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August 15, 1996 Volume 10, Number 13

C. Kirk Rhein-Investment Firm Partner

Tragic death in crash of TWA Flight 800

by Debra Brennan

C. Kirk Rhein, Jr., 43, a partner in Whitman Heffernan Rhein & Co. and a top official of Danielson Holding Corp., was aboard TWA Flight 800 en route to Paris. TWA Flight 800 crashed due to yet undetermined causes, and all 230 passengers aboard the airplane were killed. Rhein was traveling to meet with investors in Paris to enlist support for an \$85 million stock offering to help New York-based Danielson, an insurance holding company, finance the purchase of Midland Financial Group Inc., a Memphis based seller of nonstandard auto policies.

Also aboard the flight were William R. Story, president of Danielson's main operating insurance unit, Charles H. Gray, Midland's president and chief operating officer, and Gadi Notes, an investment banker at Donaldson Lufkin & Jenrette. The planned acquisition

continued on page 2

Smith Corona Gets Restraining Order

Shareholders' Objections Quieted

by Debra Brennan

Cannon T& C Limited, MaraFund, Ltd., and Max Resnick, a Smith Corona Corporation shareholder, filed an objection to Smith Corona's disclosure statement claiming that information on a better offer was omitted. The objection asked that a competing bid for Smith Corona made by Cannon and MaraFund be presented to creditors and shareholders of Smith Corona. Gerald Resnick, a Cannon representative said, "The current reorganization plan wipes out the 30 million shares of current shareholders for nothing, while the alternative bid would give current shareholders an equity interest in the reorganized company."

Cannon and MaraFund have made a series of written offers to Smith Corona to acquire its stock. The shareholder's objection maintained that the disclosure statement did not

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Barney's Interim Terms Extended

Plan Negotiations Continue

by Nina Novak

Since first filing for Chapter 11 protection on January 10, 1996, Barney's Inc. has been in an ongoing dispute with Isetan of America over the nature of certain agreements that the two parties entered into when they first joined efforts in 1988. The agreements center around the three major Barney's stores located in New York, Chicago, and Beverly Hills.

Barney's position is that the "leases" it entered into with Isetan are not true leases but are simply a vehicle by which Isetan made an investment in Barney's. Accordingly, Barney's asserts that the agreements should be re-characterized as equity contributions. As such, Barney's maintains that it is the owner of the stores and Isetan is an equity participant and is only the putative landlord of those stores.

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C. Kirk Rhein,Jr., *from page 1*

has now been cancelled.

Mr. Rhein led the recapitalization of Reading & Bates Corp., an oil drilling concern whose stock is traded on the New York Stock Exchange, and he served on its board of directors. He was a key participant in the reorganization of Danielson Holding Corp. (formerly known as Mission Insurance Group, Inc.) and the rehabilitation of seven subsidiaries. Mr. Rhein was a director of Danielson, whose stock is traded on the American Stock Exchange, and served as its president and chief executive officer. In addition, Mr. Rhein worked on numerous U.S. and foreign corporate mergers and acquisitions and structured and negotiated many transactions and reorganizations of insolvent companies.

Mr. Rhein graduated from the College of Wooster with a B.A. in Philosophy. In 1976, Mr. Rhein received his Juris Doctor degree from Columbia University School of Law where he was a Harlan Fiske Stone Scholar and a participant in the advanced interdisciplinary legal education program.

Mr. Rhein was a native of Rocky River, Ohio, and was a founding member of the New York Center for Law and the Deaf, Inc. He was an avid supporter of the New York Metropolitan Opera. He is survived by his wife and four young children.

Mike Stamm, an attorney with Anderson Kill Olick & Oshinsky, P.C. in New York, and a close friend and business associate of Mr. Rhein's, described Kirk Rhein as a man of incredible enthusiasm and passion, a clear thinker with tremendous courage and confidence in his own judgment and most of all, a lot of fun to be around.

Norman Brown of Donaldson Lufkin & Jenrette described Rhein as a man who was willing to take an unconventional approach, not for the purpose of being contrary, but as a thoughtful solution. Further, Brown said that Kirk Rhein had a very facile mind. He was a quick study, able to quickly master a new industry's complexities, and his successes in business, law and banking were a direct result of his abilities. Brown said, "Kirk Rhein gave 110 percent, he never did anything halfway, and he lived his life that way. No one felt ambivalent about him. He had a profound impact on everyone with whom he did business."

C.Kirk Rhein was a man who was always noticed, a man of interest and compassion whose absence will be continually and painfully felt by all.

