

**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> , <sup>1</sup>	)	Case No. 20-32564 (DRJ)
	)	
Debtors.	)	(Joint Administration Requested)
	)	(Emergency Hearing Requested)

**DEBTORS' EMERGENCY MOTION FOR ENTRY  
OF AN ORDER (I) EXTENDING TIME FOR PERFORMANCE  
UNDER CERTAIN UNEXPIRED LEASES, (II) SETTING  
ADMINISTRATIVE PROCEDURES WITH RESPECT TO CERTAIN MOTIONS  
AND APPLICATIONS FOR PAYMENTS, AND (III) GRANTING RELATED RELIEF**

**EMERGENCY RELIEF HAS BEEN REQUESTED. A HEARING WILL BE CONDUCTED ON THIS MATTER ON MAY 11, 2020, AT 3:00 P.M. (CENTRAL TIME) IN COURTROOM 404, 4TH FLOOR, 515 RUSK STREET, HOUSTON, TEXAS 77002. IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST EITHER APPEAR AT THE HEARING OR FILE A WRITTEN RESPONSE PRIOR TO THE HEARING. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.**

**RELIEF IS REQUESTED NOT LATER THAN MAY 11, 2020.**

**PLEASE NOTE THAT ON MARCH 24, 2020, THROUGH THE ENTRY OF GENERAL ORDER 2020-10, THE COURT INVOKED THE PROTOCOL FOR EMERGENCY PUBLIC HEALTH OR SAFETY CONDITIONS.**

**IT IS ANTICIPATED THAT ALL PERSONS WILL APPEAR TELEPHONICALLY AND ALSO MAY APPEAR VIA VIDEO AT THIS HEARING.**

**AUDIO COMMUNICATION WILL BE BY USE OF THE COURT'S REGULAR DIAL-IN NUMBER. THE DIAL-IN NUMBER IS +1(832)-917-1510. YOU WILL BE RESPONSIBLE FOR YOUR OWN LONG-DISTANCE CHARGES. YOU WILL BE ASKED TO KEY IN THE CONFERENCE ROOM NUMBER. JUDGE JONES'S CONFERENCE ROOM NUMBER IS 205691.**

**PARTIES MAY PARTICIPATE IN ELECTRONIC HEARINGS BY USE OF AN INTERNET CONNECTION. THE INTERNET SITE IS WWW.JOIN.ME. PERSONS CONNECTING BY MOBILE DEVICE WILL NEED TO DOWNLOAD THE FREE JOIN.ME APPLICATION.**

**ONCE CONNECTED TO WWW.JOIN.ME, A PARTICIPANT MUST SELECT "JOIN A MEETING". THE CODE FOR JOINING THIS HEARING BEFORE JUDGE JONES IS "JUDGE JONES". THE NEXT SCREEN WILL HAVE A PLACE FOR THE PARTICIPANT'S NAME IN THE LOWER LEFT CORNER. PLEASE COMPLETE THE NAME AND CLICK "NOTIFY". HEARING APPEARANCES SHOULD BE MADE ELECTRONICALLY AND IN ADVANCE OF THE HEARING. YOU MAY MAKE YOUR ELECTRONIC APPEARANCE BY:**

- 1) GOING TO THE SOUTHERN DISTRICT OF TEXAS WEBSITE;**
- 2) SELECTING "BANKRUPTCY COURT" FROM THE TOP MENU;**

<sup>1</sup> 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.



**3) SELECTING JUDGES' PROCEDURES AND SCHEDULES;  
4) SELECTING "VIEW HOME PAGE" FOR JUDGE DAVID R. JONES;  
5) UNDER "ELECTRONIC APPEARANCE" SELECT "CLICK HERE TO SUBMIT ELECTRONIC APPEARANCE;"  
6) SELECT IN RE STAGE STORES, INC., ET AL. FROM THE LIST OF ELECTRONIC APPEARANCE LINKS; AND  
7) AFTER SELECTING IN RE STAGE STORES, INC., ET AL. FROM THE LIST, COMPLETE THE REQUIRED FIELDS AND HIT THE "SUBMIT" BUTTON AT THE BOTTOM OF THE PAGE.  
SUBMITTING YOUR APPEARANCE ELECTRONICALLY IN ADVANCE OF THE HEARING WILL NEGATE THE NEED TO MAKE AN APPEARANCE ON THE RECORD AT THE HEARING.**

The above-captioned debtors and debtors in possession (collectively, the "Debtors") state as follows in support of this motion (this "Motion"): <sup>2</sup>

### **Relief Requested**

1. The Debtors seek entry of an order, substantially in the form attached hereto as: (a) extending the time to make timely payments with respect to certain of their unexpired leases of real property for a period of sixty (60) days from the Petition Date; (b) approving the Limited Operational Period Case Administration Procedures; and (c) granting related relief.

