

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

NEW RUE21 HOLDCO, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-10939 (BLS)

(Joint Administration Requested)

**DEBTORS' MOTION FOR  
ENTRY OF INTERIM AND FINAL  
ORDERS (I) AUTHORIZING THE DEBTORS TO  
MAINTAIN AND ADMINISTER THEIR EXISTING  
CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
OBLIGATIONS RELATED THERETO, (II) AUTHORIZING THE BANKS  
TO HONOR AND PROCESS CHECK AND ELECTRONIC TRANSFER  
REQUESTS RELATED THERETO, AND (III) GRANTING RELATED RELIEF**

The debtors and debtors in possession in the above-captioned cases (the “Debtors”) hereby file this motion (this “Motion”) for entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** (the “Interim Order”) and **Exhibit B** (the “Final Order,” and together with the Interim Order, the “Proposed Orders”), (i) authorizing the Debtors to maintain, administer, and/or modify their customer programs as described in this Motion and honor certain prepetition obligations related thereto, (ii) authorizing the Debtors’ banks and other financial institutions (collectively, the “Banks”) to honor and process check and electronic transfer requests related to the foregoing, and (iii) granting related relief. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Michele Pascoe in Support of Debtors’ Chapter*

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of their federal tax identification numbers, are New rue21 Holdco, Inc. (4668), r21 Holdings, Inc. (1618), New rue21 Intermediate, Inc. (9166), New rue21, LLC (4521), New RSC, LLC (4690), and r services llc (9425). The Debtors’ headquarters is located at 800 Commonwealth Drive, Warrendale, PA 15086.

*11 Petitions and First Day Pleadings* (the “First Day Declaration”),<sup>2</sup> filed contemporaneously herewith. In further support of this Motion, the Debtors respectfully represent as follows:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2) and, pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent the consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief sought herein are sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 9013-1.

### **BACKGROUND**

4. On the date hereof (the “Petition Date”), each of the Debtors filed voluntary petitions in the Court under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”). The

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

Debtors are authorized to operate their business and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. No official committee has been appointed in these Chapter 11 Cases, and no request has been made for the appointment of a trustee or an examiner.

6. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the First Day Declaration.

### **RELIEF REQUESTED**

7. By this Motion, the Debtors seek entry of the Proposed Orders: (i) authorizing the Debtors, in their sole discretion, to maintain and administer their customer-related programs (the "Customer Programs") as described in this Motion<sup>3</sup> and honor certain prepetition obligations related thereto, (ii) authorizing the Banks to honor and process check and electronic transfer requests related to the foregoing, and (iii) granting related relief. The Debtors estimate that, as of the Petition Date, the Debtors have approximately \$340,000 of total prepetition obligations owed under or in connection with the Customer Programs.

### **CUSTOMER PROGRAMS**

8. The Debtors have historically provided certain incentives, discounts, and accommodations to their customers to attract and maintain positive customer relationships. The Customer Programs promote customer satisfaction and inure to the goodwill of the Debtors' business and the value of their brand. Maintaining the goodwill of their customers is important to the Debtors' ongoing operations in these Chapter 11 Cases and is necessary to maximize value for

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<sup>3</sup> Although this Motion is intended to be comprehensive, the Debtors may have inadvertently omitted individual promotion, incentive, discount, or accommodation programs offered to customers. The Debtors request relief with respect to all Customer Programs, regardless of whether such Customer Program is specifically identified herein.

the benefit of all of the Debtors' stakeholders. Accordingly, by this Motion, the Debtors seek authority, but not direction, to honor or pay the following amounts on account of prepetition obligations related to the Customer Programs, each of which is described below:

<b>Customer Program</b>	<b>Interim Amount</b>	<b>Final Amount</b>
Gift Card Program	\$40,000	\$40,000
rue21 REWARDS Program	\$100,000	\$100,000
rue21 REWARDS Credit Card Program	\$0	\$0
Promotional Programs	\$0	\$0
Credit Cards & Payment Processors	\$200,000	\$200,000
Refund & Exchange Program	\$0	\$0
<b>Total</b>	<b>\$340,000</b>	<b>\$340,000</b>

#### **I. The Gift Card Program**

9. The Debtors maintain a gift card program pursuant to which their customers can purchase pre-paid gift cards (the "Gift Cards") in various denominations (the "Gift Card Program"). Gift Cards can be purchased online, through the Debtors' e-commerce website, and in-store in amounts varying between \$20 and \$250. Gift Cards can then be redeemed either in-store or online and used towards the purchase of merchandise.

