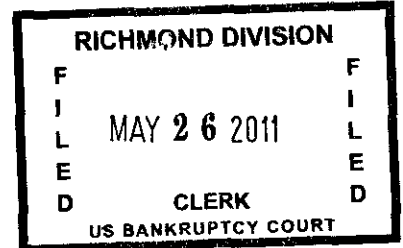


UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION



In re:

MOVIE GALLERY, INC. *et al.*,

Debtors.

Case No. 07-33849-DOT

Chapter 11

(Jointly Administered)

Related to Docket No.: 2909

EMALIE FLYNN'S RESPONSE TO GOC TRUSTEE'S
FOURTH OMNIBUS OBJECTION TO CLAIMS

Creditor, Emalie Flynn, hereby responds to the GOC Trustee's Fourth Omnibus Objection to Claims. Briefly stated, the motion should be denied as to Ms. Flynn because she has filed proofs of claims as to the amounts owed to her by the debtors.

DISCUSSION

1. Ms. Flynn is a young woman who had been victimized severely by sexual harassment committed by a fellow employee at a Movie Gallery facility located in Massachusetts.
2. On January 11, 2010, Ms. Flynn filed proofs of claims in this action as to the amounts owned to her as a result of the harassment. Copies of the proofs of claims are attached as Exhibit A.
3. Ms. Flynn had filed proofs of claim in the bankruptcy case previously filed by the Movie Gallery entities (Case. No. 07-33849).
4. She never received payment as to any of her claims.
5. She pursued one claim as to recovery as a Class 7A general unsecured claim against Hollywood Entertainment Corporation in the amount of \$300,000.
6. She executed a stipulation as to such a process on October 30, 2009.



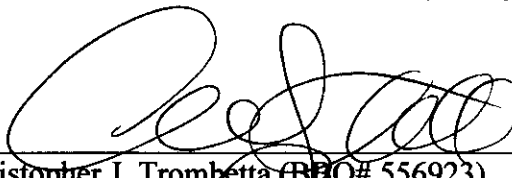
07338491105270000000000001

7. Ms. Flynn never received any distribution.
8. Ms. Flynn also never received any notice that a discharge had issued as to her claim.
9. Ms. Flynn also did not pursue her remaining claims in the prior proceeding as a result of the stipulation which she executed in that case.
10. Just three months later, on February 10, 2010, the Movie Gallery entities filed the present proceedings.
11. Through those proceedings they seek to avoid the obligations existing as to the prior proceeding and which continue to exist in any event. Such a result is untenable.
12. No basis exists to discharge Ms. Flynn's claims because they remain debts of the Movie Gallery entities.

EMALIE FLYNN,

By her attorney,

LAW OFFICE OF CHRISTOPHER J. TROMBETTA

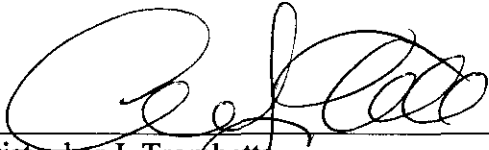
A handwritten signature in black ink, appearing to read 'Chris Trombetta', is written over a horizontal line.

Christopher J. Trombetta (BBO# 556923)
310 North Main Street, Suite 6
Mansfield, MA 02048
(508) 339-5900

Dated: May 25, 2011

CERTIFICATE OF SERVICE

I, Christopher J. Trombetta, do hereby certify that on May 25, 2011 a copy of the foregoing document has been served via federal express on opposing counsel in this action.



Christopher J. Trombetta

CHRISTOPHER J. TROMBETTA

310 NORTH MAIN STREET

MANSFIELD, MASSACHUSETTS 02048

TELEPHONE (508) 339-5900 • FAX (508) 339-3111

www.trombettalaw.com

June 11, 2010

Via Federal Express
Movie Gallery Claim Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

Re: Movie Gallery

Dear Sir/Madam:

Enclosed please find proofs of claim concerning the above-referenced matter.

Please contact me with any questions.

