

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In Re: Vanity Shop of Grand Forks, Inc., Debtor.	Case No.: 17-30112 Chapter 11
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**FINAL ORDER ESTABLISHING PROCEDURES FOR THE REJECTION OF
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Debtor filed a Motion (the “**Motion**”)¹ for entry of an order establishing procedures for the rejection of executory contracts and unexpired leases throughout this case, and granting authority to take all actions necessary to implement such procedures, including abandonment of any Remaining Property. Upon review of the Declaration of Jill Motschenbacher, the Supplemental Declaration, and pleadings filed in this case and after hearing arguments from counsel, the Court finds that the procedures for the rejection of executory contracts and unexpired leases were proposed in good faith and the implementation of them is an exercise of sound business judgment.

A final hearing on the motion was held on March 23, 2017 at 9:00 a.m. in the United States Bankruptcy Court, Quentin N. Burdick Courthouse, 655 1st Avenue North, Suite 210, Fargo, ND 58102.

IT IS ORDERED:

1. The Motion is GRANTED.
2. The following Rejection Procedures are APPROVED:

¹ Capitalized terms used but not defined in this Order will have the meanings ascribed to them in the Motion.



a. Rejection Notice. Debtor will file a notice (the “**Rejection Notice**”) setting forth the proposed rejection of one or more Contracts and/or Leases and will serve the Rejection Notice via U.S. mail on: (i) the counterparty to the Contract or Lease (the “**Counterparty**”) (and its counsel, if known) under the respective Contract or Lease at the last known address available to Debtor; (ii) with respect to real property Leases (“**Real Property Leases**”), any known third party having an interest in personal property located at the leased premises (the “**Leased Premises**”); (iii) any party known to assert a lien in any property subject to the rejected Contract or Lease; (iv) the Office of the United States Trustee for the District of North Dakota; and (v) counsel to any committee appointed in this case (collectively, the “**Rejection Notice Parties**”).

b. Content of Rejection Notice and Rejection Requirements. The Rejection Notice must be substantially in the form attached as Exhibit 1 to this Order. With respect to Real Property Leases, the Rejection Notice must set forth the following information, to the best of the Debtor’s knowledge: (i) the street address of the related real property; (ii) the name and address of the landlord (the “**Landlord**”) and (iii) the date on which the Debtor will reject the lease. With respect to all other Contracts or Leases to be rejected, the Rejection Notice must set forth the following information, to the best of the Debtor’s knowledge: (i) the name and address of the Counterparty; and (ii) a brief description of the Contract or Lease to be rejected. With respect to Leases identified on the Rejection Notice, the Debtor shall deliver the keys, if any, in the Debtor’s possession (or security codes, if applicable) and a confirmatory note referencing the delivery to such Landlord. Delivery of the keys (or security codes, if applicable) and confirmatory note to the on-site property manager or placement in the customary mail receptacle for the on-site property manager will be deemed delivery to the Landlord (the “**Rejection Requirements**”). To the extent

such keys (or security codes, if applicable) and confirmatory note are delivered after the Rejection Date, rejection of the affected rejected Lease shall be effective as of the date of such delivery.

c. Objections. Should a party in interest object to the Debtor's proposed rejection of a Contract or Lease, such party must file and serve a written objection (an "**Objection**") so that it is filed with this Court via CM/ECF or by US mail to the Bankruptcy Clerk's Office, Quentin N. Burdick United States Courthouse, 655 1st Ave. N., Suite 210, Fargo, ND 58102-4932 and received by the following parties (the "**Objection Notice Parties**") no later than 14 business days after the date the Rejection Notice is filed: (i) counsel to the Debtor, (ii) the Office of the United States Trustee for the District of North Dakota; and (iii) counsel to any committee appointed in this case. Each Objection must state with specificity the grounds for objecting to the proposed Contract or Lease rejection.

d. Effects of Failing to File an Objection to a Rejection Notice. If no Objection to a Rejection Notice is timely filed and served, the applicable Contract or Lease will be deemed rejected on the later of (a) the effective date set forth in the Rejection Notice, or (b) the date the Debtor surrenders the premises by fulfilling the Rejection Requirements (the "**Rejection Date**") with an Order confirming the rejection to be entered by the Court upon application by the Debtor. Upon the Rejection Date, any personal property, furniture, trade fixtures, and equipment owned by the Debtor (the "**Remaining Property**") remaining on the Leased Premises will be deemed abandoned by the Debtor and the Landlords may dispose of any Remaining Property, in their sole discretion, without further notice or any liability to the Debtor and any third parties and without waiver of any claim the Landlords may have against the Debtor.