10. On average, the Debtors pay Stored Value Solutions ("SVS") approximately \$9,300 per month to process and administer the Gift Card Program. As of the Petition Date, the Debtors estimate that they owe approximately \$40,000 to SVS on account of administrative fees associated with the Gift Card Program (the "Gift Card Program Fees"), all of which will come due during the

interim period. The Debtors estimate that as of the Petition Date, approximately \$6.5 million<sup>4</sup> in issued Gift Cards are outstanding.<sup>5</sup>

11. By this Motion, the Debtors seek authorization, but not direction, to, in a manner consistent with past practices: (i) pay the Gift Card Program Fees in the ordinary course, without regard to whether the obligations arose before, on, or after the Petition Date; (ii) honor all Gift Cards purchased by or issued to customers prior to the Petition Date for a period of fourteen (14) days following the Petition Date, after which the Gift Cards shall no longer be accepted by the Debtors and shall be deemed to have no remaining value. The Debtors will provide reasonable notice of any termination of the Gift Card program, as provided herein and the Proposed Interim Order, by posting notices at registers in each of their retail locations, on the case website maintained by the Debtors' proposed claims and noticing agent, Kroll Restructuring Administration, LLC (the "Case Website"), on the Debtors' e-commerce website, and through the Debtors' social media channels.

## **II. The rue21 REWARDS Program**

12. The Debtors offer a rewards program that enables their customers to earn points, which can be exchanged for monetary rewards, through the purchase of the Debtors' merchandise in-store and online (the "rue21 REWARDS Program" and, the rewards thereunder, "rue21 Rewards"). All customers are eligible for the rue21 Rewards Program and can enroll in the program either online or at any retail location by providing basic demographic information. The program has two tiers of membership: "Status Elite" and "Status VIP." Status Elite members are

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<sup>4</sup> The gross amount of Gift Cards outstanding is \$6.5 million, however, the amount that is actually reflected on the Debtors' books and records is \$4.2 million as a result of annual breakage and expired codes (i.e., Gift Cards unused by customers).

<sup>5</sup> This amount includes outstanding merchandise credit issued on Gift Cards in connection with the Refund and Exchange Program (as defined below).

also holders of the rue21 REWARDS Credit Card (as defined below), the Debtors' private label credit card. Status Elite members earn 15 points per \$1 purchased using the rue21 REWARDS Credit Card in-store or online and also qualify for exclusive promotional deals and gifts. Status VIP member earn 10 points for every \$1 purchased in-store or online and also qualify for promotional deals and gifts. Once a rewards member earns 500 points, the member instantly earns a \$5 rue21 Reward that can be spent on any future purchase.

13. The Debtors estimate that there are approximately 2.9 million active members of the rue21 REWARDS Program and, in fiscal year 2023, members redeemed approximately \$7.7 million in rue21 REWARDS. By this Motion, the Debtors seek authorization, but not direction, to, in a manner consistent with their past practices, continue the rue21 REWARDS Program and to honor all of the Debtors' obligations related thereto, without regard to whether the obligations arose before, on, or after the Petition Date, for a period of fourteen (14) days following the Petition Date, after which the rue21 REWARDS Program will cease and all rewards points shall no longer be accepted by the Debtors and shall be deemed to have no remaining value. The Debtors will provide reasonable notice of any termination of the rue21 REWARDS Program, as provided herein and the Proposed Interim Order, by posting notices at registers in each of their retail locations, on the Case Website, on the Debtors' e-commerce website, and through the Debtors' social media channels.

### **III. The rue21 REWARDS Credit Card Program**

14. Qualifying customers may apply for, receive, and use the Debtors' branded credit card (the "rue21 REWARDS Credit Card" and, the holders thereof, the "Cardholders"), which are issued and administered by Bread Financial Holdings, Inc. ("Bread Financial") under certain terms and conditions therein (such issuance, use, and administration, the "rue21 REWARDS Credit Card").

Program” and, together with the rue21 REWARDS Program, the “REWARDS Program”). Cardholders are automatically enrolled in the rue21 REWARDS Program as Status Elite members.