Smith Corona, *from page 1*

contain adequate information regarding either the value of Smith Corona to shareholders or the value of the competing offer. The objection also stated that while Smith Corona had been soliciting acquisition offers through a stock purchase for many months, Smith Corona refused to accept the offer from Cannon and MaraFund. The objection maintained that it is a violation of the Bankruptcy Code to disseminate a disclosure statement in support of a plan which offers patently less to creditors and shareholders than would be available to them under an alternative offer.

Smith Corona slammed the door in their face quickly. Four days after the objection was filed, Smith Corona sought and obtained a temporary restraining order against Cannon, MaraFund, Martin Gerber, Gerald Resnick and Max Resnick. The order specifically restrained the named parties from violation of a confidentiality agreement signed in October of 1995 between the named parties and Smith Corona.

The court stated that the parties are prohibited from "further solicitation in connection with any plan of reorganization based upon an offer from Cannon T&C Limited for Smith Corona's stock or assets unless a disclosure statement for such a plan is approved by the Court." Consequently, Stanley Jutkowski, attorney for the offerors, had little to say at this point, except that the actual vote would be telling, and his clients are considering their options, which are few.

The company received approval from the U.S. Bankruptcy Court to adjust the scheduled confirmation of its reorganization plan to October 7, 1996. In its motion, the company indicated that the unsecured creditors' committee requested the change to "allow additional time to resolve certain open claims and complete other tasks" related to confirmation of the plan. Meanwhile, Smith Corona is about to infuriate about 1500 workers by seeking court approval to terminate its salaried and hourly underfunded pension plans.

Will the unsecured creditors' committee approve the plan? Ronald Stengel, president and chief executive officer of Smith Corona claims the plan is consensual. The actual creditors' vote could reflect a final interest in an offer which allegedly improves the hand of the shareholders with some equity.

Barney's, *from page 1*

The parties have entered into an interim stipulation regarding the treatment of the rent payments, which has been extended three times, until the issue is litigated or otherwise resolved. Under the interim arrangement, Barney's pays Isetan considerably less than the $2 million per month that ordinarily would have become due under the "lease" terms. The most recent extension of this arrangement will run through the end of March 1997.

In the meantime, Isetan has entered into an agreement with Saks Holding, Inc., the holding company of Saks Fifth Avenue, to determine the feasibility of developing a joint plan of reorganization for Barney's. Barney's immediately issued a statement pronouncing its "outrage" over the agreement and stated that Isetan was interfering with negotiations with Saks and other prospective investors during the company's exclusive period. Although Barney's offered Saks the opportunity to sign a confidentiality agreement similar to that signed by other prospective investors, Saks refused to do so. Barney's also has asserted that Isetan is violating its confidentiality agreement and may also be violating its fiduciary duty as a member of the creditors' committee.

Barney's maintains that its plan of reorganization may or may not involve a third party transaction. In a press release, Barney's and the unsecured creditors' committee announced that they are "dedicated to maximizing the value of Barney's enterprise through a consensual plan process as Barney's enters its capital fall season." And, that they "will continue to work to achieve a consensual plan of reorganization through a negotiating process that is open to all qualified, interested parties — or alternatively — on a stand alone basis."

According to Lawrence Handelsman, an attorney with Strook & Strook & Lavan who represents the official creditors' committee, the company has requested a 90-day extension of its exclusive period in order to propose and solicit acceptances to a plan.

No specific proposals for a reorganization plan have been submitted pursuant to the Isetan/Saks agreement, and a necessary joint review of Barney's operations has not yet occurred. Under the agreement between Isetan and Saks, any joint plan would provide that control of the reorganized Barney's would rest with Saks.

Research Report

Who's Who in Color Tile, Inc.

by Nancy L. Wolfe

Color Tile, Inc., along with Color Tile Holdings, Inc., Color Tile Franchising, Inc., Color Tile Manufacturing, Inc. and C-Tile Transportation, Inc. filed for Chapter 11 protection on January 24, 1996 in the District of Delaware. The Fort Worth-based company cited the downturn in the flooring products industry and the company's resulting inability to service its debt as its reasons for filing. In December, 1995, Color Tile had failed to make interest payments on its 10 3/4 percent senior notes which are due in 2001, with $200 million outstanding.

The company has obtained a $15 million debtor-in-possession (DIP) financial agreement with its bank group, headed by Chemical Bank. The court approved $5 million of the facility on an emergency basis to help the company cover supplies and salaries during the restructuring; and on February 21, 1996 the court approved the DIP financing. At the time of filing, Color Tile reported assets of $331.4 million and liabilities of $526.7 million, $188.6 million of which was listed as a secured debt.