Very truly yours,


Christopher J. Trombetta

Enclosures

FedEx® US Airbill

FedEx Tracking Number

8725 7625 5873

Express

1 From Please print and press hard
Date 6/11/10 Sender's FedEx Account Number
Sender's Name Christopher Trombetta Phone 508/1339-5906
Company Law Office of Christopher Trombetta
Address 310 N Main St, Suite 6
City Mansfield State MA ZIP 02048
2 Your Internal Billing Reference First 28 characters will appear on invoice.
3 To Recipient's Name Movie Gallery Clinic Processing, Phone
c/o Kurtzman Carson HOLD/Weekday Print FedEx location address below. Available (M-F) for FedEx Priority Overnight and FedEx First Overnight.
Address 2335 Alaska Ave
City El Segundo State CA ZIP 90245

Sender's Copy

4a Express Package Service Packages up to 150 lbs.
FedEx Priority Overnight Next business day, Monday-Friday. Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
FedEx 2Day Second business day, Thursday-Friday. Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
FedEx Express Saver Third business day, Saturday Delivery NOT available.
4b Express Freight Service Packages over 150 lbs.
FedEx 1Day Freight Next business day, Monday-Friday. Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
FedEx 2Day Freight Second business day, Monday-Friday. Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
FedEx 3Day Freight Third business day, Monday-Friday. Shipments will be delivered on Monday unless SATURDAY Delivery is selected.
5 Packaging FedEx Envelope* FedEx Pak* FedEx Box FedEx Tube Other
6 Special Handling and Delivery Signature Options
SATURDAY Delivery NOT available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3Day Freight.
No Signature Required Package may be left without obtaining a signature for delivery.
Direct Signature Someone at recipient's address may sign for delivery. For residential deliveries only, see applies.
Indirect Signature If no one is available at recipient's address, someone at a neighboring address may sign for delivery. For residential deliveries only, see applies.
Does this shipment contain dangerous goods? One box must be checked.
No Yes As per attached Shipper's Declaration not required. Dry Ice, UN 1845 Cargo Aircraft Only
7 Payment \$110.00 Enter FedEx Account No. or Credit Card No. below.
Sender's Account No. Recipient Third Party Credit Card Cash/Check
FedEx Account No. 4802 1326 4272 5645
Total Packages Total Weight Total Declared Value

RETAIN THIS COPY FOR YOUR RECORDS.

554

Your liability is limited to \$100 unless you declare a higher value. See back for details. Retaining this Airbill may serve as the service conditions on the back of this Airbill and in the event of a service liability, including items that limit our liability.

Rev. Date 2008-01-01 1604-2008 FedEx-PRINTED IN U.S.A. 337

FORM B10/Movie Gallery (Modified Official Form 10)

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF VIRGINIA		
Name of Debtor: Movie Gallery, Inc.	Case Number: 10-30696	The Debtor has listed your claim as Contingent, Unliquidated, and Disputed on Schedule F as a General Unsecured claim.
Name of Creditor (The person or other entity to whom the debtor owes money or Property): FLYNN, EMALIE	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.	
Name and address where notices should be sent: FLYNN, EMALIE 70 HIXSON FARM RD SHARON, MA 02067	Name ID: 8668047	THIS SPACE IS FOR COURT USE ONLY
Telephone Number:	Last four digits of account or other number by which creditor identifies debtor: Unknown	
Check here <input type="checkbox"/> if this claim replaces <input type="checkbox"/> amends a previously filed claim, dated: _____		
IMPORTANT: Please list the store number and address of any lease related to your claim (if applicable).		
Store Number:	Store Address:	
1. Basis for Claim <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input checked="" type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input type="checkbox"/> Other _____	<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Last four digits of your SS#: _____ Unpaid compensation for services performed from _____ to _____ (date)	
2. Date debt was incurred: December 2005	3. If court judgment, date obtained:	
4. Classification of Claim. Check the appropriate box or boxes that best describe your claim and state the amount of the claim at the time case filed. See reverse side for important explanations.		
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> Unsecured Nonpriority Claim \$ <u>300,000</u> <input checked="" type="checkbox"/> Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or c) none or only part of your claim is entitled to priority. Unsecured Priority Claim. <input type="checkbox"/> Check this box if you have an unsecured claim, all or part of which is entitled to priority. Amount entitled to priority \$ _____ </div> <div style="width: 50%;"> Secured Claim <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral \$ _____ Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____ <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (____). </div> </div>		
Specify the priority of the claim: <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Up to \$2,425 of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).		
5. Total Amount of Claim at Time Case Filed:		
\$ <u>1,000,000</u> (unsecured) + _____ (secured) + _____ (priority) = _____ (Total)		
<input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.		
6. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.		
7. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.		
8. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.		
Date: 6/11/11	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any): <i>Carla Flynn</i>	THIS SPACE FOR COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.



