

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

)	
In re:)	Chapter 11
)	
STAGE STORES, INC., <i>et al.</i> , ¹)	Case No. 20-32564 (DRJ)
)	
Debtors.)	(Jointly Administered)
)	
)	

**APPLICATION AND REQUEST OF COMCAST CABLE COMMUNICATIONS
MANAGEMENT, LLC FOR ALLOWANCE AND PAYMENT OF CHAPTER 11
ADMINISTRATIVE EXPENSE CLAIM PURSUANT TO 11 U.S.C. § 503**

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

Comcast Cable Communications Management, LLC (“Comcast”), by its undersigned attorneys, hereby files this Application and Request for Allowance and Payment of Chapter 11

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Stage Stores, Inc. (6900) and Specialty Retailers, Inc. (1900). The Debtors’ service address is: 2425 West Loop South, Houston, Texas 77027.



Administrative Expense Claim pursuant to 11 U.S.C. § 503 (the “Request”). In support of the Request, Comcast respectfully states as follows:

JURISDICTION & VENUE

1. The Court has jurisdiction over this matter under 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157. Venue is proper in the district pursuant to 28 U.S.C. § 1409. This Request is made pursuant to 11 U.S.C. §§ 503(b)(1)(A) & 507.

FACTUAL BACKGROUND

2. On May 10, 2020 (the “Petition Date”), each of the above-captioned debtors (the “Debtors”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

3. Prior to the Petition Date, Specialty Retailers, Inc. (the “Debtor”) and Comcast entered into a Comcast Enterprise Services Master Services Agreement, a First Amendment to Comcast Enterprise Services Master Services Agreement June 17, 2011, a Second Amendment to Comcast Enterprise Services Master Services Agreement dated December 23, 2014, an Amended and Restated Managed Services Statement of Work (the “SOW”), and various Sales Orders (collectively, the “MSA”).

4. Pursuant to the MSA, Comcast provides certain managed services (including Ethernet and voice services) and equipment to the Debtor as more particularly described in the MSA. In the months leading up to the Petition Date, the Debtor and Comcast were in the process of expanding the number of stores to which Comcast provided services to the Debtor to 730 locations. The terms of the MSA are confidential and a copy will be provided to counsel to the Debtors upon request.

5. On August 14, 2020 (the “Confirmation Date”), this Court entered an Order Confirming the Joint Second Amended Chapter 11 Plan (the “Plan”) of Stage Stores, Inc. and Specialty Retailers Inc. (the “Confirmation Order”). The MSA will be rejected upon occurrence of the Plan Effective Date.

6. After the Petition Date, Comcast continued to provide managed services (including ethernet and voice services) to the Debtors’ locations pursuant to the MSA. While the Debtors paid certain invoices for the managed services provided postpetition to the Debtor, the Debtors failed to pay certain invoices for the managed services provided by Comcast. The aggregate amount of postpetition charges invoiced to the Debtor and unpaid as of September 1, 2020 was \$147,464.12.

7. The following chart details Comcast’s calculation of the amount due and outstanding to it, including account number, invoice number, date, and amount. Copies of the summary page of the outstanding invoices are attached hereto as Exhibit A. The complete outstanding invoices are voluminous (exceeding 4,000 pages) and will be made available to the Debtors upon request.

Last 4 digits of Account No.	Invoice Number	Invoice Date	Amount
8315	101856164	6/1/2020	\$103,638.98
8315	107000374	9/1/2020	\$24,659.47
9120	102869302	6/15/2020	\$9,603.96
9120	106326165	8/15/2020	\$9,561.71
		Total:	\$147,464.12

RELIEF REQUESTED

8. Section 503(b)(1)(A) of the Bankruptcy Code provides for the allowance of administrative expenses, including in particular, the actual, necessary costs and expenses of preserving the bankruptcy estate. “When third parties are induced to supply goods or services to the debtor-in-possession ... the purposes of [section 503] plainly require that their claims be afforded priority.” *In re Jartran, Inc.*, 732 F.2d 584, 586 (7th Cir. 1984); *In re Goody’s Family Clothing, Inc.*, 392 B.R. 604, 609 (Bankr. D. Del. 2008).