In the nine months ending October 1, 1995, Color Tile reported a loss of $63.2 million, compared with a loss of $28.8 million the previous year. Revenues were down to $491.5 million in the first nine months of 1995, from $504.4 million in the same period for 1994. In April, the company reported net sales of $24.5 million and net losses of $2.4 million, including $1.3 million in reorganization expenses.

Color Tile, Inc. began operation in 1953. It is a national retailer of carpet, ceramic and vinyl floor and wall covering products aimed at do-it-yourself, small contractor, and commercial customers. In 1993, Color Tile acquired the American Blind and Wallpaper Factory of Plymouth, Michigan, which it operates as a wholly-owned subsidiary. Color Tile officials said at the time of filing that the Chapter 11 petition will not affect the factory.

On January 26, 1996, Color Tile announced that it would be closing 234 stores. Currently, there are 368 company-owned stores and 133 franchise stores with 1,721 store employees.

Color Tile faces a Congressional investigation of its pension plan based on complaints by employees and news reports of possible conflicts in its pension investments. Some former Color Tile employees have filed a lawsuit against several current and former company officials for alleged breach of fiduciary duty and misrepresentation of retirement investments. In addition, the Bankruptcy Court has authorized the creditors' committee, under Rule 2004, to pursue allegations that Color Tile's prepetition bank group made fraudulent transfer and preference claims. Color Tile has until September to file its plan of reorganization.

The Debtor

Lawrence Ramaekers, of Jay Alix & Associates in Michigan, serves as President and Chief Operating Officer. **Alan J. Bethscheider** is Executive Vice President, Administration and **Patrick J. Fodale** is Chief Financial Officer.

The debtor's counsel is **Cleary, Gottlieb, Steen & Hamilton** in New York City. Partner **James E. Millstein** heads the firm's efforts in the case. He is assisted by special counsel **Lindsee P. Granfield** and associates **James Bromley, Susan Spotts, William Hohengarten** and **Timothy Murphy.** Other recent bankruptcy clients include the debtor in Spectrum Technologies and the creditors' committee in Crystal Brands.

The firm of **Young, Conaway, Stargatt & Taylor** in Wilmington, Delaware is the debtor's co-counsel. Partner **Laura Davis Jones** is in charge of the case. She is assisted by associate **Brendan Shannon** and paralegal **Laura Brady**. Other recent bankruptcy clients include the debtor in Columbia Gas System, Inc., Continental Airlines and Edison Brothers Stores.

Liddell, Sapp, Zivley, Hill & Laboon, L.L.P. in Dallas is special counsel to the debtor for franchisee litigation. Partner **Kurt Kinzer** is in charge of the case.

Jay Alix and Associates of Southfield, Michigan, provides financial and management consulting services to the debtor. **Thomas Cross** works on the case in addition to senior associates **Robert Busch** and **Joseph Pascoe**. Other recent clients include Leslie Fay, Michigan Health Care Corp. and Woodward & Lothrop.

The Official Committee of Unsecured Creditors

Committee members include **American Credit Indemnity, Commerce Group, Inc., Congoleum Corp., Continental Casualty Company, Tarkett, Inc., Kornitzer Capital Management, Inc.** and **U.S. Trust Co. of Texas**.

Counsel for the creditors' committee is **Neal Gerber & Eisenberg** in Chicago. Partners **David Heroy, Lawrence M. Benjamin,** and **Timothy A. French** are in charge of the case. They are assisted by associate **John W. Guarisco**. Other recent bankruptcy clients include the creditors' committees in Farley Inc. and Standard Brands, and the Pritzer family in Braniff.

Richards, Layton & Finger in Wilmington, Delaware is local counsel to the committee. Partner **Thomas Ambro** handles the case.

The Official Committee of Franchisees

Members of the franchisees' committee are **Maxal, Inc., James Aitken Investment Corp., Odyssey Enterprises, Inc., KFR, Inc., Sargent Flooring, Diversity Enterprises, Inc.,** and **Calestini Tile, Inc.**

Counsel to the franchisees' committee is **Munsch, Hardt, Kopf, Harr & Dinan, P.C.** in Dallas. Partners **Raymond J. Urbanik** and **Joseph J. Wielebinski** handle the case for the firm.

The Trustee

M. Scott Michel is in the Office of the U.S. Trustee in Philadelphia.

The Judge

The judge is **The Honorable Helen S. Balick**.

