscores Houlihan's drive to push into the upper echelon of deal-making. Since 2009 Houlihan, has hired more than 30 senior-level bankers, including Weimin Chen, a former Lazard Ltd. banker brought on in September to head Houlihan's business in China.

Though Houlihan Lokey was credited with advising on 100 transactions in 2011, it ranked 47th globally in volume with about \$21.5 billion, according to Dealogic. Rothschild, meanwhile, placed 11th with \$167.3 billion to its credit.

Both firms pitch their advice as independent because they don't provide financing.

The company stressed that it is focused on building its business back up even as it closes some of its doors. Menu enhancements, improved speed of service and more partnerships with new and existing franchisees are all part of the company's turnaround efforts, it said.

Last month, a spokeswoman said the company also has some new concepts in the works, like an ice-cream shop that will be co-branded with Burger King.

Friendly's, of Wilbraham, Mass., sought bankruptcy protection in October and immediately laid out plans to sell its assets to a Sun Capital unit, subject to higher bids, which never materialized. At the company's first bankruptcy court hearing that month, Kirkland & Ellis LLP attorney Ross M. Kwasteniet called Friendly's "a classic American company" whose sales had been hurt by steep commodity prices and tight consumer spending following the recent downturn.

The company's case did involve some drama, as both unsecured creditors and pension insurer Pension Benefit Guaranty Corp. protested the stalking horse's bid to use a note as currency during the would-be auction. But a settlement ultimately was reached in the dispute, averting a scheduled trial and paving the way for the Sun Capital unity to use the note as \$50 million in currency, an opportunity it never even had the chance to act on, since no other bidders came forward to fight for the assets.

"Steve comes from an entrepreneurial investment banking background, which will help him further grow our corporate finance business," said Irwin Gold, Houlihan's co-chairman and co-head of financial restructuring. Before Rothschild, he worked at Bear Stearns Cos. and Robertson Stephens Inc.

Tishman, 54 years old, is a board member at amusement park operator Cedar Fair Entertainment Co. and formerly was a director at Nautica, Claire's Stores Inc. and Odimo Inc. A native New Yorker, he spent summers in his youth at a New Hampshire camp with Gold, whom he competed against for years in basketball.

Tishman said he hopes his M&A practice can "piggyback" on the success of Houlihan's restructuring team. Houlihan bankers in that practice have already forged bonds with decision makers at companies, he said, saying he believes deal bankers will be able maintain those relationships after clients have reorganized their businesses.

The hoards of cash on public companies' balance sheets and the large amount of money available to hedge funds and other buyout firms make Tishman optimistic that M&A is poised for a rebound in 2012 after four relatively sluggish years, he said.

SP Newsprint Gets Clearance To Make Payment To Pension Plans

By Rachel Feintzeig

SP Newsprint Holdings LLC won permission to give \$660,000 to its employee pension plans, which the company says are underfunded by at least \$20 million.

Judge Christopher S. Sontchi of the U.S. Bankruptcy Court in Wilmington, Del., Monday signed off on an order clearing SP Newsprint to make the payment. He affirmed that “good and sufficient cause exists for granting the motion,” which SP Newsprint made on an emergency basis last week.

The Greenwich, Conn., newsprint company, which has plants in Dublin, Ga., and Newberg, Ore., is facing a sizeable shortfall on its pension plans, though exactly how much they’re underfunded by remains unclear. The Pension Benefit Guaranty Corp., which insures pension benefits, says the shortfall might be as much as \$61.6 million, but SP Newsprint calls that figure “overstated.”

Whatever the exact amount, the shortfall means SP Newsprint must make quarterly payments to its pension plans, and the one covering the final quarter of 2011 is due on Friday. Sontchi’s approval gives SP Newsprint permission to hand over the payment, which breaks down to \$290,000 for its union employees and \$370,000 for its salaried employees.

In court papers filed last week, SP Newsprint urged Sontchi to swiftly approve its request, stressing that it would face “material penalties” if it didn’t hand over the money on time.

