

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)
_____)	
AMY STUMPF, Individually and On)	
Behalf of All Others Similarly Situated,)	
CHRISTINE BAXTER, RACHEL MCCORMACK,)	
MARGARET PAULK, KRISTIN MCCANDLESS,)	
HANNAH SORENSEN, ELIZABETH)	
MARTINEZ, CYNTHIA SHEPHERD, BROOKE)	
LINDEMAN, ANN SUBRT, ANGELICA)	
GALVEZ, ALICIA COOPER, ALANA MCNEAL,)	
and DENISE AGUILAR,)	Adv. Proc. No. 20-03303
)	
Plaintiffs,)	
)	
v.)	
)	
STAGE STORES, INC. and)	
SPECIALTY RETAILERS, INC.)	
)	
Defendants.)	
_____)	

DEFENDANTS’ COMBINED ANSWER TO PLAINTIFFS’ FIRST AMENDED COMPLAINT

Stage Stores, Inc. (“SSI”) and Specialty Retailers, Inc. (“SRI”) (collectively, “Stage Stores” or “Defendants”) together submit their answer and defenses in response to Plaintiffs’ First Amended Complaint (the “Complaint”) filed by Amy Stumpf, Christine Baxter, Rachel McCormack, Margaret Paulk, Kristin McCandless, Hannah Sorensen, Elizabeth Martinez, Cynthia

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.



Shepherd, Brooke Lindeman, Ann Subrt, Angelica Galvez, Alicia Cooper, Alana McNeal, and Denise Aguilar (individually, each a “Plaintiff”, and collectively, “Plaintiffs”).

Preliminary Statement

No member of the putative class had an employment relationship with SSI. Therefore, SSI denies factual allegations set forth in the Complaint that suggest otherwise. Each putative class member was employed by SRI and, where indicated, responses are solely on behalf of SRI. No individual response in this Answer is intended to be an admission that SSI had an employment relationship with any of the named plaintiffs or putative class members.

Nature of the Action

1. Defendants admit that Plaintiffs assert claims under the WARN Act, but otherwise deny that Plaintiffs’ claims are valid.

2. The allegations set forth in Paragraph 2 of the Complaint contain legal conclusions, argument, and characterizations, not factual allegations for which a response is required. Defendants admit that Plaintiffs have accurately quoted 20 C.F.R. § 639.1(a). But to the extent a response is otherwise required, Defendants deny the allegations set forth in Paragraph 2 of the Complaint.

3. Defendants deny the allegations set forth in Paragraph 3 of the Complaint.

4. Defendants admit that Plaintiffs have attempted to bring this action as a “Class Representative” to recover back pay, employee benefits, and attorney’s fees under the WARN Act, but deny that Plaintiffs are entitled to such relief.

5. Defendants admit that Plaintiffs bring this action to recover back pay, employee benefits, and attorney’s fees under the WARN Act, but deny that Plaintiffs are entitled to such relief.

Jurisdiction and Venue

6. The allegations set forth in Paragraph 6 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants admit that Plaintiffs have attempted to plead causes of action under the WARN Act.

7. The allegations set forth in Paragraph 7 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the allegation in Paragraph 7 of the Complaint.

8. The allegations set forth in Paragraph 8 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the allegation in Paragraph 8 of the Complaint.

Parties

9. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 9 of the Complaint, except admit that Stumpf was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

10. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 10 of the Complaint, except admit that Baxter was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

11. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 11 of the Complaint, except admit that McCormack was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

12. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 12 of the Complaint, except admit that Paulk was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

13. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 13 of the Complaint, except admit that McCandless was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

14. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 14 of the Complaint, except admit that Sorensen was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

15. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 15 of the Complaint, except admit that Martinez was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

16. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 16 of the Complaint, except admit that Shepherd was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

17. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 17 of the Complaint, except admit that Lindeman was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing

of the Complaint.

18. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 18 of the Complaint, except admit that Subrt was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

19. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 19 of the Complaint, except admit that Galvez was employed by SRI, for at least some time, within the two years preceding the filing of the Complaint.

20. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 20 of the Complaint, except admit that Cooper was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

21. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 21 of the Complaint, except admit that McNeal was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

22. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 22 of the Complaint, except admit that Aguilar was employed by SRI (and not SSI), for at least some time, within the two years preceding the filing of the Complaint.

