

UNITED STATES DISTRICT COURT  
DISTRICT OF NORTH DAKOTA

In Re:

Vanity Shop of Grand Forks, Inc.,

Debtor.

Case No.: 17-30112

Chapter 11

Related to Docket Nos. 23 and 76

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS STATEMENT OF POSITION RE: THE DEBTOR’S MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO USE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363, (II) GRANTING ADEQUATE PROTECTION TO WELLS FARGO PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 503, 507, AND 552, (III) MODIFYING THE AUTOMATIC STAY, AND (IV) GRANTING RELATED RELIEF**

The Official Committee of Unsecured Creditors (the “Committee”) of Vanity Shop of Grand Forks, Inc., the debtor and debtor-in-possession in this case (“Vanity” or the “Debtor”), by and through its undersigned proposed counsel Fox Rothschild LLP, hereby files this position statement with respect to the Debtor’s *Motion for Interim and Final Orders (I) Authorizing the Debtor to Use Cash Collateral Pursuant to 11 U.S.C. § 363, (II) Granting Adequate Protection to Wells Fargo Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 503, 507, and 552, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief* [Docket No. 23] (the “Motion”).<sup>1</sup> The Committee respectfully represents as follows:

1. Vanity filed the Motion on March 1, 2017, and on March 6, 2017, the Court entered an interim order approving the Motion.

2. On March 10, 2017, the Office of the United States Trustee for the District of North Dakota (the “UST”) appointed the following three members to the Committee: Washington Prime Group, Inc.; GGP Limited Partnership; and Simon Property Group, Inc. On March 13, 2017, the

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to such term in the Motion.



Committee selected Fox Rothschild LLP as counsel. On March 17, 2017, the UST appointed two additional members to the Committee: Cavalini, Inc. and Anfield Apparel Group, Inc.

3. Promptly following the Committee's appointment and its retention, Committee counsel discussed the relief requested with counsel to the Debtor and has been informed that the funding provided by Wells Fargo has been substantially repaid. It is the Committee's understanding that certain portions of the Interim Cash Collateral Order and proposed final order approving the Motion are thus moot.

4. As one of the primary beneficiaries in this case, the Committee hereby objects to any reduction in the Debtor's reporting requirements under any final order approving the Motion. The Committee respectfully requests that any reports to have been provided by the Debtor under the proposed final order approving the Motion be provided to the Committee in addition to Wells Fargo, or if Wells Fargo is no longer receiving such reporting, instead of Wells Fargo.

5. The Debtor has not indicated how it intends to proceed procedurally with respect to the Motion, and whether it will seek to withdraw the Motion or to submit a modified form of final order. The Committee therefore reserves its right to review, and comment on or object to, any proposed procedures or modifications to the final proposed order approving the Motion.

6. In particular, Paragraph 3 of the Interim Cash Collateral Order provides that the Committee "may file an objection to the amount of the Lender's claim or file (or seek authority to file, as the case may be) a complaint on behalf of the estate under §§ 506(c), 544, 547, 548, 549, 550 or 553 of the Bankruptcy Code challenging the validity, priority, or extent of the Lender's security interest in the collateral or otherwise seeking to avoid or recover any transfers received by the Lender." The Committee reserves its rights to review and challenge the Wells Fargo claims and security interests, as well as the propriety of all post-petition payments made to Wells Fargo

by the Debtor.

Date: March 22, 2017

**FOX ROTHSCHILD LLP**

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*Proposed Counsel to the Official Committee of  
Unsecured Creditors*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served on March 22, 2017 by this Court's CM/ECF System on all parties receiving electronic notice in this case.

/s/ Mette H. Kurth  
METTE H. KURTH