

# Newsday

February 19, 2009

## Trustee wants Fortunoff liquidated

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A U.S. trustee monitoring the bankruptcy case of Fortunoff filed a motion proposing that the case be converted to Chapter 7 bankruptcy under which a court-appointed trustee would oversee the shutdown and liquidation of the Westbury retailer.

An auction to sell the jewelry and home goods retailer has been scheduled for Monday and

will take place, according to Fortunoff's parent company, NRDC Equity Partners Llc.

The trustee, Diana G. Adams, requested a hearing to address her motion on Tuesday, the day the judge is also scheduled to decide whether to approve of the auction outcome.

Adams questioned whether the planned sale would generate money to pay any of the unsecured creditors, noting that converting the case from a Chapter

11 reorganization to a Chapter 7 liquidation would result in less administrative expenses and possibly more money distributed to the unsecured creditors.

Fortunoff owes \$72 million to its secured creditors, according to court documents.

"... If, at the sale hearing, the Debtors cannot meet their burden and demonstrate that any party other than the Debtors' secured creditors will benefit from the sale, then the sale is inappro-

priate," said Adams, U.S. trustee for Region 2.

It's unclear whether the motion will have any impact on Monday's auction proceedings.

Jerome Reisman, a Garden City attorney who specializes in bankruptcy cases but is not involved in the Fortunoff case, said Friday that such a motion is not unusual. "They [the trustees] are saying the [sale] is only for the benefit of the secured creditors and it is being run in a

Chapter 11 by Fortunoff management people rather than a trustee who comes off a panel of independent trustees and who could best liquidate the company and its assets," he said.