

Peter S. Partee, Sr.
Michael P. Richman
Andrew Kamensky
Richard P. Norton
Robert A. Rich
HUNTON & WILLIAMS LLP
200 Park Avenue, 53rd Floor
New York, New York 10166-0136
(212) 309-1000

Proposed Attorneys for Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	}	Chapter 11
ATARI, INC., <i>et al.</i> ,	}	Case No. 13-10176 (___)
Debtors. ¹	}	Joint Administration Requested

MOTION OF THE DEBTORS AND DEBTORS-IN-POSSESSION FOR ENTRY OF AN ORDER (I) APPROVING THE FORM AND MANNER OF NOTICE OF THE COMMENCEMENT OF THEIR CHAPTER 11 CASES, (II) AUTHORIZING THE DEBTORS TO PREPARE A CONSOLIDATED LIST OF CREDITORS IN LIEU OF A MAILING MATRIX, AND (III) AUTHORIZING THE DEBTORS TO FILE A CONSOLIDATED LIST OF TOP 30 UNSECURED CREDITORS

The above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), by and through their proposed undersigned counsel, hereby move (the “Motion”) for entry of an order substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”) (i) approving the form and manner of notice of the commencement of the Debtors’ chapter 11 cases, (ii) authorizing the Debtors to prepare a consolidated list of creditors in lieu of submitting any required mailing matrix, and (iii) authorizing the Debtors to file a consolidated list of the top thirty (30) unsecured creditors in lieu of filing separate lists of the twenty (20) largest unsecured creditors for each of the Debtors. In support of this Motion, the Debtors submit the *Declaration*

¹ The other Debtors are Atari Interactive, Inc., Humongous, Inc., and California U.S. Holdings, Inc.

of Robert A. Mattes (I) In Support of Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2 (the “First Day Declaration”). In further support of the Motion, the Debtors respectfully represent as follows:

I. Background

1. On January 21, 2013 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), commencing the above-captioned chapter 11 cases. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have, pursuant to a separate motion, moved the Court for entry of an order authorizing joint administration of these chapter 11 cases.

2. No request for the appointment of a trustee or an examiner has been made in these cases and no statutory committees have been appointed or designated.

3. A description of the Debtors’ businesses, the reasons for filing these chapter 11 cases and the relief sought from this Court to allow for a smooth transition into operations under chapter 11 is set forth in the First Day Declaration, which is being filed contemporaneously with this Motion.

II. Jurisdiction, Venue and Predicates for Relief Requested

4. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference M-431*, dated January 31, 2012 (Preska, C.J.). Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

5. The predicates for the relief requested herein are sections 105(a) and 521 of the Bankruptcy Code, Rules 1007(a), 2002(a), (f) and (l) of the Federal Rules of Bankruptcy

Procedure (the “Bankruptcy Rules”), and Rule 1007-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “Local Rules”).

III. Relief Requested

6. By this Motion, the Debtors request that the Court enter the Proposed Order (i) approving the form and manner of notice of the commencement of these chapter 11 cases and of the meeting of creditors to be held pursuant to section 341 of the Bankruptcy Code (the “Section 341 Meeting”) substantially in the form attached hereto as **Exhibit B** (the “Commencement Notice”); (ii) authorizing the Debtors to prepare a consolidated list of creditors in lieu of submitting any required mailing matrix; and (iii) authorizing the Debtors to file a consolidated list of the unsecured creditors holding the thirty (30) largest claims against the Debtors in their chapter 11 cases in lieu of filing separate lists of the twenty (20) largest unsecured creditors for each of the Debtors pursuant to Bankruptcy Rule 1007(d).

IV. Basis for Relief Requested

A. Request for Approval of the Form and Manner of the Commencement Notice

7. The Debtors propose to serve the Commencement Notice by First Class, U.S. Mail, postage prepaid, on those persons and entities entitled to receive such notice pursuant to Bankruptcy Rule 2002(a) no later than five (5) business days after the Debtors receive notice from the United States Trustee for the Southern District of New York (the “U.S. Trustee”) of the time and place of the Section 341 Meeting.