### **Jurisdiction and Venue**

2. The United States Bankruptcy Court for the Southern District of Texas (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), to the entry of a final order.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

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<sup>2</sup> The facts and circumstances supporting this Motion are set forth in the *Declaration of Elaine D. Crowley, Chief Restructuring Officer of Stage Stores Inc., in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"), filed contemporaneously with this Motion and incorporated by reference herein. Capitalized terms used but not otherwise defined in this Motion shall have the meanings ascribed to them in the First Day Declaration or as later defined herein, as applicable.

4. The bases for the relief requested herein are sections 105(a) and 365(d)(3) of title 11 of the United States Code (the “Bankruptcy Code”), Bankruptcy Rule 9013-1, and rules 1075-1 and 9013-1 of the Local Bankruptcy Rules for the Southern District of Texas (the “Local Rules”).

### **Background**

5. The Debtors are apparel, accessories, cosmetics, footwear, and home goods retailers that operate department stores under the Bealls, Goody’s, Palais Royal, Peebles, and Stage brands and off-price stores under the Gordmans brand. The Debtors employ approximately 14,694 employees, who operate approximately 700 stores across forty-two states. The Debtors’ department stores predominately serve small towns and rural communities, and the Debtors’ off-price stores are mostly located in mid-sized Midwest markets. The Debtors’ 2019 revenue was approximately \$1.6 billion.

6. On May 10, 2020, (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have concurrently filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

### **Preliminary Statement**

7. The world has fundamentally changed in the past several months as the coronavirus (“COVID-19”) has infected over a million people nationwide, killing hundreds of thousands globally and upending ordinary life. Slowing the spread of COVID-19 and minimizing human suffering is of the utmost global importance. State-imposed “shelter-in-place” laws and mandated

closure of non-essential retail became the “new normal” in late March and April.<sup>3</sup> The Debtors closed all of their stores on March 27. Because the Debtors have no e-commerce business, they have had no revenue from sales since that time.

8. Certain states are now entering the next stage in the country’s response to COVID-19, which includes a limited reopening of business with certain social distancing measures and personal protective equipment protocols and regulations.<sup>4</sup> The Debtors are monitoring the situation and working diligently to reopen stores as soon as possible (both in terms of applicable safety regulations and ensuring the appropriate economics and supply chain support).

9. To that end, the Debtors currently anticipate that they will open approximately 567 of their stores on or before May 15, and the remainder will open through the beginning of June. Those predications are subject to unpredictable circumstances. The Debtors are also aware that gradual reopening of businesses presents unique challenges for retailers as states implement policies that restrict normal operations, including reduced capacity, social distancing measures, and “curb-side pickup only,” which, needless to say, may be detrimental to a going-out of business sale.<sup>5</sup> The Debtors are working with their key stakeholders to monitor this situation and respond accordingly.

10. As a result of this unexpected and unprecedented situation, the Debtors—like many retailers—made difficult decisions to preserve liquidity, including furloughing all but a handful of

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<sup>3</sup> Since March, a total of 45 states and the District of Columbia have issued orders and policies to close non-essential businesses, resulting in the widespread closure of brick-and-mortar businesses such as the Debtors’ stores. *See* Sarah Mervosh, Denise Lu, and Vanessa Swales, *See Which States and Cities Have Told Residents to Stay at Home*, The New York Times (Updated May 5, 2020), <https://www.nytimes.com/interactive/2020/us/states-reopen-map-coronavirus.html>.