e. Effects of Filing an Objection to a Rejection Notice. If a timely Objection to a Rejection Notice is filed and received in accordance with the Rejection Procedures, the Debtor

will request the Court to schedule a hearing on such Objection and must provide at least seven days' notice of such hearing to the objecting party and the Objection Notice Parties. If this Court upholds the Debtor's determination to reject the applicable Contract or Lease, then the applicable Contract or Lease will be deemed rejected (i) as of the Rejection Date or (ii) as otherwise determined by this Court as set forth in any order overruling such objection.

f. Consent Orders. Any Objection may be resolved without a hearing by stipulation subject to Court approval.

g. Deadlines for Filing Claims. Claims arising out of the rejection of Contracts or Leases must be filed on or before the later of (i) the deadline for filing proofs of claims established by this Court in this case or (ii) 28 days after the date of entry of the applicable Rejection Order. If no proof of claim is timely filed, such claimant will not be treated as a creditor with respect to such claims for voting on any Chapter 11 plan in this case and will be forever barred from asserting a claim for rejection damages and from participating in any distributions that may be made in connection with this case. Proofs of claim should be filed with the Claims Agent:

Vanity Shop Claims Processing Center
c/o KCC
2335 Alaska Ave
El Segundo, CA 90245
Telephone: (877) 634-7181
Email: Vanityinfo@kccllc.com
See: <http://www.kccllc.net/vanity>

h. Treatment of Security Deposits. If the Debtor has deposited funds with a Counterparty or Landlord as a security deposit or other arrangement, such Counterparty or Landlord may not setoff or otherwise use such deposit without the prior authority of this Court or agreement of the Debtor.

3. The form of Rejection Notice attached to this Order as **Exhibit 1** is APPROVED.

4. The Debtor is authorized to send the Rejection Notices to the Counterparties or Landlords of the Contracts and Leases.

5. Nothing in the Motion or this Order prohibits the Debtor from filing one or more motions to reject executory contracts or unexpired leases.

6. The Debtor reserves all rights to contest any rejection claims and/or the characterization of any lease as an unexpired lease.

7. The Debtor does not waive any claims they may have against Landlords and Counterparties, regardless of whether such claims relate to the Contracts and Leases.

8. Nothing herein may be construed as a concession or evidence that a Contract or Lease has expired, been terminated, or is otherwise not currently in full force and effect. The Debtor's rights with respect thereto are reserved, including its right to seek a later determination of such matters and to dispute the validity, status, characterization, or enforceability of such Contract or Lease or any claims related thereto.

9. Notwithstanding the relief granted and any actions taken pursuant hereto, nothing herein is intended or may be construed as: (a) an admission as to the validity of any claim against the Debtor; (b) a waiver of the rights of the Debtor and its estate to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an admission that any particular claim is of a type specified or defined hereunder; (e) a request or authorization to assume any executory contract or unexpired lease; or (f) a waiver of the rights of the Debtor and its estate under the Bankruptcy Code or any other applicable law, pursuant to section 365 of the Bankruptcy Code.

10. The Debtor is authorized and empowered to take all actions necessary to implement the relief granted in this Order.

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

Dated this 23rd day of March, 2017.

A handwritten signature in black ink that reads "Shon Hastings". The signature is written in a cursive, flowing style.

SHON HASTINGS, JUDGE
UNITED STATES BANKRUPTCY COURT

Exhibit 1
(Rejection Notice)

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In Re: Vanity Shop of Grand Forks, Inc., Debtor.	Case No.: 17-30112 Chapter 11
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**DEBTOR'S NOTICE OF REJECTION OF
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

PLEASE TAKE NOTICE that on March 23, 2017, the United States Bankruptcy Court for the District of North Dakota (the “**Bankruptcy Court**”) entered an order [Docket No. _] (the “**Procedures Order**”) in the Chapter 11 case of Vanity Shop of Grand Forks, Inc. (the “**Debtor**”), establishing, among other things, procedures (the “**Rejection Procedures**”) for the rejection of executory contracts (each a “**Contract**” and collectively the “**Contracts**”) and unexpired leases (each a “**Lease**” and collectively the “**Leases**”).