Tracking

Rockefeller Center

The deal is done. For $8 cash a share, the sale to the investment group of David Rockefeller has been completed. The Goldman Sachs group agreed to assume about $830 million in debt. Including the assumed debt, the deal values the property at $1.13 billion. The property includes the General Electric Co. building, which houses the NBC headquarters that was sold earlier this year to G.E. for $440 million. Goldman Sachs has stated that it does not plan to sell any other of its Rockefeller Center properties. Rockefeller Group Inc., controlled by Mitsubishi, is retaining control of some of the properties, including the Time & Life Building and the McGraw-Hill Building. The midtown Manhattan complex now owned by the Goldman Sachs group includes the famous skating rink and Christmas tree, as well as the sculptures of Prometheus and Atlas. Radio City Music Hall, the Rainbow Room Restaurant, the Associated Press Building and the Simon & Schuster Building are all included in the properties.

Kmart

Two weeks ago reports were that the price of Kmart stock was rising, and Martin Whitman, the Kmart trading guru said that although once thought risky, investing in Kmart was now believed to be safe and popular. Skadden,Arps, the law firm responsible for advising Kmart during its restructuring, has claimed that Kmart's new financial position, with more than $4.7 billion in new financings, will provide the company with additional liquidity and enhance its financial strength and flexibility. The transactions represent the largest syndicated bank credit ever completed for a non-investment grade company, the largest retail recapitalization, and one of the largest retail refinancings in Wall Street history. Despite the strength of the new cash facility, Standard & Poor's assigned a "junk" rating to Kmart's credit line, accompanied by a negative outlook. Standard & Poor's said the rating anticipates Kmart would retain value if it filed for bankruptcy protection.

Hamburger Hamlet

Hamburger Hamlet and its 41 affiliated entities announced filing a joint plan of reorganization. The reorganization plan is based on a proposal from Grill Concepts, Inc., the owner of the Daily Grill restaurants and the Grill Restaurant in Beverly Hills. Under the proposed transaction, a subsidiary of Grill Concepts, Inc. would purchase certain operating assets of Hamburger Hamlet in exchange for cash, notes, the assumption of certain obligations and additional consideration valued in excess of $10 million. The transaction must meet the approval of Banque Paribas, Hamburger Hamlet's principal lender. No binding agreements have been executed, and negotiations are continuing. Hamburger Hamlet announced that the selection of Grill Concepts was based on an evaluative process that involved several companies. The 19 restaurants currently operated by Hamburger Hamlet had annualized revenues in excess of $30 million. Grill Concepts operates six Daily Grill restaurants in Southern California, one in Beverly Hills, and is building three more. The company operates other restaurant properties in New Jersey and Pennsylvania. Grill Concepts had revenues of $20.3 million in 1995.

Caldor

The Caldor Corporation announced that it agreed with its banks to an amendment to its debtor-in-possession credit facility which will increase the banks' total commitment by $50 million to a total of $492 million. The amendment eliminates the potential $50 million commitment reduction scheduled for October 1996. Jack Reen, Executive Vice President and Chief Financial Officer of Caldor commented, "We are pleased with the support we received from our bank group in completing this amendment. Caldor currently has significant credit availability of approximately $245 million even without the benefit of the amendment. The commitment increase is planned to enable us to continue to maintain significant excess availability throughout peak borrowing periods."

The U.S. Bankruptcy Court for the Southern District of New York granted the company an extension of the period under which it has the exclusive right to file a plan of reorganization with the court. The exclusivity period has now been extended through February 28, 1997. The company has committed to provide a five-year business plan by November 28, 1996 to its creditors, equity and bank

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Calendar

Southeast Bankruptcy Workshop
August 22-25, 1996
Westin Resort
Hilton Head Island, South Carolina
Contact: American Bankruptcy Institute
(703) 739-0800

Workshop on Bankruptcy & Business Reorganization (Basic and Advanced)
August 27-29, 1996
New York University School of Law
40 Washington Square South, New York
Contact: (212) 998-6415 or 6417
Fax: (212) 995-4037

Bankruptcy Taxation Institute
September 5-6, 1996
ANA Hotel
San Francisco, California
Sponsor: Association of Insolvency Accountants
Contact:(818) 889-8317

National Association of Bankruptcy Trustees
September 7-11, 1996
Harveys Resort Hotel
Lake Tahoe, Nevada
Contact: (800) 445-8629
Fax: (803) 765-0860

Bankruptcy'96-Views From the Bench 15 U.S. Bankruptcy Judges
Georgetown University Law Center
September 27, 1996
Contact: (202) 408-0990
Fax: (202) 408-1431

Turnaround Management Association
Annual Conference
November 8-12, 1996
J.W. Marriott, Washington, D.C.
Contact: Joseph Carol
(312) 857-7734
Fax: (312)-857-7739

Commercial and Bankruptcy Law in the Next Millenium
Mid-South Commercial Law Institute
November 14-15, 1996
Hermitage Hotel, Nashville, Tennessee
Contact: Robert K. Rasmussen
Vanderbilt Law School
(615) 322-2810

Special Report

Profile: Keene Corp.