<sup>4</sup> States have now begun limited opening of commercial businesses. *See id.*

<sup>5</sup> *See id.*

their most essential employees, decreasing salaries for certain employees, and ceasing rent payment on all leases. These actions were absolutely essential for preserving liquidity, but they have resulted in several new challenges: (a) as a result of the non-payment of rent, the Debtors received many notices of default, and purported lease terminations, from landlords (some of whom have threatened or taken “self-help” measures) and anticipate a flurry of requests for relief from landlords related thereto; (b) reopening operations requires a substantial effort to bring furloughed employees back to work and replace those who have found alternate employment (which challenge will likely be exacerbated by this chapter 11 filing); and (c) as a result of the ongoing store closures, the Debtors do not currently have revenue to support their rent obligations.

11. To most efficiently deal with the above challenges as the Debtors settle into chapter 11, the Debtors seek a breathing spell during this crisis to stabilize operations, as many other retailers have done under these challenging times.<sup>6</sup>

12. With respect to rent obligations, the Debtors intend to pay postpetition rent timely and in accordance with the due dates set forth in the leases for stores in locations that they are able to reopen. In locations where the Debtors are unable to reopen, the Debtors request to defer their rent obligations for 60 days, pursuant to section 365(d)(3) of the Bankruptcy Code.<sup>7</sup> And, as set

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<sup>6</sup> See *In re Pier 1 Imports, Inc.*, No. 20-30805 (KRH) (Bankr. E.D. Va. Mar. 31, 2020), *Debtors’ Emergency Motion for Entry of an Order (I) Approving Relief Related to the Interim Budget, (II) Temporarily Adjourning Certain Motions and Applications for Payments, and (III) Granting Related Relief* [Docket No. 438]; *In re Modell’s Sporting Goods, Inc.*, No. 20-14179 (VFP) (Bankr. D.N.J., Mar. 23, 2020), *Debtors’ Verified Application in Support of Emergency Motion for Entry of an Order Temporarily Suspending Their Chapter 11 Cases Pursuant to 11 U.S.C. §§ 105 and 305* [Docket No. 115]; *In re CraftWorks Parent, LLC*, No. 20-10475 (BLS) (Bankr. D. Del. Mar. 20, 2020), *Motion of Debtors for Entry of an Order (I) Establishing Temporary Procedures and (II) Granting Related Relief* [Docket No. 174].

<sup>7</sup> The Debtors reserve all rights to assert at a later time that such rent is not actually due as a result of any applicable law, including force majeure provisions, applicable contract theories, governmental takings, or otherwise. Such arguments are not being proposed pursuant to this Motion.

forth below, there can be no question that the unfortunate circumstances the Debtors face, along with nearly everyone in the globe, amply satisfy any definition of “cause.”

13. Although their proposed course outlined above is consistent with section 365(d)(3), the Debtors anticipate a wave of motions or other pleadings seeking to compel the Debtors to make those payments or to lift the automatic stay to pursue state actions, assert setoff rights, or seek other action with respect to prepetition defaults.<sup>8</sup> The Debtors understand that their landlords have similarly suffered as a result of the pandemic and do not wish to prevent any party from exercising their valid rights. The Debtors are, however, concerned that a host of parties asserting their individual self-interest in an ad hoc, unorganized fashion could be an enormous administrative-burden for the Debtors’ collective estates and the Court, and would not satisfy one of the Bankruptcy Code’s core objectives of maximizing value.

14. The Debtors are proposing streamlined procedures, as set forth below, to ensure that these chapter 11 cases are efficient and fair to all stakeholders. The Debtors believe that these procedures present a “win-win” for both parties. While any stay litigation is in the process of being resolved, the Debtors will be able to liquidate their collateral in an orderly fashion and landlords will be able to collect postpetition rent at operating stores. The Debtors intend to vacate all of their stores (absent a going-concern transaction), which would render moot any underlying litigation before it is resolved by the Court.

15. The Debtors firmly believe that the relief requested herein is absolutely vital to preserve liquidity and gives creditors the best opportunity to have a potential going-concern partner at the conclusion of these chapter 11 cases.

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<sup>8</sup> The Debtors understand that the Court can manage its docket and schedule hearings as it deems appropriate. In light of the circumstances, the Debtors believe these proposed procedures will minimize the burden on the Court and all parties in interest, thereby reducing the cost and time associated with this administrative burden.