8. In addition, to notify unknown creditors and other parties in interest, the Debtors propose to publish the Commencement Notice once in the national edition of *The Wall Street Journal* as soon as reasonably practicable after the Debtors receive notice from the U.S. Trustee of the time and place of the Section 341 Meeting.

9. Bankruptcy Rule 2002(a) provides, in pertinent part, that “the clerk, or some other person as the court may direct, shall give the debtor, the trustee, all creditors and indenture trustees at least 21 days’ notice by mail of . . . the meeting of creditors under § 341 or § 1104(b) of the [Bankruptcy] Code.” Fed. R. Bankr. P. 2002(a)(1). Bankruptcy Rule 2002(f)(1) also provides that notice of “the order for relief” shall be sent by mail to all creditors. Fed. R. Bankr. P. 2002(f)(1).

10. The Court also has authority under Bankruptcy Rule 2002(l) to “order notice by publication if it finds notice by mail is impracticable or that it is desirable to supplement the notice.” Fed. R. Bankr. P. 2002(l). Publication of the Commencement Notice is the most practical method by which to provide notice to unknown creditors and other parties in interest of these chapter 11 cases and will ensure an efficient use of estate resources.

11. The Debtors hereby request that the Court approve the foregoing as providing adequate and sufficient notice of the commencement of their chapter 11 cases and the Section 341 Meeting pursuant to Bankruptcy Rules 2002(a), (f) and (l).

B. Request for Authority to Prepare a Consolidated List of Creditors in Lieu of Submitting a Mailing Matrix

12. Unless a debtor’s schedules of assets and liabilities are filed simultaneously with a chapter 11 petition, section 521(a) of the Bankruptcy Code, Bankruptcy Rule 1007(a), Local Rule 1007-2, General Order M-408 (Bankr. S.D.N.Y. Sept. 22, 2010) (superseding General Order M-192) and General Order M-399 (Bankr. S.D.N.Y. May 17, 2010) require a debtor to file a list containing the name and address of each creditor with the petition. General Order M-408 provides that, at the time of filing the petition, the debtor’s counsel must (1) file the list of creditors on the docket and (2) upload the creditors’ matrix into the ECF creditors’ database. Further, and as discussed below, Bankruptcy Rule 1007(d) requires a debtor to file a list

containing the name, address and claim of the creditors holding the twenty (20) largest unsecured claims against the debtor. Fed. R. Bankr. P. 1007(d).

13. Permitting the Debtors to maintain a consolidated list of their creditors in electronic format only, in lieu of submitting and filing a formatted creditor matrix, is warranted under the circumstances of these chapter 11 cases. Converting the Debtors' computerized information to a format compatible with the matrix requirements would be a burdensome task and would greatly increase the risk and recurrence of error with respect to information already intact on computer systems maintained by the Debtors or their agents.

14. The Debtors already have prepared a single, consolidated list of the Debtors' creditors in electronic format. The Debtors are prepared to make that list available in electronic form to any party who so requests (or in non-electronic form at such requesting party's sole cost and expense) in lieu of submitting a formatted mailing matrix to the clerk of this Court and filing such matrix on the case docket.

15. Additionally, the Debtors will be filing an application seeking the appointment of BMC Group, Inc. ("BMC Group") as claims and noticing agent in these chapter 11 cases. If such application is granted, BMC Group will, among other things, compile a database of creditors and complete the mailing of notices to the parties in such database. Accordingly, it is in the best interest of the Debtors' estates to avoid the cost and burdens associated with preparing and filing a separate matrix. The Debtors, therefore, submit that they should be able to maintain a consolidated list of their creditors in electronic format only, in lieu of submitting and filing a formatted creditor matrix.

16. Relief similar to that requested in this Motion has been granted in other recent chapter 11 cases in this District. See, e.g., In re Hawker Beechcraft, Inc., Case No. 12-11873

(Bankr. S.D.N.Y. May 4, 2012); In re Grubb & Ellis Co., Case No. 12-10685 (Bankr. S.D.N.Y. Feb. 21, 2012); In re Eastman Kodak Co., Case No. 12-10202 (Bankr. S.D.N.Y. Jan. 19, 2012); In re Uno Restaurant Holdings Corp., Case No. 10-10209 (Bankr. S.D.N.Y. Jan. 20, 2010); In re Ciena Capital LLC f/k/a Business Loan Express, LLC, Case No 08-13783 (Bankr. S.D.N.Y. Oct. 21, 2009).