9. In the Fifth Circuit, courts have construed the words “actual” and “necessary” to mean the services or goods provided by the claimant must have benefitted the estate and its creditors. *Texas v. Lowe (In re H.L.S. Energy Co.)*, 151 F.3d 434, 437 (5th Cir.1998); *see also, Szwak v. Earwood (In re Bodenheimer, Jones, Szwak, & Winchell L.L.P.)*, 592 F.3d 664, 672 (5th Cir. 2009); *NL Indus., Inc. v. GHR Energy Corp.*, 940 F.2d 957, 966 (5th Cir.1991), *cert. denied*, 502 U.S. 1032 (1992).

10. A prima facie case under § 503(b)(1) may be established by evidence that (1) the claim arises from a transaction with the debtor-in-possession; and (2) the goods or services supplied enhanced the ability of the debtor-in-possession's business to function as a going concern. After the movant has established a prima facie case, the burden of producing evidence shifts to the objector; but the burden of persuasion, by a preponderance of the evidence, remains with the movant. *See Coastal Carriers*, 128 B.R. at 404–05; *In re Buttes Gas & Oil Co.*, 112 B.R. 191, 193 (Bankr.S.D.Tex.1989). Mere allegations, unsupported by evidence, are insufficient to rebut a movant's prima facie case. *Toma Steel Supply, Inc. v. TransAmerican Natural Gas Corp. (In re TransaAmerican Natural Gas Corp.)*, 978 F.2d 1409, 1416 (5th Cir.1992); *see also, Total Minatome Corp. v. Jack/Wade Drilling, Inc. et al. (In re Jack/Wade Drilling, Inc.)*, 258 F.3d 385, 387 (5th Cir. 2001).

11. “Examples of costs and expenses often awarded priority under section 503(b)(1)(A) are ‘outlays for repairs, upkeep, freight, [and] insuring the value of the property. . . [as well as] for storage of property, for rent and for other goods and services incidental to protecting, conserving, maintaining and rehabilitating the estate. . . .’” *In re Summit Metals, Inc.*, 379 B.R. 40, 57 (Bankr. D. Del. 2007), *aff’d*, 406 F. App’x 634 (3d Cir. 2011) (quoting 4 Collier on Bankruptcy at ¶ 503.06[1]).

12. Comcast submits that the Debtors’ use of its managed services was actual and necessary in preserving the Debtors’ bankruptcy estate, supporting the Debtors’ efforts to conduct store closing sales, and supporting the Debtors’ efforts to locate a going concern purchaser. In fact, the Debtors could not have conducted the store closing sales without the Comcast managed services and the connectivity. Accordingly, the managed services provided by Comcast were an actual and necessary expense of the Debtors’ dual track reorganization and liquidation efforts, and the Debtors and all creditors of the Debtors’ estates benefitted from such services. As a result, Comcast is entitled to an allowed administrative claim in the amount of \$147,464.12.

13. Comcast files this Request without prejudice to each and all of its remaining claims against the Debtors and the Debtors’ estates, including but not limited to amounts asserted in its unsecured claim for prepetition and rejection damages and amounts that may become due and owing after the Confirmation Date for the services Comcast continues to provide to the Debtors as the Debtors continue to conduct store closing sales and finish liquidating the Debtors’ assets.

WHEREFORE, Comcast Cable Communications Management, LLC respectfully requests that the Court enter an Order granting it an allowed chapter 11 administrative expense claim for amounts incurred from the Petition Date through the Confirmation Date, in the amount of \$147,464.12, and such other relief as is just and proper under the circumstances.