### **Limited Operational Period Case Administration Procedures**

16. The Debtors request the establishment of the below procedures (the “Limited Operational Period Case Administration Procedures”) for the efficient and organized management of these chapter 11 cases:

- Any motion, application, action, or pleading (any such filing, a “Pleading”) filed by a counterparty to an unexpired lease of real property seeking to (a) to lift the automatic stay to pursue any actions on account of any alleged prepetition default by the Debtors or (b) to compel payment, rejection, assumption, or assumption and assignment of any unexpired leases shall be automatically set for a status conference on the date that is the next scheduled omnibus hearing that is the closest to thirty (30) days from the filing of such Pleading and no less than thirty (30) days from the filing of such Pleading, or such other time as may be set by the Court in its sole discretion (the “Initial Status Conference”).
- If at the Initial Status Conference or a Subsequent Status Conference it is determined that the underlying basis for any Pleading is the failure of the Debtors to pay any postpetition lease obligation (other than any lease obligation deferred pursuant to section 365(d)(3) of the Bankruptcy Code) (such bases, a “Postpetition Payment Default”), then the Court shall set such Pleading for a hearing within thirty (30) days from the applicable status conference, or such other time as may be set by the Court in its sole discretion. For the purposes of these Limited Operation Period Case Administration Procedures, the failure of the Debtors to pay any “stub” rent shall not constitute a Postpetition Payment Default.
- If at the Initial Status Conference or a Subsequent Status Conference it is determined that the underlying basis for any Pleading is anything other than a Postpetition Payment Default, then the Pleading shall be set for a Subsequent Status Conference on the date that is the next scheduled omnibus hearing, or such other time as may be set by the Court in its sole discretion (each, a “Subsequent Status Conference”).
- Any Pleading may be resolved consensually by the parties by stipulation, without further order of the Court, including, but not limited to, by agreed rejections, terminations, and/or surrender of the applicable premises.
- Notwithstanding the foregoing, all parties shall be permitted to seek relief from this Court with respect to exigent and unforeseen circumstances not otherwise inconsistent with this Order and which the Debtors and such parties are unable to resolve consensually.

## Basis for Relief

### **I. Cause Exists to Extend Payment Under the Leases for Sixty Days From the Petition Date.**

17. Section 365(d)(3) of the Bankruptcy Code provides that “[t]he trustee shall timely perform all the obligations of the debtor . . . arising from and after the order for relief under any unexpired lease of nonresidential real property, until such lease is assumed or rejected, notwithstanding section 503(b)(1).” Courts have generally recognized that this statutory language requires debtors to make periodic rent payments owing on an unexpired lease that comes due during the period between the petition date and the date the lease is rejected. *See In re BH S&B Holdings LLC*, 401 B.R. 96, 100 (Bankr. S.D.N.Y. 2009) (“On its face, section 365(d)(3) only applies to obligations under a nonresidential lease that arise postpetition and pre-rejection”). Nonetheless, section 365(d)(3) specifies an exception to this general requirement: “The court may extend, for cause, the time for performance of any such obligation that arises within 60 days after the date of the order for relief, but the time for performance shall not be extended beyond such 60-day period.” 11 U.S.C. § 365(d)(3). The Bankruptcy Code does not define what constitutes “cause” to extend, and courts exercise discretion when determining whether “cause” exists. *See In re Pac-West Telecomm. Inc.*, 377 B.R. 119, 126 (Bankr. D. Del. 2007) (recognizing that whether “cause” exists is subject to a court’s discretion). A court may look to a “specific cause” articulated by a debtor or “applicable legal precedent.” *Id.*

18. There can be no serious question that cause exists to extend the Debtors’ requirement to timely pay obligations arising under their leases for a period of 60 days for those stores that remain closed as a result of the global pandemic. *See, e.g.*, Hr’g Tr. at 42:16–17, 19–21, *In re Modell’s Sporting Goods, Inc.*, No. 20-14179 (VFP) (Bankr. D.N.J., Mar. 25, 2020) (noting that “what more cause” could there be “than an unprecedented global pandemic crisis . . .



that we are all here doing this on the phone because we can't go outside, and we can't go to the store"); Hr'g Tr. at 21:14–15, *In re Pier 1 Imports, Inc.*, No. 20-30805 (KRH) (Bankr. E.D. Va. Apr. 28, 2020) (explaining that “when there's no revenue, there's nothing that we can do”). As the above courts have recognized, if cause is to mean anything, it must include a scenario when there is a global pandemic that has forced a debtor to close all of its stores not only by law but also for a concern for the health and safety of its customers and employees. The Debtors do not seek an extension with respect to stores they can operate (despite potential limitations on operations imposed by ongoing regulations).

