

**Fill in this information to identify the case:**

Debtor 1 KLS Acquisition Corp.

Debtor 2 \_\_\_\_\_  
(Spouse, if filing)

United States Bankruptcy Court for the: Northern District of Illinois

Case number 18-30052

**Official Form 410**

**Proof of Claim**

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

**Part 1: Identify the Claim**

<b>1. Who is the current creditor?</b>	<u>MB Financial Bank, N.A.</u> Name of the current creditor (the person or entity to be paid for this claim)	
	Other names the creditor used with the debtor _____	
<b>2. Has this claim been acquired from someone else?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
<b>3. Where should notices and payments to the creditor be sent?</b>  Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	<b>Where should notices to the creditor be sent?</b>	<b>Where should payments to the creditor be sent? (if different)</b>
	<u>MB Financial Bank, N.A. (Attn: William Stapel)</u> Name	_____ Name
	<u>6111 N. River Road</u> Number Street	_____ Number Street
	<u>Rosemont</u> <u>IL</u> <u>60018</u> City State ZIP Code	_____ City State ZIP Code
	Contact phone <u>847-653-7311</u>	Contact phone _____
	Contact email <u>wstapel@mbfinancial.com</u>	Contact email _____
	Uniform claim identifier for electronic payments in chapter 13 (if you use one): -----	
<b>4. Does this claim amend one already filed?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY	
<b>5. Do you know if anyone else has filed a proof of claim for this claim?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

**Part 2: Give Information About the Claim as of the Date the Case Was Filed**

6. Do you have any number you use to identify the debtor?  No  
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: \_\_\_\_\_

7. How much is the claim? \$ 5,510,440.90. Does this amount include interest or other charges?  
 No  
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.  
 Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).  
 Limit disclosing information that is entitled to privacy, such as health care information.  
Money loaned

9. Is all or part of the claim secured?  No  
 Yes. The claim is secured by a lien on property.  
**Nature of property:**  
 Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.  
 Motor vehicle  
 Other. Describe: See Attached  
**Basis for perfection:** UCC-1 Financing Statement; Possession/control  
 Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)  
**Value of property:** \$ \_\_\_\_\_  
**Amount of the claim that is secured:** \$ \_\_\_\_\_  
**Amount of the claim that is unsecured:** \$ \_\_\_\_\_ (The sum of the secured and unsecured amounts should match the amount in line 7.)  
**Amount necessary to cure any default as of the date of the petition:** \$ \_\_\_\_\_  
**Annual Interest Rate** (when case was filed) 5.25 %  
 Fixed  
 Variable

10. Is this claim based on a lease?  No  
 Yes. Amount necessary to cure any default as of the date of the petition. \$ \_\_\_\_\_

11. Is this claim subject to a right of setoff?  No  
 Yes. Identify the property: \_\_\_\_\_

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?  No

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

Yes. Check one:

<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	Amount entitled to priority \$ _____
<input type="checkbox"/> Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ _____
<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ _____
<input type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ _____
<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ _____
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)( ) that applies.	\$ _____

\* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

**Part 3: Sign Below**

**The person completing this proof of claim must sign and date it. FRBP 9011(b).**

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

**A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.**

*Check the appropriate box:*

I am the creditor.

I am the creditor's attorney or authorized agent.

I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 01/14/2019  
MM / DD / YYYY

  
\_\_\_\_\_  
Signature

**Print the name of the person who is completing and signing this claim:**

Name	<u>Steven</u>	<u>E.</u>	<u>Fox</u>
	First name	Middle name	Last name
Title	<u>Attorney</u>		
Company	<u>Riemer &amp; Braunstein LLP</u>		
	Identify the corporate servicer as the company if the authorized agent is a servicer.		
Address	<u>Seven Times Square, Suite 2506</u>		
	Number	Street	
	<u>New York</u>	<u>NY</u>	<u>10036</u>
	City	State	ZIP Code
Contact phone	<u>212-789-3150</u>	Email	<u>sfox@riemerlaw.com</u>

**ANNEX A**

1) This Proof of Claim (the “Claim”) is asserted by **MB FINANCIAL BANK, NATIONAL ASSOCIATION** (“MB”), as lender under certain Loan Documents (defined below) with the Debtors (defined below), against the estates of:

- a) **BELVIDERE ASSOCIATES LLC**, debtor under chapter 11 case no. 18-30043;
- b) **FP RETAIL ASSOCIATES LLC**, debtor under chapter 11 case no. 18-30046;
- c) **HILLCREST ENTERPRISES, LLC**, debtor under chapter 11 case no. 18-30047;
- d) **JULAR MEDIA LLC**, debtor under chapter 11 case no. 18-30050;
- e) **KLS ACQUISITION CORP.**, debtor under chapter 11 case no. 18-30052;
- f) **LOOMIS ENTERPRISES LLC**, debtor under chapter 11 case no. 18-30053;
- g) **NORTH AVENUE ASSOCIATES LLC**, debtor under chapter 11 case no. 18-30054;
- h) **OAK CREEK DISTRIBUTION LLC**, debtor under chapter 11 case no. 18-30055; and
- i) **OL ENTERPRISES LLC**, debtor under chapter 11 case no. 18-30056;

(each of the above-listed legal entities individually a “Debtor”, and collectively, the “Debtors”), in each case pending in the United States Bankruptcy Court for the Northern District of Illinois (jointly administered).

2) The Claim arises under certain Revolving Loan Notes, Joinder Agreements, Security Agreements and Guaranty Agreements (as same may have been amended, restated, supplemented or otherwise modified and in effect from time to time), in each case together with such additional documents, instruments, agreements, notes, mortgages and other security documents and letters of credit executed and/or delivered by or on behalf of any Debtor prior to the Petition Date (collectively together with any notes and all other documents, consents, instruments, assignments, amendments, agreements, guarantees and financing statements related thereto and/or executed in connection therewith, including, without limitation, the “Loan Documents” as defined in the Credit Agreement, collectively, the “Loan Documents”).

3) As of the Petition Date, the aggregate amount outstanding under the Loan Documents was \$5,510,440.90, plus letters of credit in the aggregate stated amount of \$325,000<sup>1</sup>, plus interest accrued and accruing at the contractual non-default rate in the aggregate stated amount of \$11,725.59<sup>2</sup>, plus costs, expenses, fees (including attorneys’ fees and legal expenses), other charges and other obligations, including, without limitation, on account of cash management, credit card, depository, investment, leasing, hedging and other banking or financial services secured by the Loan Documents. Attached hereto as Schedule 1 is a schedule listing the original principal amounts of the respective promissory notes, as well as the outstanding principal balances thereunder as of the Petition Date.

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<sup>1</sup> This amount consists of a letter of credit issued on behalf of (a) Debtor Oak Creek Distribution LLC in the amount of \$300,000, and (b) FP Retail Associates LLC in the amount of \$25,000. On or about January 4, 2019, MB was notified of a draw demand under the letter of credit issued for the benefit of FP Retail Associates LLC.

<sup>2</sup> Pursuant to the Loan Documents, MB is entitled to accrued interest at the contractual default rate (an increase of 3.0%).

4) Pursuant to the Loan Documents and that certain “*Final Order Pursuant To §§ 105, 361, 362, And 363 Of The Bankruptcy Code And Bankruptcy Rules 2002, 4001 And 9014 Granting Debtors’ Motion For Use Of Cash Collateral And Scheduling A Final Hearing*”, entered November 20, 2018 [Dkt. No. 123], MB is entitled to be paid post-petition interest at the contractual non-default rate in an aggregate amount of \$21,348.86 (calculated through December 19, 2018).

5) The Claim is asserted in a secured, liquidated amount, plus interest, administrative fees, attorneys’ fees and other expenses, as may be applicable under the Credit Agreement, and as allowable under Section 506(b) of the Bankruptcy Code.

6) Additionally, on January 11, 2019, Supreme Construction, Inc. (“Supreme”) commenced an adversary proceeding captioned *Supreme Construction, Inc. v. Morgan Administration, Inc., et al., d/b/a Home Owners Bargain Outlet and MB Financial Bank, N.A.*, Adv. Proc. No. 19-00014 (the “Supreme Action”), seeking recovery of certain amounts from certain Debtors and/or MB. Pursuant to the Loan Documents, MB is entitled to indemnification from the Debtors for all claims, damages, judgments, costs and other amounts incurred in defending the claims asserted in the Supreme Action. Furthermore, any such indemnity claims are secured by all or substantially all of the Debtors’ personal property assets, and in furtherance thereof MB has established an administrative hold/reserve from cash collateral in an amount not less than the amount asserted by Supreme in the Supreme Action.

7) The Claim is secured by duly perfected liens and security interests in and upon all or substantially all of the Debtors’ personal property assets. MB asserts, and the Debtors have stipulated in pleadings filed with the Bankruptcy Court, that MB’s claims are fully secured as of the Petition Date.