U.S. Bankruptcy Court for the Southern District of New York

The Honorable Stuart M. Bernstein

U.S. District Court for the Southern District of New York

The Honorable Michael B. Mukasey

Counsel for the Debtor:

Edward S. Weisfelner, Janice B. Grubin

Berlack, Israels & Liberman LLP, New York, NY

Case No. 93-B-46090

Filed: December 3, 1993

Emerged from Chapter 11: June 12, 1996

Time in Chapter 11: 2 1/2 years

Counsel for the Creditors' Committee:

John J. Preefer, Richard Levy, Jr.

Marcus Montgomery P.C., New York, NY

Background: Keene Corp. was incorporated in Delaware in 1967 as a manufacturer of items such as building products, pollution control devices, composite and industrial products, shielding systems and laminated and coated products. In 1981, in the process of a corporate restructuring, it created the Bairnco Corp. Keene then became a direct wholly owned subsidiary of Bairnco until 1990 when Bairnco spun it off. In the process of expanding the company, a complex series of acquisitions, asset sales and spin-offs occurred which later resulted in lawsuits against the company. These transactions also became one of the many complex issues in Keene's involvement in multiple asbestos-related lawsuits that ultimately led to its Chapter 11 filing.

Keene's asbestos problems began after 1968, when Keene acquired Baldwin-Ehret-Hill, Inc., a manufacturer of acoustical ceilings, ventilation and insulation products containing certain amounts of asbestos. In the 1970s and 1980s, the number of asbestos claims filed around the country greatly increased, directly affecting Keene. During the five years that Keene owned Baldwin-Ehret-Hill, the company spent half a billion dollars in payments on asbestos claims, which mounted to over 100,000 by the time it filed for Chapter 11 in 1993. The funds for these payments came from Keene's insurance, which eventually ran out.

Bankruptcy: In order to settle with its numerous claimants, Keene filed a limited fund, mandatory settlement class action suit in federal court in New York in May 1993, seeking to declare that it had only limited funds to pay current and future claims. Keene reached an agreement in principle with lawyers representing the various subclasses of claimants but an appellate court judge dismissed the suit on appeal at the end of that year, citing lack of jurisdiction. Federal courts had rejected limited funds class action suits outside of Chapter 11 in the past, and this time the court voiced concern that procedural protections required in bankruptcy are not present in limited fund class actions. Three days later, Keene filed for Chapter 11 protection.

In the course of the Chapter 11 case, the Keene Corp. was involved in a web of litigation on many issues, including insurance coverage; an unjust enrichment suit filed by Keene against 27 law firms representing asbestos claimants; Keene's own actions during the series of acquisitions and spin-offs that occurred prior to the filing; and tax problems that pitted it against its former parent company, Bairnco. In addition, the creditors' committee filed suit against Keene and others, including the debtor's President, Glenn W. Bailey, seeking judgment of over $2.1 billion. Bailey and Keene's Board of Directors also disagreed on several issues, ending with the Board voting to remove him in March 1996.

Throughout the proceedings, the debtor vehemently challenged the validity of the majority of the asbestos bodily injury claims against it, stating that only a small number of claimants displayed "cognizable physical impairment or meritorious claim." For its part, the committee claimed that Keene diverted assets that could have been used to pay asbestos victims. The committee also alleged that the value of all of Keene's asbestos-related claims exceeded the value of all of Keene's remaining assets, which Keene denied.

In early December 1994, the Bankruptcy Court directed the parties to file a reorganization plan by the end of the year, and in late December they filed separate and competing plans. In early January 1995, the Court approved the appointment of William Webster, former head of the CIA and a judge, to be the plan examiner. His efforts were the key to bringing the parties together, and in March 1995, they agreed to a plan stipulation that proved to be a turning point in the negotiations and resolved the major controversies. The final reorganization plan is an outgrowth of that stipulation.

The Plan: The fourth amended plan utilizes a 1994 amendment to the Bankruptcy Code that allows a company to gain protection from present and future liability in asbestos-related cases. The permanent channeling injunction, Section 524 (g) of the Bankruptcy Code, provides that protection from liability and creates a creditors' trust to pay the claims. Therefore, the newly reorganized company will not be liable for Keene's asbestos-related personal injury and property damage claims. The trust, using its assets and income, will pay the asbestos-related liabilities of the debtor.