19. The Debtors understand the difficulties these circumstances have caused certain of their landlords, however, they did not anticipate or cause the harm. Under the circumstances, there is no alternative to the relief sought. Without this relief, the Debtors would still be unable to pay their landlords. While under state law of certain jurisdictions, the landlords may be able to initiate eviction proceedings, there is no real possibility that the landlords would be able to find a tenant that *is* able to pay rent in a location that is not allowed to operate.

20. The Debtors will work to reopen their stores as quickly as they can and their lenders have every incentive to work with them to do so. The Debtors must also be careful and appreciative of the most important concern—the health of the communities they have long depended on and served.

21. Given the lack of revenue whatsoever at this time, and in light of the global health pandemic, the Debtors submit they have satisfied the “cause” requirement of section 365(d)(3) and request relief from the Court.

## II. The Court is Authorized to Establish the Limited Operational Period Case Administration Procedures.

22. Section 105(a) provides, in relevant part, that, “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. §105(a). Section 102(1) of the Bankruptcy Code states that where the Bankruptcy Code provides for an action to occur “after notice and a hearing,” such action may occur “after such notice as is appropriate in the particular circumstances, and such opportunity for a hearing as is appropriate in the particular circumstances . . . .” 11 U.S.C. § 102(1)(A).

23. Section 105 of the Bankruptcy Code provides the bankruptcy court with broad equitable powers. As one court articulated, section 105 is “an omnibus provision phrased in such general terms as to be the basis for a broad exercise of power in the administration of a bankruptcy case. The basic purpose of § 105 is to assure the bankruptcy courts power to take whatever action is appropriate or necessary in aid of the exercise of its jurisdiction.” *Davis v. Davis (In re Davis)*, 170 F.3d 475, 492 (5th Cir. 1999) (citing 2 L. King, Collier On Bankruptcy § 105.01, at 105–3 (1996)). The Supreme Court has recognized that bankruptcy courts, as courts of equity, have the authority to modify creditor-debtor relationships. *See United States v. Energy Res. Co.*, 495 U.S. 545, 549 (1990) (“The Code also states that bankruptcy courts may ‘issue any order, process, or judgment that is necessary or appropriate to carry out the provisions’ of the Code. § 105(a). These statutory directives are consistent with the traditional understanding that bankruptcy courts, as courts of equity, have broad authority to modify creditor-debtor relationships.”). Furthermore, a court’s decision to exercise its equitable powers under section 105(a) is discretionary. *In re Charles & Lillian Brown's Hotel, Inc.*, 93 B.R. 49, 54 (Bankr. S.D.N.Y. 1988) (superseded on other grounds) (noting that “the court's utilization of its powers under” under section 105(a) is discretionary). Section 105 may not be used in a manner that is inconsistent with other provisions

of the Bankruptcy Code. *See In re Gurney*, 192 B.R. 529, 537 (B.A.P. 9th Cir. 1996) (noting that section 105 “may be exercised only in a manner not inconsistent with the provisions of the Code”).

24. The Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules provide the Debtors with the authority to establish notice, case management, and administrative procedures. In particular, Bankruptcy Rule 2002(a) provides that, unless otherwise ordered by the Court, notice of certain matters must be given to, among others, all of the Debtors’ creditors, equity security holders, and other parties in interest. Fed. R. Bankr. P. 2002(a). The Bankruptcy Rules further provide that “[t]he court may from time to time enter orders designating the matters in respect to which, the entity to whom, and the form and manner in which notices shall be sent except as otherwise provided by these rules.” Fed. R. Bankr. P. 2002(m); *see also* Fed. R. Bankr. P. 9007 (“When notice is to be given under these rules, the court shall designate, if not otherwise specified herein, the time within which, the entities to whom, and the form and manner in which the notice shall be given.”).