15. The Debtors benefit from the rue21 REWARDS Credit Card Program in a number of ways. Importantly, the program promotes brand loyalty and goodwill with customers, which bolsters retail sales and revenue. There are approximately 140,000 cardholders. By this Motion, the Debtors seek authorization, but not direction, in a manner consistent with their past practices, to continue the rue21 REWARDS Credit Card Program and honor all of the Debtors’ obligations related thereto, without regard to whether the obligations arose before, on, or after the Petition Date, for a period of fourteen (14) days following the Petition Date, after which the rue21 REWARDS Credit Card Program will cease and all rewards points shall no longer be accepted by the Debtors and shall be deemed to have no remaining value. The Debtors will provide reasonable notice of any termination of the rue21 REWARDS Credit Card Program, as provided herein and the Proposed Interim Order, by posting notices at registers in each of their retail locations, on the Case Website, on the Debtors’ e-commerce website, and through the Debtors’ social media channels.

#### **IV. Promotional Programs**

16. In addition to the rue21 REWARDS Program and rue21 REWARDS Credit Card Program, the Debtors have established, in the ordinary course of business, certain promotional programs designed to generate revenue across the rue21 enterprise (collectively, the “Promotional Programs”). The Promotional Programs consist of seasonal category and item specific discounts and coupons that can be used to purchase merchandise at the Debtors’ retail stores or on their website. Advertisements for the Promotional Programs are distributed in-store, online, and through e-mail and text messages.

17. The Promotional Programs are an important part of the Debtors' marketing strategy, as the programs engender goodwill for the Debtors' brand, target captive customers or customers that would otherwise be unlikely to purchase their merchandise, help liquidate merchandise that is near the end of its seasonal life, and generate revenue by encouraging sales at store locations. For fiscal year 2023, the Promotional Programs significantly helped generate the Debtors' approximate \$430 million in sales.

18. As of the Petition Date, the Debtors do not believe that they owe any prepetition obligations to customers on account of the Promotional Programs. By this Motion, the Debtors seek authorization, but not direction, to continue their Promotional Programs in the ordinary course of business, consistent with past practices and in consultation and coordination with the Consultant assisting the Debtors with the Store Closing Sales (each as defined in the First Day Declaration).

## **V. Credit Cards & Payment Processors**

19. In addition to cash and Gift Cards, the Debtors accept the following methods of payment from customers: (a) Visa, MasterCard, Discover, and American Express credit cards; (b) PayPal; (c) Visa Checkout; (d) ATM/debit cards with a Visa or MasterCard logo; (e) Apple Pay and Google Pay; (f) Klarna, and (g) PayPal and Venmo for online transactions (collectively, the "Non-Cash Payments"). To process Non-Cash Payments, the Debtors are party to certain agreements (the "Payment Processing Agreements") with certain payment processors such as Klarna Bank AB (the "Payment Processing Companies"). Pursuant to the Payment Processing Agreements, the Debtors generally receive net customer sales less any standard chargebacks, returns, and interchange fees charged. Generally, interchange fees are set off from the funds that are remitted to the Debtors on account of the Non-Cash Payments on a daily basis. However, the Debtors pay processing fees on a monthly basis to Worldpay Inc. ("Worldpay") and Discover Bank ("Discover" and, such fees, collectively, the "Processing Fees"). The standard interchange and



processing rates charged by each Payment Processing Company vary, but are in the range of 1.0% to 4.0% per sale transaction value.

20. When customers either return merchandise to the Debtors following a purchase made by Non-Cash Payment or dispute charges with a Payment Processing Company, the Debtors may be obligated to refund a Payment Processing Company the purchase price of the returned or disputed merchandise, subject to certain adjustments (collectively, “Chargebacks,” and, together with the Processing Fees and interchange rates, the “Processing Obligations”). Generally, Chargebacks are satisfied by netting the amount charged against pending payments owed by a Payment Processing Company to the Debtors. Due to the automated nature of the Processing Obligations, it is possible that certain Processing Obligations incurred by the Debtors immediately prior to the Petition Date may not have been fully set off against the payments received by the Debtors prior to the Petition Date.