Keene's reorganization plan calls for the merger of Reinhold Industries, Inc.--Keene's remaining wholly owned subsidiary which was not involved in the Chapter 11 proceedings--into and with Keene to form New Reinhold. New Reinhold, which will continue to manufacture advanced composite products for aerospace, defense and commercial applications, will emerge as the reorganized entity. Fifty-one percent of the equity of New Reinhold and all of Keene's remaining assets will be distributed to the creditors' trust and 49 percent of the equity of New Reinhold will be distributed to Keene's shareholders. According to Keene, this will mark the first time a company has successfully utilized the channeling injunction and represents the largest recovery to date of existing equity of any of the approximately 18 asbestos-related bankruptcy cases.

Worth Reading

WWW- Site Maintained by

The Legal Information Institute

Cornell Law School

Internet Address - *http://www.law.cornell.edu*

by Debra Brennan

Established in 1992 by Peter Martin and Tom Bruce, The Legal Information Institute at the Cornell Law School distributes legal documents and commentary on both Gopher-based and WWW-based servers. All Internet hypertext publications of the Legal Information Institute are available here, with links to other relevant legal materials on the Legal Information Institute's Gopher server and elsewhere on the Internet. This server offers recent Supreme Court decisions, historic decisions, selected recent opinions of the New York Court of Appeals and an analysis of selected decisions. Their hypertext version of the full United States Code and other legal documents are included. There is also an e-mail address directory of faculty and staff at U.S. law schools and the Cornell Law Review.

The Home Page, or introduction to Cornell's system, is divided into four categories. Under items of special current interest are, at this writing, the new constitution of the Republic of South Africa, a draft report of the ABA special committee on citation issues and proposed Supreme Court rules changes. There are newsworthy decisions and articles of interest. A searchable index of all U.S. Circuit Court decisions on the Internet (including retrieval by citation) is included. There are then listed areas of focus, including commercial Internet law sites, court rules, lawyers on the Internet and Internet access to the work of Congress.

The main menus include two choices, material organized by legal topic (alphabetical) and material organized by type or source (treaty or legislation). By clicking into commercial law (at legal topic), bankruptcy is an offered topic. Within Bankruptcy Law Materials, a general overview of bankruptcy law is provided together with Title 11 of the United States Code. One may tap into the Bankruptcy Reform Act of 1994, Bankruptcy Rules and Recent Bankruptcy Decisions by the Supreme Court. One of the best features of reading legal materials within this section is the ability to click into references to other sections of a code or law, enabling one to read a reference to text within moments of reading the text, and then to immediately return to the text. Other references are included at this bankruptcy site (http://www.law.cornell.edu/topics/bankruptcy.html). Key Internet sources include Bankruptcy Creditors' Service, Inc., an online bankruptcy course (W.Boyd) and the American Bankruptcy Institute. Useful offnet sources and other commercial law topics are also available.

While this may not be the most extensive work in bankruptcy law, the ease in obtaining recent Supreme Court decisions and the availability of the bankruptcy law and rules make using this source incredibly simple. There is also a list of "other sites to visit if you don't find it here," which provides several law libraries and indexes as a jumping off point for further reference. While the Internet may not yet be a sophisticated source for legal research, law schools are developing their own niche for legal materials on the Internet, and they can well provide some of the most interesting sources of articles and discussions. Cornell's Legal Information Institute is sponsored by Lawyers Cooperative Publishing, LEXIS-NEXIS, Matthew Bender, Shepard's McGraw-Hill and West Publishing Co. In addition to the dissemination of legal information, the Legal Information Institute distributes course supplements on disk in a hypertext format, which can be valuable to those students in law school and attorneys looking for old and new information.

Tracking, *from page 4*

committees, each of which supported the extension of the company's exclusivity periods. The period in which the company can solicit acceptances for the reorganization plan has been extended through April 30, 1997. Currently the fourth largest discount department store chain in the U.S., Caldor has annual sales of approximately $2.8 billion and operates 160 stores in the eastern United States.

House of Fabrics

House of Fabrics, Inc. emerged from Chapter 11 bankruptcy protection and began trading its stock on the Nasdaq national market under the symbol "HFAB." Gary Larkins, president and chief executive officer said, "We intended to complete this process as quickly as possible, and despite some difficult challenges, I believe that we have lived up to that promise." The company closed its Mauldin, S.C. warehouse and out-sourcing distribution for a one-time inventory reduction of approximately $20 million. It also reduced general and administrative expenses from $37.1 million annually to $21 million.