25. The relief requested by the Debtors falls squarely within the equitable powers of section 105. Instituting a “breathing spell” for the Debtors during this tumultuous financial period by allowing for a streamlined process is exactly the type of relief the bankruptcy process was designed provide. *See In re Banks*, 577 B.R. 659, 664–65 (Bankr. E.D. Va. 2017) (noting that the automatic stay provides the debtor with a “breathing spell” from its creditors). The Court does not even need to look to equitable relief under section 105(a).<sup>9</sup> This Court, like all courts, has broad authority to manage its own docket. *See* Hr’g Tr. at 322:19–20, *In re Toys “R” Us, Inc.*,

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<sup>9</sup> To the extent the court wants to look to section 105 for such authority, the Debtors believe section 105 does provide ample authority to grant such relief. *See* 11 U.S.C. § 105(a) (“No provision of this title providing for the raising of an issue by a party in interest shall preclude the court from, *sua sponte*, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent the abuse of process.”)

No. 17-34665 (KLP) (Bankr. E.D. Va. Mar. 20, 2019) (explaining that the court “control[s] [its] own calendar”). The adjournment of any motions, applications, or demands for payment or lifting the stay to the next scheduled omnibus hearing that is no less than 30 days from the Petition Date or such later date as the Court may determine, is generally consistent with the applicable rules.

26. As described above and as the court and all stakeholders are surely aware, these are truly unprecedented times. The Debtors are not seeking unprecedented relief. Rather, the Debtors merely are seeking to establish fair and efficient procedures to manage the process in a manner that is best for all stakeholders. Given the substantial size of the need, and the limited scope of the relief sought, there is ample cause and legal justification for the establishment of the Limited Operational Period Case Administration Procedures, and the Debtors request such procedures be granted.

27. The Debtors request the Court to enter the Order granting the relief requested herein. Such relief is absolutely vital to the Debtors’ efforts to preserve liquidity and gives creditors the best opportunity to have a going-concern partner at the conclusion of these chapter 11 cases.

### **Emergency Consideration**

28. Pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first twenty-one days after the commencement of a chapter 11 case “to the extent that relief is necessary to avoid immediate and irreparable harm,” and Local Rule 9013-1(i), the Debtors respectfully request emergency consideration of this Motion. An immediate and orderly transition into chapter 11 is critical to the viability of the Debtors’ operations and any delay may hinder the Debtors’ operations and cause irreparable harm. Furthermore, the failure to receive the requested relief during the first twenty-one days of these chapter 11 cases would severely disrupt the Debtors’ operations at this critical juncture and imperil the Debtors’ restructuring. Accordingly,

the Debtors have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 and request that the Court approve the relief requested in this Motion on an emergency basis.

**Notice**

29. The Debtors will provide notice of this Motion to: (a) the U.S. Trustee for the Southern District of Texas; (b) the holders of the fifty largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to Wells Fargo Bank, National Association, as Agent under the Debtors’ prepetition credit agreement; (d) the United States Attorney’s Office for the Southern District of Texas; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) the state attorneys general for states in which the Debtors conduct business; (h) all landlords of the Debtors’ unexpired real property leases; and (i) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

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WHEREFORE, the Debtors request that the Court enter an order, granting the relief requested in this Motion and granting such other and further relief as is appropriate under the circumstances.

Houston, Texas  
May 10, 2020

*/s/ Matthew D. Cavanaugh*

**JACKSON WALKER L.L.P.**

Matthew D. Cavanaugh (TX Bar No. 24062656)  
Jennifer F. Wertz (TX Bar No. 24072822)  
Kristhy M. Peguero (TX Bar No. 24102776)  
Veronica A. Polnick (TX Bar No. 24079148)  
1401 McKinney Street, Suite 1900  
Houston, Texas 77010  
Telephone: (713) 752-4200  
Facsimile: (713) 752-4221  
Email: mcavanaugh@jw.com  
jwertz@jw.com  
kpeguero@jw.com  
vpolnick@jw.com

*Proposed Co-Counsel to the Debtors  
and Debtors in Possession*

**KIRKLAND & ELLIS LLP**

**KIRKLAND & ELLIS INTERNATIONAL LLP**

Joshua A. Sussberg, P.C. (*pro hac vice* pending)  
Neil E. Herman (*pro hac vice* pending)  
601 Lexington Avenue  
New York, New York 10022  
Telephone: (212) 446-4800  
Facsimile: (212) 446-4900  
Email: joshua.sussberg@kirkland.com  
neil.herman@kirkland.com