21. The Debtors’ continued acceptance of Non-Cash Payments is essential to the operation of the Debtors’ business because the majority of the Debtors’ sales are made using Non-Cash Payments. Declining to accept Non-Cash Payments would have a severe negative effect on the Debtors’ ongoing operations, the cost of which would be incurred by their estates and, by extension, their creditors and all parties in interest. On average, the Debtors pay Worldpay approximately \$225,000 per month in Processing Fees. As of the Petition Date, the Debtors estimate that they owe approximately \$200,000 to Worldpay on account of Processing Fees, all of which will come due during the Interim Period.<sup>6</sup>

22. To avoid disrupting these vital payment processing services, the Debtors seek authority, but not direction, to continue paying the Processing Obligations in the ordinary course

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<sup>6</sup> Processing Fees owed to Discover are deducted from sale proceeds.

of their business pursuant to the terms of the Payment Agreements, without regard to whether the obligations arose before, on, or after the Petition Date, and request that the Court authorize the Payment Processing Companies to continue to set off the Processing Obligations against amounts remitted to the Debtors.

## **VI. The Refund and Exchange Program**

23. The Debtors seek to honor their refund and exchange program (the “Refund and Exchange Program”), which allows their customers to return, exchange, or receive credit for merchandise that is returned in its original condition. If merchandise is returned with a receipt and/or packing slip within sixty (60) days of purchase, the merchandise may be refunded for the full purchase amount in the form of the original purchase method of payment (a “Refund”). For merchandise returned without a receipt and/or packing slip, a Gift Card is issued for the current selling price of the merchandise or, alternatively, the merchandise can be exchanged for other merchandise at the current selling price. If the amount of a return is less than \$5, a Gift Card is not issued and, instead, a cash refund is awarded.

24. Programs like the Refund and Exchange Program are common in the retail industry and similar programs are used by the Debtors’ competitors. Thus, the Debtors’ customers have a ready selection of alternative retailers willing to meet customers’ needs and take their business away from the Debtors. As such, the Refund and Exchange Program is critical to maintaining the goodwill of the Debtors’ customer base and the Debtors’ competitiveness within their industry. Without the Refund and Exchange Program, potential customers may be unwilling to shop at the Debtors’ stores at all, which would lead to a decline in revenues, the ultimate cost of which would be borne by the Debtors’ estates and, by extension, their creditors and other parties-in-interest.

25. Under the Refund and Exchange Program, only 3.3% of the Debtors’ sales were returned to the Debtors in the 2023 fiscal year. The Debtors seek authorization, but not direction,

in a manner consistent with their past practices, to honor outstanding obligations under the Refund and Exchange Program, without regard to whether the Debtors' obligations arose before, on, or after the Petition Date, and maintain the Refund and Exchange Program or some variation thereof after the Petition Date in the ordinary course of business and in consultation and coordination with the Consultant assisting the Debtors with the Store Closing Sales (each as defined in the First Day Declaration).

### **BASIS FOR RELIEF**

**I. Continuing to Honor the Customer Programs in the Ordinary Course Is Warranted Under Sections 105(a) and 363(b) of the Bankruptcy Code and Is in the Best Interests of the Debtors and Their Estates.**

26. The Court has authority to authorize the Debtors to continue the Customer Programs, modify such programs in the ordinary course of business, and pay prepetition claims arising thereunder, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. Courts generally acknowledge that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value. See In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (granting authority to pay prepetition wages); Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.), 29 B.R. 391, 398 (S.D.N.Y. 1983) (granting authority to pay prepetition claims of suppliers); see also In re NVR L.P., 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (“[T]he court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”); In re Just for Feet, Inc., 242 B.R. 821, 826 (D. Del. 1999) (granting authority to pay prepetition claims of certain vendors and finding that such payment was “essential to the survival of the debtor during the chapter 11 reorganization”). In so doing, these courts acknowledge that several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code support the payment of prepetition claims as provided herein.

27. Pursuant to section 363(b) of the Bankruptcy Code, courts may authorize satisfaction of prepetition obligations where a sound business purpose exists for doing so. See In re Ionosphere Clubs, 98 B.R. at 175 (noting that section 363(b) provides “broad flexibility” to authorize a debtor to honor prepetition claims where supported by an appropriate business justification); see also In re James A. Phillips, Inc., 29 B.R. at 397 (relying upon section 363 as a basis to allow a contractor to pay the prepetition claims of suppliers who were potential lien claimants). Indeed, courts have noted that there are instances when a debtor’s fiduciary duty can “only be fulfilled by the preplan satisfaction of a prepetition claim.” In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002).