Those potential penalties included high interest rates, taxes on the unpaid amount that could reach a rate of 100%, and “burdensome and costly notice and reporting requirements.” If the payments owed by the company, including interest, topped \$1 million, a “lien upon the property of the debtors would also arise,” SP Newsprint said.

In addition, SP Newsprint was concerned about the effect that not giving out the payments could have on its employees during a crucial time for the company. It warned that SP Newsprint’s “failure to honor even one employee benefit...could severely undermine the morale of the debtors’ employees,” which could, in turn, hamper the company’s efforts to sell itself in bankruptcy.

SP Newsprint sought bankruptcy protection Nov. 15 alongside several affiliates, including SP Newsprint Co. That entity, one of the company’s two main operating companies, is one of the largest producers of newsprint in North America, according to SP Newsprint.

But the newsprint business—controlled by Peter Brant, a polo-playing mogul who saw another of his newsprint companies fall into Chapter 11 in 2010—has suffered from the weak economy and rising costs of raw materials, according to court papers. Despite cost-cutting measures, the company has been in default of its prebankruptcy credit deal since June 2011 and is now exploring a possible sale of its assets in bankruptcy.

International

ArcelorMittal Denies Algerian Steel Plant’s Bankruptcy

By Alex MacDonald

ArcelorMittal, the world’s largest steelmaker, denied Monday local media reports that its Algerian subsidiary had defaulted on a loan or requested a cessation of future loan payments.

“Contrary to erroneous reports in the Algerian media, ArcelorMittal Annaba hasn’t declared any cessation of payments nor is in default on any loans and hasn’t requested to cease any future loan payments,” an ArcelorMittal spokesman said in a statement.

The company’s managing director, Vincent Le Goic, said Sunday ArcelorMittal, which holds the controlling stake in El Hadjar steelworks in the eastern region of Annaba, had filed insolvency papers with a court there, Agence France-Presse reported Monday.

Saturday, Algerian Prime Minister Ahmed Ouyahia said the government wouldn’t allow the steelworks, which is 70% owned by ArcelorMittal, to be closed, the AFP reported.

The news agency cited him as saying that the multinational, which employs nearly 7,000 in Algeria, had threatened to declare bankruptcy because of a funding crisis.

ArcelorMittal had asked for 14 billion dinars from a state-owned bank and had been granted EUR50 million, but guarantees were required before lending any more, he said, according to the AFP.

“Both shareholders in the company, ArcelorMittal Group and the Algerian government, are continuing to meet their obligations and a solution will be found to the current negotiations,” the ArcelorMittal spokesman said.

He noted that the negotiations are about guarantees associated with a new loan linked to its investment program in Algeria.

“ArcelorMittal Group remains committed to investing in and growing its business in Algeria,” he said.

Located in north-eastern Algeria, ArcelorMittal Annaba is Algeria’s only fully integrated steel plant. It produced 0.7 metric million tons of crude steel in 2010 and has a steel-making production capacity of 2 million tons a year. Algeria’s state-owned Sider owns the remain 30% stake in the ArcelorMittal Annaba.

New Chapter 7 Bankruptcy Filings

The following is a list of some new Chapter 7 bankruptcy filings made during the week ended Jan. 6.