Dated: September 14, 2020

Respectfully submitted,

/s/ Samuel M. Stricklin

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-and-

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(Admitted *Pro Hac Vice*)

*Attorneys for Comcast Cable Communications
Management, LLC*

CERTIFICATE OF SERVICE

I, Matthew G. Summers, Esquire, hereby certify that on this 14th day of September, 2020, all parties who have requested service in this matter were caused to be served electronically via the CM/ECF System. I further certify that I caused a true and correct copy of the foregoing *Request of Comcast Cable Communications Management, LLC for Allowance and Payment of Administrative Expense Claims pursuant to 11 U.S.C. § 503* to be served on the following parties below via electronic mail:

Joshua A. Sussberg Joshua A. Altman Kevin S. McClelland Kirkland & Ellis LLP joshua.sussberg@kirkland.com josh.altman@kirkland.com kevin.mcclelland@kirkland.com <i>Counsel for the Debtors</i>	Stage Stores, Inc. Attn. Office of the General Counsel legalnotices@stage.com
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Steven Balasiano Balasiano & Associates PLLC steven@balasianolaw.com <i>Plan Administrator</i>	Hector Duran Stephen Statham Office of the U.S. Trustee sbdavis@winstead.com

/s/ Matthew G. Summers

Matthew G. Summers

Exhibit A

Account Number	Invoice Number	Bill Date	Customer Service
8315	101856164	Jun 1, 2020	1-877-881-6544

Previous Balance	Payments	Adjustments	Past Due Amount	Current Amount	Total Amount Due
325,625.55	0.00	225,359.55 CR	100,266.00	103,638.98	\$ 203,904.98

Stage Stores - National Account
2425 WEST LOOP S
HOUSTON, TX 77027

Payment Due Date

Jul 1, 2020

Late Payment Charge

\$ 2,652.72

SUMMARY OF CHARGES AND CREDITS (Billing activity up to and including May 31, 2020)

Recurring Charges	96,846.00
Total Customer Charges	96,846.00
Total Taxes and Surcharges	4,140.26
Late Payment Charge	2,652.72
Current Amount	103,638.98
Past Due Amount	100,266.00
Total Amount Due	\$ 203,904.98

Will your business soon be moving to a new location? If so, please be sure to notify us at least 60 calendar days in advance of your relocation in order to avoid service interruptions. Call us at the number above and we'll be happy to assist you with any changes to your account.

Pay your invoice online by visiting www.comcastpaymentcenter.com

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If paying by mail, please return this section with your payment

Account Number	Invoice Number	Payment Due Date	Total Amount Due	Amount Enclosed
8315	101856164	Jul 1, 2020	\$ 203,904.98	

(For further information on how to pay please turn over)

Stage Stores - National Account
2425 WEST LOOP S
HOUSTON, TX 77027

Comcast
PO Box 37601
Philadelphia, PA 19101-0601

Account Number	Invoice Number	Bill Date	Customer Service
8315	107000374	Sep 1, 2020	1-877-881-6544

Previous Balance	Payments	Adjustments	Past Due Amount	Current Amount	Total Amount Due
327,415.65	115,046.46	0.00	212,369.19	24,659.47	\$ 237,028.66

Stage Stores - National Account
2425 WEST LOOP S
HOUSTON, TX 77027

Payment Due Date

Oct 1, 2020

Late Payment Charge

\$ 1,554.58

SUMMARY OF CHARGES AND CREDITS (Billing activity up to and including Aug 31, 2020)

Recurring Charges	22,572.86
Total Customer Charges	22,572.86
Total Taxes and Surcharges	532.03
Late Payment Charge	1,554.58
Current Amount	24,659.47
Past Due Amount	212,369.19
Total Amount Due	\$ 237,028.66

Will your business soon be moving to a new location? If so, please be sure to notify us at least 60 calendar days in advance of your relocation in order to avoid service interruptions. Call us at the number above and we'll be happy to assist you with any changes to your account.