1030696100218153308036638

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF VIRGINIA	
Name of Debtor: Movie Gallery US, LLC	
Case Number: 10-30696	
The Debtor has listed your claim as Contingent, Unliquidated, and Disputed on Schedule F as a General Unsecured claim.	
Name of Creditor (The person or other entity to whom the debtor owes money or Property): FLYNN, EMALIE	
Name and address where notices should be sent: FLYNN, EMALIE 70 HIXSON FARM RD SHARON, MA 02067	
Name ID: 8668047	
Telephone Number: _____	
Last four digits of account or other number by which creditor identifies debtor: Unknown	
Check here <input type="checkbox"/> if this claim replaces amends a previously filed claim, dated: _____	
IMPORTANT: Please list the store number and address of any lease related to your claim (if applicable).	
Store Number: _____ Store Address: _____	
1. Basis for Claim <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input checked="" type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input type="checkbox"/> Other _____	
<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Last four digits of your SS#: _____ Unpaid compensation for services performed from _____ to _____ (date)	
2. Date debt was incurred: December 2005	
3. If court judgment, date obtained: _____	
4. Classification of Claim. Check the appropriate box or boxes that best describe your claim and state the amount of the claim at the time case filed. See reverse side for important explanations.	
Unsecured Nonpriority Claim \$ 300,000 <input checked="" type="checkbox"/> Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or c) none or only part of your claim is entitled to priority.	
Secured Claim <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral \$ _____ Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____	
Unsecured Priority Claim. <input type="checkbox"/> Check this box if you have an unsecured claim, all or part of which is entitled to priority. Amount entitled to priority \$ _____	
Specify the priority of the claim: <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Up to \$2,425 of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).	
<input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (____).	
Section 503(b)(9) Claim \$ _____ <input type="checkbox"/> Check this box if your claim is for the value of any goods received by the debtor within 20 days before the date of commencement of the case in which the goods have been sold to the debtor in the ordinary course of the debtor's business - 11 U.S.C. § 503(b)(9). Include the amount of such claim in the space for "Amount entitled to priority."	
5. Total Amount of Claim at Time Case Filed: \$1,000,000 + _____ + _____ = _____ (unsecured) (secured) (priority) (Total)	
<input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.	
6. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.	
7. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.	
8. Data-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.	
Date: 6/11/11	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any) [Signature]
THIS SPACE FOR COURT USE ONLY	

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

1030696100218155308036638

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF VIRGINIA																
Name of Debtor: Hollywood Entertainment Corporation		Case Number: 10-30696														
		The Debtor has listed your claim as Contingent, Unliquidated, and Disputed on Schedule F as a General Unsecured claim.														
Name of Creditor (The person or other entity to whom the debtor owes money or Property): FLYNN, EMALIE		<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.														
Name and address where notices should be sent: Name ID: B66B047 FLYNN, EMALIE 70 HIXSON FARM RD SHARON, MA 02067																
Telephone Number:																
Last four digits of account or other number by which creditor identifies debtor: Unknown		THIS SPACE IS FOR COURT USE ONLY														
IMPORTANT: Please list the store number and address of any lease related to your claim (if applicable).																
Store Number: Store Address:																
<table border="0"><tr><td><input type="checkbox"/> 1. Basis for Claim</td><td><input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a)</td></tr><tr><td><input type="checkbox"/> Goods sold</td><td><input type="checkbox"/> Wages, salaries, and compensation (fill out below)</td></tr><tr><td><input type="checkbox"/> Services performed</td><td>Last four digits of your SS#: _____</td></tr><tr><td><input type="checkbox"/> Money loaned</td><td>Unpaid compensation for services performed</td></tr><tr><td><input checked="" type="checkbox"/> Personal injury/wrongful death</td><td>from _____ to _____</td></tr><tr><td><input type="checkbox"/> Taxes</td><td>(date)</td></tr><tr><td><input type="checkbox"/> Other _____</td><td></td></tr></table>			<input type="checkbox"/> 1. Basis for Claim	<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a)	<input type="checkbox"/> Goods sold	<input type="checkbox"/> Wages, salaries, and compensation (fill out below)	<input type="checkbox"/> Services performed	Last four digits of your SS#: _____	<input type="checkbox"/> Money loaned	Unpaid compensation for services performed	<input checked="" type="checkbox"/> Personal injury/wrongful death	from _____ to _____	<input type="checkbox"/> Taxes	(date)	<input type="checkbox"/> Other _____	
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Unsecured Priority Claim. <input type="checkbox"/> Check this box if you have an unsecured claim, all or part of which is entitled to priority. Amount entitled to priority \$ _____		<input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (____).														
Specify the priority of the claim: <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Up to \$2,425 of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).																
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8. Date-Sent Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.																
Date: 6/11/11	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (Attach copy of power of attorney, if any):	THIS SPACE FOR COURT USE ONLY														