Company	Filing Date	Court	Location	Contact	
ADH Enterprises Inc.	1/5	Fort Worth, Texas	Fort Worth, Texas	Marilyn D. Garner	817-588-3075
All Phase Brokers Inc.	12/31	Oakland, Calif.	Livermore, Calif.	Marta M. Guzman	510-531-0453
Aspen Drilling LLC	1/6	Denver	Englewood, Colo.	Andrew Snyder	303-409-7777
Bar Codes Unlimited Inc.	1/5	San Diego	Carlsbad, Calif.	Marc A. Duxbury	760-438-5291
CG Embroidery LLC	1/5	Santa Ana, Calif.	Irvine, Calif.	Scott W. Hanssler	949-679-0770
Chisolm Street Partners LLC	1/6	Atlanta	Atlanta	Jimmy C. Luke	404-231-9397
Dazys LLC	12/31	Denver	Boulder, Colo.	Keith Moskowitz	303-447-2703
Executive Plumbing Inc.	1/3	Riverside, Calif.	Corona, Calif.	Robert P. Goe	949-798-2460
Freight Guard Inc.	1/5	Los Angeles	La Crescenta, Calif.	Roland H Kedikian	626-445-2411
Frogs Paving Inc.	1/5	Asheville, N.C.	Candler, N.C.	D. Rodney Kight Jr.	828-255-9881
Image Forum Inc.	12/31	Tampa, Fla.	Tampa, Fla.	Christopher A. Tancredo	813-659-3612
Jack Bandy Construction Inc.	1/5	Austin, Texas	Marble Falls, Texas	Patrick C. Hargadon	512-264-1033
K.P.R. Inc.	1/5	Cleveland	Wellington, Ohio	Robert J. Berk	216-241-3880
MGM Stores Inc.	1/6	Dallas	Dallas	Harriet L. Langston	972-233-3328
Milestone Development LLC	1/4	Chicago	Lake Forest, Ill.	Brian Ira Tanenbaum	847-562-1636
Murray School Partners LLC	1/6	Atlanta	Atlanta	Jimmy C. Luke	404-231-9397
Partygal Inc.	1/4	Seattle	Seattle	Matthew D. O'Conner	206-782-0722
PG 17 Inc.	1/6	San Jose, Calif.	San Jose, Calif.	Scott J. Sagaria	408-279-2288
PMG Enterprises LLC	12/31	Chicago	Addison, Ill.	Timothy C. Culbertson	847-913-5945
Send EZ Inc.	1/5	San Fernando Valley, Calif.	Sun Valley, Calif.	Justin S. Kline	661-320-4476
Systems of the Future Inc.	1/3	Newark, N.J.	Whippany, N.J.	Richard Honig	973-621-9020
Universal Imaging of Florida LLC	1/4	Miami	Hialeah, Fla.	Luis A. Torrens	305-364-4848
Z & P Home Improvement Inc.	1/6	Chicago	Wood Dale, Ill.	Alexey Y. Kaplan	847-509-9800

Firm Retention Summary

RoomStore Inc.

This is a summary of a request from the official committee of unsecured creditors of RoomStore Inc. to hire Hunton & Williams LLP as counsel, filed Dec. 29 with the U.S. Bankruptcy Court in Richmond, Va.

COMPANY: RoomStore Inc.

FIRM TO BE HIRED: Hunton & Williams LLP

PRINCIPAL ASSIGNED TO THE CASE: Tyler P. Brown

DUTIES: The firm will provide the following services:

- assisting, advising and representing the committee in consultations with the debtor regarding the administration of this case;
- assisting, advising and representing the committee in analyzing the debtor's assets and liabilities, including mortgages, liens and other security interests in the debtor's property, and participating in and reviewing any proposed asset sales, any asset dispositions, financing arrangements and cash collateral stipulations in connection with these proceedings;
- assisting, advising and representing the committee in any manner relevant to reviewing and determining the debtor's rights and obligations under its leases and executory contracts;
- assisting, advising and representing the committee in investigating the acts, conduct, assets, liabilities and financial condition of the debtor, the debtor's operations and the desirability of the continuance of any portion of those operations, and any other matters relevant to this case or to the formation of a plan;
- assisting, advising and representing the committee in its participation in the negotiation, formulation and drafting of a plan of liquidation or reorganization;
- advising the committee on the issues concerning the appointment of a trustee or examiner under Section 1104;
- assisting, advising and representing the committee in understanding its powers and its duties under the

Bankruptcy Code and the Bankruptcy Rules and in performing other services in the interests of those represented by the committee;

- assisting, advising and representing the committee in the evaluation of claims and on any litigation matters, including avoidance actions; and

- providing such other services to the committee as may be necessary or appropriate in this case.