28. In addition, courts may authorize satisfaction of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) codifies the Court’s inherent equitable powers to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” This “doctrine of necessity” functions in a chapter 11 case as a mechanism by which the bankruptcy court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code and further supports the relief requested herein. See In re United Am., Inc., 327 B.R. 776, 781 (Bankr. E.D. Va. 2005) (acknowledging that the doctrine of necessity “is a necessary deviation because otherwise there will be no reorganization and no creditor will have an opportunity to recoup any part of its pre-petition claim.”); In re NVR L.P., 147 B.R. at 127 (“Under [section 105(a)] the court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”); see also In re Lehigh & New Eng. Ry., 657 F.2d 570, 581 (3d Cir. 1981) (holding that a court may authorize payment of prepetition claims if such payment is essential to debtor’s continued operation); In re Just for Feet, Inc., 242 B.R. at 824–25 (holding that section 105(a) of

the Bankruptcy Code “provides a statutory basis for payment of prepetition claims” under the doctrine of necessity).

29. Accordingly, the Court may authorize the Debtors to continue the Customer Programs, modify such programs in the ordinary course of business, and satisfy prepetition claims arising thereunder, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. Continuing to administer the Customer Programs to the extent provided herein and in the Proposed Orders during the pendency of these Chapter 11 Cases is critical to preserving and maximizing the value of the Debtors’ assets by, among other things, preserving customer goodwill and encouraging consumers to shop at the Debtors’ retail locations through the Store Closing Sales. By encouraging sustained interest to the Debtors’ products, the continuation of the Customer Programs as provided herein and in the Proposed Orders will inure to the benefit of the Debtors’ estates and their creditors.

30. In contrast, if the Debtors are unable to continue the Customer Programs postpetition, the Debtors may alienate existing customers, and suffer potential corresponding losses in that will harm the Debtors’ ability to maximize value. Accordingly, the Debtors submit that they have shown cause sufficient to warrant honoring the Customer Programs and any obligations relating thereto, and respectfully request that the relief sought herein be approved on the terms set forth in the Interim Order and the Final Order, as applicable.

## **II. Processing of Electronic Fund Transfers Should Be Authorized**

31. The Debtors also request that the Court authorize the Banks, when requested by the Debtors, in their discretion, to honor and process checks or electronic fund transfers drawn on the Debtors’ bank accounts to pay prepetition amounts described herein, whether such checks or other requests were submitted prior to, or after, the Petition Date. The Debtors have sufficient funds to pay any amounts described in this Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral. The

Debtors further request that the Banks be authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved pursuant to this Motion.

**SATISFACTION OF BANKRUPTCY RULE 6003**

32. Pursuant to Bankruptcy Rule 6003, the Court may grant relief within twenty-one (21) days after the filing of the petition regarding a motion to "use, sell, lease, or otherwise incur an obligation regarding property of the estate" only if such relief is necessary to avoid immediate and irreparable harm. See Fed. R. Bankr. P. 6003(b). Immediate and irreparable harm exists where the absence of relief would impair a debtor's ability to reorganize or threaten the debtor's future as a going concern. See In re Ames Dep't Stores, Inc., 115 B.R. 34, 36 (Bankr. S.D.N.Y. 1990) (discussing the elements of "immediate and irreparable harm" in relation to Bankruptcy Rule 4001).

33. As described herein and in the First Day Declaration, the Debtors will suffer immediate and irreparable harm without authorization for the relief requested herein. Accordingly, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

**WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)**

34. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their business without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the fourteen (14) day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

35. To implement the foregoing immediately, the Debtors respectfully request a waiver of the notice requirements of Bankruptcy Rule 6004(a) to the extent they are deemed to apply.

**RESERVATION OF RIGHTS**

36. Nothing in the Proposed Orders or this Motion (i) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors and their estates; (ii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to the validity, priority, or amount of any claim against the Debtors and their estates; (iii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to any and all claims or causes of action; or (iv) shall be construed as a promise to pay a claim.

**NOTICE**

37. Notice of this Motion has been or will be provided to: (i) the Office of the United States Trustee for the District of Delaware; (ii) the Office of the United States Attorney for the District of Delaware; (iii) the Internal Revenue Service; (iv) counsel to the Prepetition ABL Agent; (v) the Banks; (vi) those creditors holding the thirty (30) largest unsecured claims against the Debtors' estates; and (vii) the state attorneys general for all states in which the Debtors conduct business. The Debtors will serve copies of this Motion and an order entered in respect of this Motion as required by Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

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**CONCLUSION**

WHEREFORE, the Debtors request that the Court enter the Proposed Orders, granting the relief requested herein and such other and further relief as is just and proper.