23. Defendants admit the allegations set forth in Paragraph 23 of the Complaint.

24. Defendants admit the allegations set forth in Paragraph 24 of the Complaint.

25. The allegations set forth in Paragraph 25 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 25 of the Complaint.

Factual Allegations

26. SRI admits the allegations set forth in Paragraph 26 of the Complaint.

27. SRI admits the allegations set forth in Paragraph 27 of the Complaint.

28. SRI admits the allegations set forth in Paragraph 28 of the Complaint. SSI denies the same allegations.

29. SRI admits the allegations set forth in Paragraph 29 of the Complaint. SSI denies the same allegations.

30. SRI admits the allegations set forth in Paragraph 30 of the Complaint. SSI denies the same allegations.

31. SRI admits the allegations set forth in Paragraph 31 of the Complaint. SSI denies the same allegations.

32. SRI admits the allegations set forth in Paragraph 32 of the Complaint. SSI denies the same allegations.

33. SRI admits the allegations set forth in Paragraph 33 of the Complaint. SSI denies the same allegations.

34. SRI admits the allegations set forth in Paragraph 34 of the Complaint. SSI denies the same allegations.

35. SRI admits the allegations set forth in Paragraph 35 of the Complaint. SSI denies the same allegations.

36. SRI admits the allegations set forth in Paragraph 36 of the Complaint to the extent

they identify the period of employment, but denies that Lindeman was employed most recently as a merchandise planner. SRI asserts affirmatively that Lindeman was most recently employed as an associate buyer. SSI denies the allegations in Paragraph 36.

37. SRI admits the allegations set forth in Paragraph 37 of the Complaint. SSI denies the same allegations.

38. SRI admits the allegations set forth in Paragraph 38 of the Complaint. SSI denies the same allegations.

39. SRI admits the allegations set forth in Paragraph 39 of the Complaint. SSI denies the same allegations.

40. SRI admits the allegations set forth in Paragraph 40 of the Complaint. SSI denies the same allegations.

41. SRI admits the allegations set forth in Paragraph 41 of the Complaint. SSI denies the same allegations.

42. SRI denies the allegations set forth in Paragraph 42 of the Complaint. SSI denies the same allegations.

43. SRI admits the allegations set forth in Paragraph 43 of the Complaint. SSI denies the same allegations.

44. SRI admits the allegations set forth in Paragraph 44 of the Complaint. Further, to the extent the reference in Paragraph 44 to 20 C.F.R. §§ 639.3(i)-(j) requires a response, Defendants deny that this regulation applies to the facts alleged in Paragraph 44. SSI denies the same allegations.

45. SRI admits the allegations set forth in Paragraph 45 of the Complaint. To the extent that the reference in Paragraph 45 alleges that such termination was “without cause,” such

allegations contain legal conclusions, not factual allegations for which a response is required. SSI denies the same allegations.

46. The allegations set forth in Paragraph 46 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 46 of the Complaint.

47. The allegations set forth in Paragraph 47 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 47 of the Complaint.

48. The allegations set forth in Paragraph 48 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 48 of the Complaint.

49. The allegations set forth in Paragraph 49 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the allegations set forth in Paragraph 49 of the Complaint.

50. Defendants deny the allegations set forth in Paragraph 50 of the Complaint.

51. The allegations set forth in Paragraph 51 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 51 of the Complaint.

52. The allegations set forth in Paragraph 52 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 52 of the Complaint.

53. The allegations set forth in Paragraph 53 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 53 of the Complaint.

54. Defendants admit the allegations set forth in Paragraph 54 of the Complaint.

Count One
Failure to Provide Advance Written Notice of Plant Closing or Mass Layoff

55. Defendants incorporate by reference and restate each and every response to the preceding paragraphs of the Complaint as though fully set forth herein.

56. SRI admits the allegations set forth in Paragraph 56 of the Complaint. SSI denies the same allegations.

57. The allegations set forth in Paragraph 57 of the Complaint contain legal conclusions, not factual allegations for which a response is required. If a response is otherwise deemed required, SRI admits that during the relevant period, it had a sufficient enough number of employees at certain locations to be an employer covered by the WARN Act. SSI denies the same allegations.