Clothestime

The Clothestime Inc. announced that its common stock trading under the symbol "CTMEQ" was delisted from the Nasdaq stock market effective July 26, 1996. The company has not used its debtor-in-possession financing facility of up to $25 million, except to provide letters of credit. It is the company's hope that a successful implementation of a plan of reorganization will allow the company to be in a position to reapply for listing of its common stock on a national exchange. The company can not predict the contents of a plan of reorganization or when or whether it will be accepted by creditors or approved by the court.

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Special Report

Recent Retail Bankruptcies

Company	Type of Business	Filed	Assets	Status/Comments
Barney's, Inc.	Upscale clothing stores	1/10/96	$381 million	Privately held
Ben Franklin Retail Stores	Variety & craft stores	7/26/96	$219 million	Franchisor to over 830 stores
Bradlees, Inc.	Discount department stores	6/23/95	$786 million	Closed 12 & opened 3 stores
Braun's Fashions Corp.	Women's specialty apparel stores	7/2/96	$36 million	Plan filed 7/2/96
Brendle's	Discount retail stores	4/16/96	$62 million	Closed 18 stores
B.U.M. International	Retail casual clothing	4/10/96	$31 million	Liquidating 41 outlet stores
Caldor Corp.	Chain of discount stores	9/18/95	$1.14 billion	4th largest U.S. discount chain
Clothestime, Inc.	Discount women's apparel stores	12/8/95	$140 million	Closed 178 of 575 stores
Color Tile, Inc.	Flooring products stores	1/24/96	$331 million	Closing 234 of 621 stores
Edison Brothers Stores, Inc.	Apparel & footwear retailers	11/3/95	$893 million	Closing over 800 stores
Elder-Beerman Stores Corp.	Department & specialty stores	10/17/95	$281 million	Privately held, closing 70 stores
Ernst Home Center, Inc.	Home improvement & garden stores	7/12/96	$308 million	Will close 25 of 86 stores
Evans Jewelers & Distributors	Catalogue showroom retailer	1/23/95	$25 million	Privately held
Fretter, Inc.	Retail consumer electronics	12/5/95	$468 million	Privately held; liquidated
Grand Union	Supermarket chain	1/25/95	$1.39 billion	Emerged 6/15/95
Handy Andy Home Imp. Centers	Hardware & building supplies	10/12/95	$216 million	Privately held; liquidated
Harvest Foods, Inc.	Supermarket chain	6/18/96	$96 million	Privately held
Herman's Sporting Goods, Inc.	Sporting goods stores	4/26/96	$127 million	Privately held; liquidated
Home Express, Inc.	Home furnishings superstores	2/7/96	$53 million	Privately held
Homeland Stores, Inc.	Supermarket chain	5/13/96	$130 million	Privately held; plan approved 7/19/96
Jamesway Corp.	Discount department stores	10/18/95	$141 million	Liquidated
Lamonts Apparel, Inc.	Retail apparel stores	1/6/95	$184 million	Operates 43 retail stores
Petrie Retail, Inc.	Women's specialty stores	10/12/95	$465 million	Privately held, closing 300 stores
Pic 'N Pay Stores, Inc.	Retail shoe store chain	2/15/96	$240 million (rev)	Operated 800 stores
Pic 'N Save	Discount retail chain	2/22/95	$202 million (rev)	Privately held; closing all stores
Rich's Department Stores, Inc.	Discount retailer	3/13/96	$63 million	Privately held
Rickel Home Centers, Inc.	Home improvement retailer	1/10/96	$255 million	Closing 23 of 90 stores
Sportstown, Inc.	Sporting goods megastores	2/7/95	$91 million	Liquidated
Standard Brands Paint Co.	Home improvement stores	12/28/95	$110 million	Liquidating
Stuart's Department Stores	Discount department stores	5/16/95	$33 million	Liquidating
Today's Man	Men's clothing superstores	2/2/96	$71 million	Closed 10 of 35 stores
Value Merchants, Inc.	Close-out merchandise stores	3/21/96	$48 million	Plan confirmed 6/15/96
Warehouse Club, Inc.	Wholesale membership club	2/2/95	$50 million	Liquidated
Weiner's Stores, Inc.	Retail chain	4/12/95	$96 million	Closing 10 of 45 stores
Wherehouse Entertainment	Retail music & video stores	8/2/95	$197 million	Operating 340 stores

Selected retailers and discounters with assets of more than $25 million at time of filing.