C. Request for Authority to File a Single Consolidated List of Creditors

17. Pursuant to Bankruptcy Rule 1007(d), a chapter 11 debtor must file a “list containing the name, address and claim of the creditors that hold the 20 largest unsecured claims, excluding insiders” Fed. R. Bank. P. 1007(d). The list of the twenty (20) largest unsecured creditors (the “Top 20 List”) primarily is used by the U.S. Trustee to evaluate the types and amounts of unsecured claims against a debtor, and, thus, identify potential candidates to serve on any official committee of unsecured creditors appointed in the debtor’s chapter 11 case under section 1102 of the Bankruptcy Code. See In re Dandy Doughboy Donuts, Inc., 66 B.R. 457, 458 (Bankr. S.D. Fla. 1986) (stating that the purpose of the list of twenty (20) largest unsecured creditors is to facilitate the appointment of an unsecured creditors committee); see also 9 Collier on Bankruptcy, ¶ 1007.05 (Alan N. Resnick & Henry J. Sommer eds., 16th Ed.) (stating that “the list enables the United States Trustee to determine the different types of claims existing in order to assure that a fully representative committee is appointed”).

18. Given the nature of the Debtors’ businesses and debt structure, the Debtors believe that filing a consolidated list of their creditors holding the thirty (30) largest unsecured claims (the “Consolidated Top 30 List”) would facilitate the U.S. Trustee’s review of creditors’ claims and its appointment of a creditors’ committee in these chapter 11 cases. By contrast, the filing of multiple Top 20 Lists for each of the Debtors actually would impose an unnecessary burden on the U.S. Trustee without providing any benefit. Under these circumstances, requiring

the Debtors to satisfy the literal requirements of Bankruptcy Rule 1007(d) would only serve to frustrate that Bankruptcy Rule's intended purpose.

19. Considering the burden that would be imposed upon the Debtors by filing a separate Top 20 List for each of the Debtors, and the absence of any corresponding benefit to any party-in-interest, the Debtors request authority to file the Consolidated Top 30 List in lieu of filing separate Top 20 Lists for each of the Debtors. The Debtors believe that such relief is appropriate under the circumstances for the efficient and orderly administration of the Debtors' chapter 11 cases.

20. Relief similar to that requested in this Motion has been granted in other recent chapter 11 cases in this District. See, e.g., In re Hawker Beechcraft, Inc., Case No. 12-11873 (Bankr. S.D.N.Y. May 4, 2012); In re Grubb & Ellis Co., Case No. 12-10685 (Bankr. S.D.N.Y. Feb. 21, 2012); In re Eastman Kodak Co., Case No. 12-10202 (Bankr. S.D.N.Y. Jan. 19, 2012); In re Sbarro, Inc., Case No. 11-11527 (Bankr. S.D.N.Y. Apr. 5, 2011); In re MSR Resort Golf Course LLC, Case No. 11-10372 (Bankr. S.D.N.Y. Feb. 3, 2011); In re Ciena Capital LLC f/k/a Business Loan Express, LLC, Case No 08-13783 (Bankr. S.D.N.Y. Oct. 21, 2009).

V. Notice

21. Notice of this Motion has been provided to: (a) the U.S. Trustee; (b) counsel to the proposed DIP lender; (c) the creditors holding the thirty (30) largest unsecured claims against the Debtors' estates on a consolidated basis, as identified in the Debtors' chapter 11 petitions; and (d) all parties that have filed a notice of appearance or have requested service in these chapter 11 cases. In light of the nature of the relief requested herein and the potential harm to the Debtors' estates if the relief requested herein is not granted, the Debtors respectfully submit that no other or further notice need be provided.

VI. No Prior Request

22. No prior motion for the relief requested herein has been made to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court (a) enter an order, substantially in the form of the Proposed Order, granting the relief requested herein, and (b) grant to the Debtors such other and further relief as the Court may deem just and proper.

Dated: New York, New York
January 21, 2013

Respectfully submitted,

/s/ Peter S. Partee, Sr.

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