Dated: May 2, 2024  
Wilmington, Delaware

**YOUNG CONAWAY STARGATT & TAYLOR, LLP**

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



**Exhibit A**

**Interim Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

NEW RUE21 HOLDCO, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-10939 (BLS)

(Jointly Administered)

Ref. Docket No. \_\_

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS  
TO MAINTAIN AND ADMINISTER THEIR EXISTING  
CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
OBLIGATIONS RELATED THERETO, (II) AUTHORIZING THE  
BANKS TO HONOR AND PROCESS CHECK AND ELECTRONIC TRANSFER  
REQUESTS RELATED THERETO, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the debtors and debtors in possession in the above-captioned cases (the “Debtors”) for entry of an interim order (this “Interim Order”) and a final order, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1, (i) authorizing the Debtors to maintain and administer the Customer Programs and honor certain prepetition obligations related thereto, (ii) authorizing the Banks to honor and process check and electronic transfer requests related thereto, and (iii) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and upon consideration of the Motion and all pleadings related thereto, including the First Day Declaration; and due and proper notice of the Motion having been given; and having determined that no other or further notice of the Motion is required; and having determined that this Court has jurisdiction

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of their federal tax identification numbers, are New rue21 Holdco, Inc. (4668), r21 Holdings, Inc. (1618), New rue21 Intermediate, Inc. (9166), New rue21, LLC (4521), New RSC, LLC (4690), and r services llc (9425). The Debtors’ headquarters is located at 800 Commonwealth Drive, Warrendale, PA 15086.

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

to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012; and having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and having determined that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED on an interim basis as set forth herein.
2. A final hearing on the relief sought in the Motion shall be conducted on [\_\_\_\_], 2024 at [\_\_\_\_] (ET) (the “Final Hearing”). Any party-in-interest objecting to the relief sought at the Final Hearing or the Final Order shall file and serve a written objection, which objection shall be served upon (i) New rue21 Holdco, Inc., 800 Commonwealth Drive, Warrendale, PA 15086, Attn: Michele Pascoe; (ii) proposed co-counsel to the Debtors, (a) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019, Attn: Andrew S. Mordkoff, Esq. (amordkoff@willkie.com), Joseph R. Brandt, Esq. (jbrandt@willkie.com), and Jessica D. Graber, Esq. (jgraber@willkie.com), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801, Attn: Edmon L. Morton, Esq. (emorton@ycst.com), Matthew B. Lunn, Esq. (mlunn@ycst.com), Shane M. Reil, Esq. (sreil@ycst.com), and Carol E. Cox, Esq. (ccox@ycst.com) (iii) counsel to any official committee appointed in these Chapter 11 Cases; (iv) counsel to the Prepetition ABL Agent, (a) Morgan, Lewis & Bockius LLP, One Federal Street, Boston, MA 02110, Attn: Christopher L. Carter, Esq. (christopher.carter@morganlewis.com), and (b) Reed Smith LLP, 1202 North Market Street, Suite 1500, Wilmington, DE 19801, Attn: Kurt F. Gwynne, Esq. (kgwynne@reedsmith.com); and (v)

the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Jane M. Leamy, Esq. (jane.m.leafy@usdoj.gov) and Richard Schepacarter, Esq. (richard.schepacarter@usdoj.gov), in each case no later than [\_\_\_\_\_], **2024 at 4:00 p.m. (ET)**. If no objections to the entry of the Final Order are timely filed, this Court may enter the Final Order without further notice or a hearing.

3. Except as otherwise set forth herein, the Debtors are authorized, but not directed, to continue to administer the Customer Programs currently in effect, and honor any obligations related to the Customer Programs, on an interim basis, without regard to whether the Debtors' obligations arose before, on, or after the Petition Date, subject to an interim cap of \$340,000.

4. Up to and including the date that is fourteen (14) days from the Petition Date, the Debtors are authorized, but not directed, to (i) continue to accept Gift Cards validly-issued prior to the Petition Date, (ii) continue to honor REWARDS points under the REWARDS Program, and (iii) continue the Rewards Credit Card Program in the ordinary course of business.