Gnome de Plume

An Eighteen Hour Week

by Christopher Beard

Recently I had to go the Bankruptcy Clerk's Office for the Southern District of New York to review some files. I do my very best to avoid government offices, most of which have the ambiance of the DMV. When I must go, I expect to be treated cavalierly by distracted clerks behind ugly partitions of wavy, lime-green glass. I don't expect Nordstroms. I used to think they'd be open.

I hopped a train from Washington to New York planning to spend an afternoon and as much of the following day as I needed at the Clerk's Office. I figured it would be open 8:30 a.m. to 5:00 p.m. on business days, give or take a half hour. I should have called. But you know why I didn't. Getting a call through to most bankruptcy courts is a nightmare. They only answer the phone at certain hours at which time the line is invariably busy. It's easier to place the winning call to those radio shows that award a prize to the 10th caller with the correct answer than it is to reach a clerk in some courts.

The Clerk's Office in Manhattan is open 9:30 a.m. to 12 noon and from 1:30 p.m. to 3:30 p.m. And they're closed Fridays. That's an eighteen hour week.

Let me quickly say that the service at the Clerk's Office is not the worst service provided by a government agency. The absolute worst is the visa office at the Russian Embassy in Washington. The public area is a small, enclosed room with a door that opens on the outside. With everyone squeezing in trying to get out of the weather, the visa line resembles a coiled snake in a glass jar. The clerks are behind inch-thick Plexiglass with holes cut about waist high so you have to tie yourself into a ridiculous position to talk to them. That configuration assures you'll get straight to the point and not waste their time with small talk and silly questions. The apparatchiks have Venetian blinds that they keep closed when they don't want to be bothered, which is much of the time. Similarly, the Clerk's Office puts boards over the service windows so that the public can't annoy them during unappointed hours. At the Russian visa office you can bang on the windows when the blinds are drawn to get help. I didn't have the nerve to do that in the Clerk's Office in Manhattan.

Yeah, I know. I don't understand. There's not enough money. There's not enough people. There have been budget cuts. But I just want to be able to read the files. I don't want them to do anything.

There's hope. The Court is talking about an electronic filing system that will reduce costs and enhance service. But that won't happen tomorrow. In the meantime, enough is enough. It's not just the guys who spend their weekends running through the woods dressed in camouflage suits who think they're getting short-changed by the government. You don't have to reduce office hours because of budget and staff cutbacks. You can open and provide services such as file retrieval at staggered times. If people want extraordinary services, you can charge for them.

These days the Russia visa office charges extra for fast service. And there is a premium service.

Christopher Beard is the publisher of Turnarounds & Workouts

Future Issues:

- *Special Report - Sources of DIP Financing*
- *Profile: Standard Brands*
- *Bradlee's Update*
- *Franco Harris, New Owner of Park Sausage in Baltimore*

Recent Filings

Model Imperial Inc. filed for Chapter 11 protection in the Southern District of Florida on July 18, 1996. The company distributes brand name fragrances, cosmetics and beauty care products. Accounting services to the debtor are provided by **KPMG Peat Marwick LLP.** Attorney to the debtor is **Brian K. Gart,** of Fort Lauderdale, Florida.

Ernst Home Center, Inc. filed for Chapter 11 protection in the District of Delaware on July 12, 1996. The company operates home improvement, hardware, and garden retail stores. Accounting services to the debtor are provided by **Price Waterhouse.** Attorney to the debtor is **Jones, Day, Reavis & Pogue,** New York, N.Y.

Imaginarium, Inc. filed for Chapter 11 protection in the Northern District of California on June 18, 1996. The company is a retail chain specializing in toys and educational children's products. Attorney to the debtor is **Jeffrey L. Schaffer,** San Francisco, California. The company is privately held.

Prins Recycling Corp. filed for Chapter 11 protection in the District of New Jersey on July 12, 1996. The company provides wastepaper and other secondary paper fibers to paper and building product mills and operates a materials recycling facility. Accounting services to the debtor are provided by **Feldman Radin & Co.** Attorney to the debtor is **Jeff J. Friedman**, New York, N.Y.

Ben Franklin Retail Stores, Inc. filed for Chapter 11 protection in the Northern District of Illinois on July 26, 1996. The company owns, operates and franchises retail variety and crafts stores and supplies variety merchandise to franchised stores and retailers on a wholesale basis. Accounting services to the debtor are provided by **Deloitte & Touche LLP.** Attorney to the debtor is **Allan S. Brilliant** of Chicago, Illinois.

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