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Craig B. Young, Esquire (Va. Bar No. 22633)
Tara L. Elgie (Va. Bar No. 48259)
Martha E. Hulley (Va. Bar No. 73052)
LeClairRyan, A Professional Corporation
225 Reinekers Lane, Suite 700
Alexandria, VA 22314
(703) 684-8007

Counsel for William Kaye, Trustee

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)	
)	
MOVIE GALLERY, INC. <i>et al.</i>,	)	Case No. 07-33849-DOT
)	
	)	Chapter 11
Debtors.	)	(Jointly Administered)
	)	Related to Docket No: 2909

**ORDER ON STIPULATION AND SETTLEMENT
OF PROOFS OF CLAIM FILED BY OR ON BEHALF OF EMALIE FLYNN**

Upon the Debtors' *Third Omnibus Objection to Claims (Duplicate Claims)*, and *Notice of Objection* [Docket No. 2887] ("Debtors's Omnibus Objection"), and the Debtors' *Objection to Emalie Flynn's Proof of Claim No. 3872 and Notice and Opportunity to Respond* [Docket No. 2909] ("Debtors' Objection"); and the *Stipulation and Settlement of Proofs of Claim Filed by or on Behalf of Emalie Flynn* (the "Stipulation"), executed by counsel for Emalie Flynn and William Kaye as the Litigation Trustee of the Movie Gallery Litigation Trust and the Plan Administrator (the "MG Trustee") and their respective counsel, a copy of which is attached hereto as Exhibit A; and it appearing that the relief requested is in the best interests of the Debtors' Estates, their creditors and other parties in interest; and the Court having jurisdiction to consider the Debtors' Objections and the Stipulation; and the relief requested therein being a

core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and proper notice of the Stipulation and the Debtors' objections having been provided to all necessary and appropriate parties, including pursuant to the *Order Establishing Certain Notice, Case Management and Administrative Procedures* [Docket No. 88] entered by the Court on October 17, 2007; and no further notice being necessary; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED, ADJUDGED AND DECREED that

1. The Debtors' Omnibus Objection and the Debtors' Objection are hereby GRANTED.
2. The Stipulation, attached as Exhibit A, is APPROVED.
3. The Flynn Proof of Claim against Hollywood Entertainment Corporation [Claim No. 4571] shall be allowed as a General Unsecured Claim (as defined in the Plan) against Hollywood Entertainment Corporation which shall receive distributions in accordance with the Plan as a Class 7A General Unsecured Claim against Hollywood Entertainment Corporation in the amount of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) (the "Allowed Claim").
4. The Trombetta Proofs of Claim [Claim Nos. 3729, 3860, 3859, 5673 and 5674] and the Flynn Proofs of Claim against Movie Gallery, Inc. and Movie Gallery US, LLC [Claim Nos. 3872, 4171 and 4073], as more specifically described in Exhibit A shall be expunged.
5. The Reorganized Debtors, the MG Trustee and their respective agents, including without limitation, Kurtzman Carson Consultants, LLC, are authorized to take all actions

necessary to effectuate the relief granted pursuant to this Order in accordance with the attached Stipulation, and the Debtor's objections.