5. The Debtors shall provide conspicuous notice of any termination of the Gift Cards program, the REWARDS Program, and the REWARDS Credit Care Program by posting notices at registers in each of their retail locations, on the Case Website, on the Debtors' e-commerce website and through the Debtors' social media channels.

6. The Banks on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and the Banks are authorized to rely on the Debtors' designation of any particular check or electronic

payment request as approved by this Interim Order without any duty of further inquiry and without liability for following the Debtors' instructions.

7. Any payment made pursuant to this Interim Order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

8. The Debtors are authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the relief granted herein.

9. Notwithstanding anything to the contrary in this Interim Order, any payment made or to be made under this Interim Order, and/or any authorization contained in this Interim Order, shall be in compliance with and subject to the "Approved Budget" as defined in the order of the Court approving the use of cash collateral in these Chapter 11 Cases.

10. Nothing in this Interim Order (i) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors and their estates; (ii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to the validity, priority, or amount of any claim against the Debtors and their estates; or (iii) shall be construed as a promise to pay a claim.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order.

12. The requirements of Bankruptcy Rule 6003(b) have been satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

13. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be effective and enforceable immediately upon its entry.

14. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

15. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

**Exhibit B**

**Final Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

NEW RUE21 HOLDCO, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-10939 (BLS)

(Jointly Administered)

Ref. Docket No. \_\_

**FINAL ORDER (I) AUTHORIZING THE DEBTORS  
TO MAINTAIN AND ADMINISTER THEIR EXISTING  
CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
OBLIGATIONS RELATED THERETO, (II) AUTHORIZING THE BANKS  
TO HONOR AND PROCESS CHECK AND ELECTRONIC TRANSFER  
REQUESTS RELATED THERETO, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the debtors and debtors in possession in the above-captioned cases (the “Debtors”) for entry of an interim order and a final order (this “Final Order”), pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1, (i) authorizing the Debtors to maintain and administer the Customer Programs and honor certain prepetition obligations related thereto, (ii) authorizing the Banks to honor and process check and electronic transfer requests related thereto, and (iii) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and upon consideration of the Motion and all pleadings related thereto, including the First Day Declaration; and due and proper notice of the Motion having been given; and having determined that no other or further notice of the Motion is required; and having determined that this Court has jurisdiction

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of their federal tax identification numbers, are New rue21 Holdco, Inc. (4668), r21 Holdings, Inc. (1618), New rue21 Intermediate, Inc. (9166), New rue21, LLC (4521), New RSC, LLC (4690), and r services llc (9425). The Debtors’ headquarters is located at 800 Commonwealth Drive, Warrendale, PA 15086.

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



to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012; and having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and having determined that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED on a final basis as set forth herein.
2. Except as otherwise set forth herein, the Debtors are authorized, but not directed, to continue to administer the Customer Programs currently in effect, and honor any obligations related to the Customer Programs, on a final basis, without regard to whether the Debtors' obligations arose before, on, or after the Petition Date, up to a final cap of \$340,000.
3. Up to and including the date that is fourteen (14) days from the Petition Date, the Debtors are authorized, but not directed, to (i) continue to accept Gift Cards validly-issued prior to the Petition Date, (ii) continue to honor REWARDS points under the REWARDS Program, and (iii) continue the Rewards Credit Card Program in the ordinary course of business.
4. The Debtors shall provide conspicuous notice of any termination of the Gift Cards program, the REWARDS Program, and the REWARDS Credit Card Program by posting notices at registers in each of their retail locations, on the Case Website,, on the Debtors' e-commerce website and through the Debtors' social media channels.
5. The Banks on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and the

Banks are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.

6. Any payment made pursuant to this Final Order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

7. The Debtors are authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the relief granted herein.

8. Notwithstanding anything to the contrary in this Final Order, any payment made or to be made under this Final Order, and/or any authorization contained in this Final Order, shall be in compliance with and subject to the "Approved Budget" as defined in the order of the Court approving the use of cash collateral in these Chapter 11 Cases.

9. Nothing in this Final Order (i) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors and their estates; (ii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to the validity, priority, or amount of any claim against the Debtors and their estates; or (iii) shall be construed as a promise to pay a claim.

10. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order.

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

12. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

13. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.