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Procedures Order, the Debtor provides notice of its intent to reject the below-referenced Contracts and Leases. Pursuant to the terms of the Procedures Order, unless a written objection is filed and served in accordance with the terms of the Procedures Order, the following Contracts and Leases (and any modifications, amendments, addenda, supplements, or restatements) will be deemed rejected, pursuant to section 365(a) of the Bankruptcy Code, on the later of (a) the effective date set forth in the Rejection Notice, or (b) the date the Debtor surrenders the premises by fulfilling the Rejection Requirements (the “**Rejection Date**”):

**EXECUTORY CONTRACTS AND UNEXPIRED LEASES OTHER THAN
NONRESIDENTIAL PROPERTY LASES**

Title/Description of Contract	Counterparty Name and Address	Rejection Date

UNEXPIRED NONRESIDENTIAL REAL PROPERTY LEASES

Address of Subject Property	Landlord Name and Address	Rejection Date

PLEASE TAKE FURTHER NOTICE that after the Rejection Date, any personal property, furniture, trade fixtures, and equipment owned by the Debtor (the “**Remaining Property**”) remaining on the Leased Premises will be deemed abandoned by the Debtor and the Landlords may dispose of any Remaining Property, in their sole discretion, without further notice or any liability to the Debtor and any third parties and without waiver of any claim the Landlords may have against the Debtor.

PLEASE TAKE FURTHER NOTICE that objections, if any, to this Notice must be filed and served so that such objection is filed with the Bankruptcy Court via CM/ECF or by US mail to the Bankruptcy Clerk’s Office, Quentin N. Burdick United States Courthouse, 655 1st Ave. N., Suite 210, Fargo, ND 58102-4932 and received by the following parties no later than fourteen (14) days after the date of this Notice: (a) counsel to the Debtor, (ii) the Office of the United States Trustee for the District of North Dakota; (iii) counsel to any committee appointed in this case (collectively, the “**Objection Notice Parties**”).

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Procedures Order, if no objection is filed and served in accordance with the above procedures, the Debtor may submit a proposed order approving the rejection of the Contracts and/or Leases set forth on this Notice (the “**Rejection Order**”) and such rejection will be deemed effective as of the later of the date set

forth in this Notice, or the date the Debtor surrenders the premises by fulfilling the Rejection Requirements (as defined in the Procedures Order) (“the **Rejection Date**”).

PLEASE TAKE FURTHER NOTICE that if an objection to this Notice is timely filed and served, the Debtor will seek a hearing on such objection and will provide at least seven days’ notice of such hearing to the objecting party and the Objection Notice Parties. If the Court upholds the Debtor’s determination to reject the applicable Contract or Lease, then the applicable Contract or Lease will be deemed rejected (a) as of the Rejection Date, (b) such later date as the Debtor surrenders the subject premises by fulfilling the Rejection Requirements, or (c) as otherwise determined by the Court as set forth in any order overruling such objection.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Procedures Order, if the Debtor has deposited monies with the Contract or Lease counterparty as a security deposit or otherwise, the Contract or Lease counterparty or landlord may not setoff or otherwise use such deposit without the prior authorization of the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Procedures Order, for any claim that you may assert against the Debtor as a result of the rejection of any Contract or Lease, you must submit a proof of claim for damages arising from such rejection, on or before the later of (a) the deadline for filing proofs of claim established by the Court in the Debtor’s case, or (b) 28 days after the date of entry of the Rejection Order. If you do not timely file such proof claim, you will not be treated as a creditor with respect to such claims for voting on any Chapter 11 plan in this case and will be forever barred from asserting a claim for rejection damages arising from the rejection of the above-referenced Contract or Lease and from participating in any distributions that may be made in connection with this Chapter 11 case. Proofs of claim should be filed with the Claims Agent:

Vanity Shop Claims Processing Center
c/o KCC
2335 Alaska Ave
El Segundo, CA 90245
Telephone: (877) 634-7181
Email: Vanityinfo@kcellc.com
See: <http://www.kcellc.net/vanity>

Dated this ____ day of March, 2017.

VOGEL LAW FIRM

BY: _____
Jon R. Brakke (#03554)
jbrakke@vogellaw.com
Caren W. Stanley (#06100)
cstanley@vogellaw.com
218 NP Avenue
PO Box 1389
Fargo, ND 58107-1389
Telephone: 701.237.6983
*PROPOSED COUNSEL TO DEBTOR IN
POSSESSION*