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

Date:


United States Bankruptcy Judge

Entered on Docket:

We ask for this:

/s/ Craig B. Young
Craig B. Young, Esquire (Va. Bar No. 22633)
Tara L. Elgie (Va. Bar No. 48259)
Martha E. Hulley (Va. Bar No. 73052)
LeClairRyan, A Professional Corporation
225 Reinekers Lane, Suite 700
Alexandria, VA 22314
(703) 684-8007

Counsel for William Kaye, Trustee



Christopher J. Trombetta
310 North Main Street, Suite 6
Mansfield, MA 02048

Counsel for Emalie Flynn

Submitted by:

/s/ Martha E. Hulley

Craig B. Young, Esquire (Va. Bar No. 22633)

Tara L. Elgie (Va. Bar No. 48259)

Martha E. Hulley (Va. Bar No. 73052)

LeClairRyan, A Professional Corporation

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Alexandria, VA 22314

(703) 684-8007

craig.young@leclairryan.com

tara.elgie@leclairryan.com

martha.hulley@leclairryan.com

Counsel to William Kaye, Litigation Trustee

LOCAL RULE CERTIFICATION

I do hereby certify that the above order was endorsed by all necessary parties, in accordance with Local Rule 9021.

/s/ Martha E. Hulley

Martha E. Hulley (Va. Bar No. 73052)

LeClairRyan, A Professional Corporation

225 Reinekers Lane, Suite 700

Alexandria, VA 22314

(703) 684-8007

Counsel for William Kaye, Litigation Trustee

Craig B. Young, Esquire (Va. Bar No. 22633)
Tara L. Elgie (Va. Bar No. 48259)
Martha E. Hulley (Va. Bar No. 73052)
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225 Reinekers Lane, Suite 700
Alexandria, VA 22314
(703) 684-8007

Counsel for William Kaye, Trustee

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)	
)	
MOVIE GALLERY, INC. <i>et al.</i>,	)	Case No. 07-33849-DOT
)	
	)	Chapter 11
Debtors.	)	(Jointly Administered)
	)	Related to Docket No: 2909

**STIPULATION AND SETTLEMENT
OF PROOFS OF CLAIM FILED BY OR ON BEHALF OF EMALIE FLYNN**

WHEREAS, on April 10, 2008, the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division (the "Court") entered an Order (the "Confirmation Order") confirming the *Second Amended Joint Plan of Movie Gallery, Inc. and Its Debtor Subsidiaries Under Chapter 11 of the Bankruptcy Court with Technical Modifications* [Docket No. 2191] (the "Plan"); and

WHEREAS, on May 20, 2008, the Reorganized Debtors emerged from bankruptcy (the "Effective Date"); and

WHEREAS, pursuant to the Plan, William Kaye was appointed Litigation Trustee of the Movie Gallery Litigation Trust and the Plan Administrator (collectively the "MG Trustee") (*see* Plan at Article V, Section X); and

WHEREAS, on January 24, 2008, Emalie Flynn. ("Ms. Flynn") filed Proofs of Claim asserting entitlement to a \$1 million non-dischargeable claim against Hollywood Entertainment Corporation [Claim No. 4571], Movie Gallery, Inc. [Claim Nos. 3872 and 4171], and Movie Gallery US, LLC [Claim No. 4073], based on a pending sexual harassment suit filed in the Commonwealth of Massachusetts ("Flynn Proofs of Claim"); and

WHEREAS, on January 24, 2008 and April 24, 2008, Christopher J. Trombetta, counsel for Ms. Flynn, filed Proofs of Claim on behalf of Ms. Flynn based on the same claims [Claim Nos. 3729, 3860, 3859, 5673, and 5674] ("Trombetta Proofs of Claim"); and

WHEREAS, on October 22, 2008, Debtors filed the *Third Omnibus Objection to Claims (Duplicate Claims), and Notice of Objection* [Docket No. 2887] ("Debtors's Omnibus Objection"); and

WHEREAS, on October 28, 2008, Debtors filed the *Objection to Emalie Flynn's Proof of Claim No. 3872 and Notice and Opportunity to Respond* [Docket No. 2909] ("Debtors' Objection"); and

WHEREAS, the MG Trust and Ms. Flynn have agreed to resolve and settle the Debtors' Omnibus Objection and the Debtors' Objection to the Flynn and Trombetta Proofs of Claim

NOW, THEREFORE, in exchange for the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the MG Trustee and Ms. Flynn, by and through their undersigned counsel, hereby agree as follows:

1. The Debtors' Omnibus Objection and the Debtors' Objection shall be granted by the Court.

2. The Flynn Proof of Claim against Hollywood Entertainment Corporation [Claim No. 4571] shall be allowed as a General Unsecured Claim (as defined in the Plan) against Hollywood Entertainment Corporation which shall receive distributions in accordance with the Plan as a Class 7A General Unsecured Claim against Hollywood Entertainment Corporation in the amount of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) (the "Allowed Claim").