HOURLY COMPENSATION: Members of the firm will be compensated at the following hourly rates:

Partners and counsel	\$475 - \$735
Associates	\$240 - \$485
Paralegals and other support staff	\$135 - \$235
Tyler P. Brown, partner	\$630
Justin F. Paget, associate	\$310
Eric W. Flynn, associate	\$240
Matthew A. Lambert, paralegal	\$160

CASE BACKGROUND: RoomStore, a furniture and bedding retailer, filed for Chapter 11 bankruptcy protection on Dec. 12.

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SME Co-op Members Rage Against Bankruptcy Attorney

The battle to unseat Jon Doak as bankruptcy attorney for Southern Montana Electric Generation and Transmission Cooperative Inc. continued Friday, with a creditor in the case and member of the Southern Montana co-op claiming it's Doak's fault that its trustee was disallowed from an October meeting.

Beartooth Electric Cooperative's trustee, Arlen Boyd, wasn't allowed to participate "upon Doak's recommendation" that three other trustees vote against her participation, Beartooth said in court documents.

The board of trustees is composed of a representative from each of the six members of the Southern Montana co-op, and Boyd was appointed to represent Beartooth. But on Oct. 21, when Southern Montana declared bankruptcy, she wasn't allowed to attend the meeting, the objection said.

Two trustees representing Yellowstone Valley Cooperative Inc. and the city of Great Falls, Mont., left the meeting in protest, saying the three members who voted against allowing Boyd to participate were "acting illegally," Boyd said in a sworn statement.

It isn't the first objection to Doak's representation of Southern Montana in its Chapter 11 bankruptcy case, in which liabilities top \$130 million. Yellowstone Valley, the largest member of the Southern Montana co-op, objected in early November.

Southern Montana called Yellowstone's objection another chapter in its bid to exit its contract by causing Southern Montana to liquidate, according to court documents, accusing it of illegally

making public confidential Southern Montana financial statements.

After this response was filed, Great Falls filed another objection the next day.

"Testimony at the first meeting of creditors suggests that Mr. Doak and the Doak and Associates may have received preferential payments from the debtor in the 90 days prior to the bankruptcy filing," the city said in court documents.

Neither Doak nor attorneys for Beartooth or Yellowstone were immediately available for comment Monday.

The hearing on Doak's application to represent Southern Montana was postponed in December and is scheduled for Jan. 24 in the U.S. Bankruptcy Court in Butte, Mont.

-Stephanie Gleason

Fresh Out Of Bankruptcy, Jackson Hosts Dance Party

Jackson Hewitt Tax Service Inc. is ready to reinvent itself this tax season. And it's starting with Montel Jordan.

The performer's R&B hit "This Is How We Do It" provides the soundtrack for a new Jackson Hewitt advertising campaign, called, unsurprisingly, "Jackson Hewitt's How You Do It."

The company is trying to lure customers to their locations, which include storefronts as well as kiosks in 2,800 Wal-Mart locations across the country, with the promise of "tax refund joy," Debra Dowd, chief marketing officer for the company, said in a statement.

Jackson Hewitt's approach makes it somewhat of a renegade in the industry, according to Richard Ward of 22squared, the advertising

agency Jackson Hewitt worked with on the campaign.

"Jackson Hewitt is a challenger brand, and going into tax season, they're not going to play by category rules," said Ward, the agency's president and chief executive.

Jackson Hewitt has reason to try something new in 2012. Last year saw it struggle under hefty debt and interest burdens, and it eventually filed for bankruptcy in May. The Parsippany, N.J., company, the country's second-largest tax preparer, emerged from Chapter 11 in August.

