

Draw Another Circle Taps Cooley As Ch. 11 Corp. Counsel

By **Jeff Montgomery**

Law360, Wilmington (July 8, 2016, 8:37 PM ET) -- Hastings Entertainment parent Draw Another Circle has tapped Cooley LLP to continue in the company's Delaware Chapter 11 case as corporate counsel retroactive to its June 13 petition date.

The chain store and online retailer said in a court filing that it sought Cooley's help before launching its case on a range of issues, including sales of assets, financing and general corporate advice.

"As a result of representing the debtors on such matters, Cooley acquired extensive institutional knowledge of the debtors and their businesses and is familiar with the debtors' capital structure, corporate structure, financing documents and other material agreements," DAC's retention motion said.

Cooley ranks among the nation's top firms in sophisticated retail Chapter 11 cases, with involvement in ongoing cases in Delaware that include In re Pacific Sunwear of Cal. Inc., In Re Vestis Retail Group LLC and the former RadioShack Corp.'s successor RS Legacy Corp., the company noted.

The firm's other nationally significant bankruptcy and out of court restructuring work includes Metromedia Fiber Network, Enron, Lehman Brothers, Adelphia and Federated Department Stores, among others.

Cooley has 900 attorneys in 12 offices in the United States, China and Europe, with 300 partners and 2,000 employees overall worldwide.

Draw Another Circle reported that Cooley's activities will include negotiation and documentation of company financing arrangements as well as providing counsel and procedures for asset transfers, sales or abandonments, corporate governance and other matters.

At the time of its Chapter 11 filing, the company proposed a five-week search for buyers and liquidation if the effort failed. Earlier this week, DAC notified Judge Kevin Carey that it had resolved key disputes over auction plans and had received promising signs of buyer interest.

The retailer, which also owns sports memorabilia distributor SP Images Inc., plans for a sale hearing on July 22. The company's chain of MovieStop outlets is not part of the sale plan and is presently working through going out of business sales.

Cooley already has received about \$769,400 from DAC for services provided to date, with about

\$232,900 remaining in a company retainer account. A declaration filed by Cooley partner Cathy Herschopf said hourly rates for the company will range from \$925 for partner services and an \$800 to \$425 per hour range for associate work and \$225 hourly for paralegal services.

Christopher M. Samis of Whiteford Taylor & Preston LLC, who served as lead attorney for DAC at its most-recent court hearing, said at the time that “Cooley was on the ground in this matter from the very beginning. I think it’s fair to say we can expect to have them continue in a significant role.”

Cooley has already shepherded the company through a process that included securing a \$90 million debtor-in-possession bankruptcy financing loan from Bank of America, which was owed \$70 million through a prepetition credit agreement.

DCA is wholly owned by Joel Weinshanker, who is also the majority owner of Elvis Presley Enterprises and managing partner of Graceland Holdings LLC. Weinshanker also is chairman and founder of National Entertainment Collectibles Association.

Draw Another Circle LLC is represented by Christopher M. Samis, L. Katherine Good and Chantelle D. McClamb of Whiteford Taylor & Preston LLC and Cathy Herschopf, Michael Klein and Robert Winning of Cooley LLP.

The unsecured creditors committee is represented by Bruce Buechler, Nicole M. Brown, Bruce S. Nathan and Eric Chafetz of Lowenstein Sandler LLP, and Maria Aprile Sawczuk of Goldstein & McClintock LLLP.

The case is In re Draw Another Circle LLC et al., case number 1:16-bk-11452, in the U.S. Bankruptcy Court for the District of Delaware.

--Editing by Emily Kokoll.