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Account Number	Invoice Number	Payment Due Date	Total Amount Due	Amount Enclosed
8315	107000374	Oct 1, 2020	\$ 237,028.66	

(For further information on how to pay please turn over)

Stage Stores - National Account
2425 WEST LOOP S
HOUSTON, TX 77027

Comcast
PO Box 37601
Philadelphia, PA 19101-0601

8315 1070003741200 01102020 023702866 1

Account Number	Invoice Number	Bill Date	Customer Service
9120	102869302	Jun 15, 2020	1-800-741-4141

Previous Balance	Payments	Adjustments	Past Due Amount	Current Amount	Total Amount Due
20,301.59	20,505.90	0.00	204.31 CR	9,603.96	\$ 9,399.65

SPECIALTY RETAILERS STAG
2425 West Loop South
Houston, TX 77027

Payment Due Date

Jul 15, 2020

Late Payment Charge

\$ 0.00

SUMMARY OF CHARGES AND CREDITS (Billing activity up to and including Jun 14, 2020)

Recurring Charges	7,986.91
Total Customer Charges	7,986.91
Total Taxes and Surcharges	1,617.05
Current Amount	9,603.96
Past Due Amount	204.31 CR
Total Amount Due	\$ 9,399.65

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Account Number	Invoice Number	Payment Due Date	Total Amount Due	Amount Enclosed
900689120	102869302	Jul 15, 2020	\$ 9,399.65	

(For further information on how to pay please turn over)

SPECIALTY RETAILERS STAG
2425 West Loop South
Houston, TX 77027

Comcast
PO Box 37601
Philadelphia, PA 19101-0601

9120 1028693020100 15072020 000939965 4

Account Number	Invoice Number	Bill Date	Customer Service
9120	106326165	Aug 15, 2020	1-800-741-4141

Previous Balance	Payments	Adjustments	Past Due Amount	Current Amount	Total Amount Due
9,561.29	0.00	0.00	9,561.29	9,561.71	\$ 19,123.00

SPECIALTY RETAILERS STAG
2425 West Loop South
Houston, TX 77027

Payment Due Date

Sep 15, 2020

Late Payment Charge

\$ 0.00

SUMMARY OF CHARGES AND CREDITS (Billing activity up to and including Aug 14, 2020)

Recurring Charges	7,986.91
Total Customer Charges	7,986.91
Total Taxes and Surcharges	1,574.80
Current Amount	9,561.71
Past Due Amount	9,561.29
Total Amount Due	\$ 19,123.00

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If paying by mail, please return this section with your payment

Account Number	Invoice Number	Payment Due Date	Total Amount Due	Amount Enclosed
9120	106326165	Sep 15, 2020	\$ 19,123.00	

(For further information on how to pay please turn over)

SPECIALTY RETAILERS STAG
2425 West Loop South
Houston, TX 77027

Comcast
PO Box 37601
Philadelphia, PA 19101-0601

9120 1063261650100 15092020 001912300 7

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
STAGE STORES, INC., <i>et al.</i> , ¹)	
)	Case No. 20-32564 (DRJ)
Debtors.)	
)	(Jointly Administered)
)	

**ORDER GRANTING REQUEST OF COMCAST CABLE COMMUNICATIONS
MANAGEMENT, LLC FOR ALLOWANCE AND PAYMENT OF CHAPTER 11
ADMINISTRATIVE EXPENSE CLAIM PURSUANT TO 11 U.S.C. § 503**

Upon the *Request of Comcast Cable Communications Management, LLC for Allowance and Payment of Chapter 11 Administrative Expense Claim Pursuant to 11 U.S.C. § 503* (the “Request”); and this Court having jurisdiction to consider the Request and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Request and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having considered objections thereto, if any; and upon the findings and for the reasons made on the record of the Court at any hearing on the Request; and notice of the Request having been adequate and appropriate under the circumstances; and after due deliberation and sufficient cause appearing therefor,

it is hereby ORDERED that

1. The Request is GRANTED.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Stage Stores, Inc. (6900) and Specialty Retailers, Inc. (1900). The Debtors’ service address is: 2425 West Loop South, Houston, Texas 77027.

2. Comcast Cable Communications Management, LLC (“Comcast”) is allowed a chapter 11 administrative expense claim in the amount of \$147,464.12 (the “Administrative Claim”).

3. The Debtors (or their successor under the Plan) are directed to remit payment of the Administrative Claim to Comcast.

4. This Court shall retain jurisdiction over all matters arising from or related to the implementation of this Order.

Dated: _____, 2020

THE HONORABLE DAVID R. JONES
CHIEF UNITED STATES BANKRUPTCY JUDGE