The company had faced class-action lawsuits challenging its practice of offering the loans, which allow customers to borrow against their expected tax refund. Many of those plaintiffs were pooled into the company's unsecured creditor class, which eventually negotiated a deal that set aside \$1.1 million for the group.

While many tax preparers have ditched the refund-anticipation loans, which have been criticized by consumer advocates and abandoned by all but one lender, Jackson Hewitt is still touting them on its new commercials.

The promise of the loans is short-lived, though: 2012 seems to be the last year Jackson Hewitt can offer them. But please, don't let the news about the refund-anticipation loans affect your enjoyment of the spunky new commercials, which launched last week. You can catch them on cable networks like TNT, TBS, BET and A&E, according to the *New York Times*.

-Rachel Feintzeig

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News from around the country

Center Stage Files For Chapter 11 Bankruptcy

The corporation that operates Center Stage Alabama has filed for bankruptcy to stop a foreclosure and to help reorganize its \$68 million debt, the *Dothan Eagle* reported. According to a statement released by Edward Rappaport, owner Resorts Development Group II LLC decided to “solidify its ability to successfully conduct business” by reorganizing under Chapter 11. Center Stage Alabama, formerly known as Country Crossing, reopened on July 1 after it closed in January 2010. The Chapter 11 filing was made to help lower debt incurred while the development was closed for that year and a half period. “Center Stage was conceived as a large scale country music-themed entertainment venue and that’s what the board is committed to delivering to the region,” said David Loughlin, a consultant to the board of directors for Center Stage Alabama. “Center Stage will emerge from this process in a much stronger position to complete every phase of the development as it was planned originally.” The facility includes around 500 bingo machines, which operate through an electronic computer system. The bingo hall includes a large room full of flat-screen computer monitors that operate with the touch of a finger. According to the website, centerstagealabama.net, the facility also offers paper bingo games.

Judge Approves Mob Experience Sales Plan

A bankruptcy judge approved Monday a reorganization plan for the Las Vegas Mob Experience at the Tropicana resort in which the attraction will remain open and be sold to an investor, *Vegas Inc.* reported. The investor, John Vipulis, has already fronted the attraction some \$350,000 to keep it afloat since its October bankruptcy filing, and he plans to pay \$2.1 million for the asset. With the attraction’s secured debt totaling \$20.8 million, most of the project’s original investors are expected to receive nothing, while most creditors will receive just pennies on the dollar. The plan approved by Judge Bruce Markell says a liquidation trust will be established to benefit unsecured creditors and that litigation claims, including claims against Experience founder Jay Bloom, will be transferred to that trust. Mob Experience bankruptcy attorneys have contended that Bloom, who left the attraction in July, was involved in mismanagement that included “diverting funds from the debtor’s payroll account to Order 66 Entertainment LLC,” another Bloom-controlled company. Bloom, in various lawsuits, has denied wrongdoing and claims it’s the current Experience manager, Louis Ventre, who has looted the Experience.

Mastro Trustee Seeks OK On \$2.8M In Payments

Michael R. Mastro’s bankruptcy trustee has asked a judge to approve payment of \$2.8 million in recovered funds to the fugitive real-estate magnate’s many creditors, the *Seattle Times* reported. If there are no hitches, trustee James Rigby said Monday, the checks could be mailed by mid-February. The distribution would be the first since Mastro, 86, was pushed into bankruptcy. But each creditor would get only slightly more than 1% of the sum each invested with the longtime Seattle real-estate developer and lender. Three of Mastro’s bank lenders filed an involuntary bankruptcy petition against him in July 2009 after the collapsing economy undercut his highly leveraged real-estate empire, leaving him unable to pay his debts. Mastro and his wife, Linda, disappeared last summer after failing to comply with court orders to turn over diamond rings valued at \$1.4 million. Warrants have been issued for their arrest, but they remain at large. Of the \$2.8 million to be distributed, about \$2 million would go to holders of 282 approved claims. An additional \$800,000 would be set aside for 41 claims whose validity hasn’t yet been determined.