3. The Trombetta Proofs of Claim [Claim Nos. 3729, 3860, 3859, 5673, and 5674] and the Flynn Proofs of Claim against Movie Gallery, Inc. and Movie Gallery US, LCC [Claim Nos. 3872, 4171, and 4073] shall be expunged.

4. The MG Trustee and Ms. Flynn, through their undersigned counsel, each represent that they are entering into this Stipulation voluntarily as a result of good faith negotiations and waive any argument that this Stipulation is the result of duress, coercion or undue influence.

5. This Stipulation was jointly drafted and its terms shall not be construed for or against either Party.

SEEN, READ AND AGREED this ____ day of November, 2008:

/s/ Craig B. Young
Craig B. Young, Esquire (Va. Bar No. 22633)
Tara L. Elgie (Va. Bar No. 48259)
Martha E. Hulley (Va. Bar No. 73052)
LeClairRyan, A Professional Corporation
225 Reinekers Lane, Suite 700
Alexandria, VA 22314
(703) 684-8007

Counsel for William Kaye, Trustee



Christopher J. Trombetta
310 North Main Street, Suite 6
Mansfield, MA 02048

Counsel for Emalie Flynn

Submitted by:

/s/ Martha E. Hulley

Craig B. Young, Esquire (Va. Bar No. 22633)

Tara L. Elgie (Va. Bar No. 48259)

Martha E. Hulley (Va. Bar No. 73052)

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martha.hulley@leclairryan.com

Counsel to William Kaye, Litigation Trustee

CERTIFICATE OF SERVICE

I do hereby certify that on the ____ day of November, 2008, a true copy of the foregoing *Stipulation Resolving Proofs of Claim Filed By Emalie Flynn* was served upon counsel for the Debtor, the United States Trustee, and the attached service list as follows:

/s/ Martha E. Hulley

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Co-Counsel to the Reorganized Debtors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:	)	Case No. 07-33849
	)	Jointly Administered
MOVIE GALLERY, INC., et al., ¹	)	Chapter 11
	)	Hon. Douglas O. Tice, Jr.
Reorganized Debtors.)	
)	

**STIPULATION OF RECLASSIFICATION OF CLAIM OF
EMALIE FLYNN**

The above-captioned reorganized debtors (collectively, the "Reorganized Debtors") and Emalie Flynn (the "Creditor"), stipulate to the reclassification of the Creditor's proofs of claim filed January 24, 2008 [Claim No. 4220] (the "Claims") against Movie Gallery, Inc., Movie Gallery US, LLC and Hollywood Entertainment Corporation asserting an administrative priority claims in the amount of \$1,000,000. The Claims shall be reclassified as a general unsecured claim in the amount of \$300,000. This reclassification resolves the *Reorganized Debtors'* *Twenty-Ninth Omnibus Objection to Claims (Insufficient Support Claims)* (Docket No. 3675).

¹ The "Debtors" in these proceedings were: Movie Gallery, Inc.; Hollywood Entertainment Corporation; M.G. Digital, LLC; M.G.A. Realty I, LLC; MG Automation LLC; and Movie Gallery US, LLC.

Richmond, Virginia
Dated: October 30, 2009

/s/ Christopher J. Trombetta
Christopher J. Trombetta
Law Office of Christopher J. Trombetta
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Counsel for Emalie Flynn

/s/ Jeremy S. Williams
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May 25, 2011

Via Federal Express

Clerk of the Bankruptcy Court
United States Bankruptcy Court
701 East Broad Street, Room 4000
Richmond, Virginia 23219

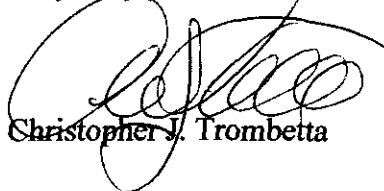
Re: Movie Gallery, Inc. et al. Case No. 07-33849-DOT

Dear Sir/Madam:

Enclosed for filing please find Emalie Flynn's Response to GOC Trustee's Fourth Omnibus Objection to Claims regarding the above-referenced matter.

Please contact me with any questions.

Very truly yours,



Christopher J. Trombetta

cc: Emalie Flynn

Gabrielle A. Rohwer, Esq. (via Federal Express)

Justin F. Paget, Esq. (via Federal Express)