-and-

Joshua M. Altman (*pro hac vice* pending)  
300 North LaSalle Street  
Chicago, Illinois 60654  
Telephone: (312) 862-2000  
Facsimile: (312) 862-2200  
Email: josh.altman@kirkland.com

*Proposed Co-Counsel to the Debtors  
and Debtors in Possession*

**Certificate of Service**

I certify that on May 10, 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*

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Matthew D. Cavanaugh

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

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In re:	)	Chapter 11
	)	
STAGE STORES, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 20-32564 (DRJ)
	)	
Debtors.	)	(Joint Administration Requested)
	)	
	)	<b>Re: Docket No. ___</b>

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**ORDER GRANTING DEBTORS’ MOTION (I) EXTENDING TIME FOR  
PERFORMANCE UNDER CERTAIN UNEXPIRED LEASES, (II) SETTING  
ADMINISTRATIVE PROCEDURES WITH RESPECT TO CERTAIN MOTIONS AND  
APPLICATIONS FOR PAYMENTS, AND (III) GRANTING RELATED RELIEF**

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Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”), (a) extending the time to make timely payments with respect to certain of their unexpired leases of real property for a period of sixty (60) days from the Petition Date; (b) approving the Limited Operational Period Case Administration Procedures; and (c) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their

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<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.



creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Debtors shall not be required to pay rent or other charges with respect to any lease of unexpired real property until the earliest of (a) the first payment date that occurs following the reopening of the applicable stores to the public and (b) the date that is sixty (60) days from the Petition Date.

2. The following Limited Operational Period Case Administration Procedures are approved:

- Any motion, application, action, or pleading (any such filing, a "Pleading") filed by a counterparty to an unexpired lease of real property seeking to (a) to lift the automatic stay to pursue any actions on account of any alleged prepetition default by the Debtors or (b) to compel payment, rejection, assumption, or assumption and assignment of any unexpired leases shall be automatically set for a status conference on the date that is the next scheduled omnibus hearing that is the closest to thirty (30) days from the filing of such Pleading and no less than thirty (30) days from the filing of such Pleading, or such other time as may be set by the Court in its sole discretion (the "Initial Status Conference").
- If at the Initial Status Conference or a Subsequent Status Conference it is determined that the underlying basis for any Pleading is the failure of the Debtors to pay any postpetition lease obligation (other than any lease obligation deferred pursuant to section 365(d)(3) of the Bankruptcy Code) (such bases, a "Postpetition Payment Default"), then the Court shall set such Pleading for a hearing within thirty (30) days from the applicable status conference, or such other time as may be set by the Court in its sole discretion. For the purposes of these Limited Operation

Period Case Administration Procedures, the failure of the Debtors to pay any “stub” rent shall not constitute a Postpetition Payment Default.

- If at the Initial Status Conference or a Subsequent Status Conference it is determined that the underlying basis for any Pleading is anything other than a Postpetition Payment Default, then the Pleading shall be set for a Subsequent Status Conference on the date that is the next scheduled omnibus hearing, or such other time as may be set by the Court in its sole discretion (each, a “Subsequent Status Conference”).
- Any Pleading may be resolved consensually by the parties by stipulation, without further order of the Court, including, but not limited to, by agreed rejections, terminations, and/or surrender of the applicable premises.
- Notwithstanding the foregoing, all parties shall be permitted to seek relief from this Court with respect to exigent and unforeseen circumstances not otherwise inconsistent with this Order and which the Debtors and such parties are unable to resolve consensually.

3. Upon entry of this Order, the Debtors will serve all landlords of the Debtors’ unexpired real property leases with notice of this Order.

4. Notwithstanding anything herein, the Debtors reserve all rights to seek further relief with respect to all matters raised or not raised herein. Without limiting the foregoing, the Debtors reserve all rights to dispute the allowance, validity, or priority of any and all claims, and the relief granted hereunder shall not prejudice the Debtors’ right to challenge any claim or payment made under or outside of this Order.

5. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

6. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

7. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Houston, Texas

Dated: \_\_\_\_\_, 2020

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DAVID R. JONES  
UNITED STATES BANKRUPTCY JUDGE