58. The allegations set forth in Paragraph 58 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 58 of the Complaint.

59. The allegations set forth in Paragraph 59 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 59 of the Complaint.

60. The allegations set forth in Paragraph 60 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 60 of the Complaint.

61. The allegations set forth in Paragraph 61 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 61 of the Complaint.

62. The allegations set forth in Paragraph 62 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 62 of the Complaint.

63. The allegations set forth in Paragraph 63 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 63 of the Complaint.

**Count Two
Class Action Allegation**

64. Defendants incorporate by reference and restate each and every response to the preceding paragraphs of the Complaint as though fully set forth herein.

65. The allegations set forth in Paragraph 65 of the Complaint contain a proposed class definition, for which a response is not required.

66. The allegations set forth in Paragraph 66 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 66 of the Complaint.

67. The allegations set forth in Paragraph 67 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 67 of the Complaint.

68. The allegations set forth in Paragraph 68 of the Complaint contain questions of law and fact pertaining to the proposed class, for which a response is not required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 68 of the Complaint. In addition, SRI asserts that certain members of the proposed class have signed class action waivers.

69. The allegations set forth in Paragraph 69 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, Defendants deny the factual allegations set forth in Paragraph 69 of the Complaint.

70. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 70 of the Complaint. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 70 of the Complaint.

71. The allegations set forth in Paragraph 71 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 71 of the Complaint.

72. The allegations set forth in Paragraph 72 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 72 of the Complaint.

73. Defendants deny the allegations set forth in Paragraph 73 of the Complaint.

74. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 74 of the Complaint.

**Count Three
Attorney's Fees**

75. Defendants incorporate by reference and restate each and every response to the preceding paragraphs of the Complaint as though fully set forth herein.

76. The allegations set forth in Paragraph 76 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 76 of the Complaint.

77. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 77 of the Complaint.

78. The allegations set forth in Paragraph 78 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 78

of the Complaint.

79. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 79 of the Complaint.

80. The allegations set forth in Paragraph 80 of the Complaint contain legal conclusions, not factual allegations for which a response is required. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations set forth in Paragraph 80 of the Complaint.

81. The allegations set forth in Paragraph 81 of the Complaint contain legal conclusions, not factual allegations for which a response is required. To the extent a response is otherwise deemed required, the Defendants deny the factual allegations set forth in Paragraph 81 of the Complaint.

Defenses

Defendants have not yet obtained discovery from Plaintiffs or any third parties in connection with the Complaint, and hereby reserve the right to amend or otherwise supplement this pleading, including the defenses set forth herein, as may be appropriate. Without limiting the generality of the foregoing, and without regard to whether the defenses set forth below are affirmative defenses within the meaning of Federal Rule of Civil Procedure 8(c) as incorporated by Federal Rule of Bankruptcy Procedure 7008, Defendants state as follows:

First Defense

The Complaint fails to state a claim upon which relief may be granted.

Second Defense

Any relief sought is barred by releases contained in the Plan.

Third Defense

Any relief sought is barred due to waiver and/or laches.

Fourth Defense

Defendants properly served each Plaintiff with advance written notice of termination more than 60 days in advance of each Plaintiff's termination of employment, as is required under 29 U.S.C. § 2102(a).

Fifth Defense

To the extent that a Plaintiff was receiving benefits, Defendants provided such Plaintiff with at least 60 days of benefits after serving each Plaintiff with written notice of termination and before each Plaintiff's employment was terminated.

Sixth Defense

As stated in the advance written notice of termination served on each Plaintiff, Defendants claimed exceptions to any WARN Act requirement to provide 60 days of pay and benefits before each Plaintiff's termination of employment, including the "faltering company," "unforeseeable business circumstances," and "natural disaster" exceptions.

Seventh Defense

The class is not certifiable because several members of putative class have signed class action waivers.

Eighth Defense

The equities of the case and all other equitable arguments and defenses.

Houston, Texas
September 15, 2020

/s/ Matthew D. Cavanaugh

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Certificate of Service

I certify that on September 15, 2020, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Matthew D. Cavanaugh

Matthew D. Cavanaugh