8) The Claim is legal, valid, binding, enforceable, and non-avoidable, and is not subject to offset, counterclaim, recoupment, or equitable subordination.

9) MB reserves its right to file additional proofs of claim and/or to amend this Claim.

10) Due to the voluminous nature of the Loan Documents, copies of the same are not attached to this Proof of Claim. However, the Debtors are already in possession of the Loan Documents. Copies of the Loan Documents have previously been supplied on an informal basis to the Official Committee of Unsecured Creditors, and will be provided upon written request therefor made to the persons identified in Paragraph 11 below.

11) The filing of this Proof of Claim is not (i) a waiver or release of MB’s rights against any Debtor(s), any other person, entity, property, or guarantor, or (ii) an election of any remedies.

12) All notices and communications concerning this Claim should be addressed as follows:

RIEMER & BRAUNSTEIN LLP  
Times Square Tower  
Seven Times Square, Suite 2506  
New York, New York 10036  
Attn: Steven E. Fox, Esq.  
Tel: 212.789.3150  
Email: sfox@riemerlaw.com

**SCHEDULE 1**

<b>Borrower</b>	<b>Note</b>	<b>Original Principal Amount (as amended)</b>	<b>Petition Date Principal Balance<sup>3</sup></b>
Belvidere Associates LLC	Amended and Restated Revolving Loan Note dated as of May 5, 2008, as amended by that certain Amendment to Revolving Loan and Draw Term Notes dated as of July 10, 2009 (as amended, the "Belvidere Note")	\$1,250,000	\$678,392.20
Hillcrest Enterprises, LLC	Amended and Restated Revolving Loan Note dated as of May 5, 2008, as amended by that certain Amendment to Revolving Loan and Draw Term Notes dated as of July 10, 2009 (as amended, the "Hillcrest Note")	\$1,000,000	\$616,172.34
KLS Acquisition Corp.	Amended and Restated Revolving Loan Note dated as of May 5, 2008, as amended by that certain Amendment to Revolving Loan and Draw Term Notes dated as of July 10, 2009 (as amended, the KLS Note")	\$1,000,000	\$473,066.44
Loomis Enterprises LLC	Amended and Restated Revolving Loan Note dated as of May 5, 2008, as amended by that certain Amendment to Revolving Loan and Draw Term Notes dated as of July 10, 2009 (as amended, the "Loomis Note")	\$1,000,000	\$465,195.85
North Avenue Associates LLC	Amended and Restated Revolving Loan Note dated as of May 5, 2008, as amended by that certain Amendment to Revolving Loan and Draw Term Notes dated as of July 10, 2009	\$1,250,000	\$689,000.26

<sup>3</sup> Amounts referenced herein are exclusive of letters of credit in the aggregate stated amount of \$325,000, plus interest accrued and accruing at the contractual non-default rate in the aggregate stated amount of \$11,725.59, plus costs, expenses, fees (including attorneys' fees and legal expenses), other charges and other obligations, including, without limitation, on account of cash management, credit card, depository, investment, leasing, hedging and other banking or financial services secured by the Loan Documents.

	(as amended, the "North Avenue Note")		
Oak Creek Distribution LLC	Amended and Restated Revolving Loan Note dated as of May 5, 2008, as amended by that certain Amendment to Revolving Loan and Draw Term Notes dated as of July 10, 2009, that certain Amendment to Revolving Loan Note dated as of September 22, 2010 and that certain Amendment to Revolving Loan Note and Reaffirmation of Security Agreements and Guaranties dated January 14, 2011 (as amended, the "Oak Creek Note")	\$3,500,000	\$1,361,442.36
OL Enterprises LLC	Revolving Loan Note dated as of July 10, 2009 (as amended, the "OLE Note")	\$1,250,000	\$713,599.23
FP Retail Associates LLC	Revolving Loan Note dated as of March ____, 2017	\$1,500,000	\$513,572.42
Jular Media LLC	Guaranty Agreement		\$5,510,440.90

2429554.2

# Northern District of Illinois Claims Register

[18-30052 KLS Acquisition Corp.](#)

**Honorable Judge:** Jacqueline P. Cox

**Chapter:** 11

**Office:** Eastern Division

**Last Date to file claims:**

**Trustee:**

**Last Date to file (Govt):**

*Creditor:* (27219884)  
MB Financial Bank, N.A.  
6111 N. River Road  
Rosemont, Illinois 60018

**Claim No:** 48  
*Original Filed*  
*Date:* 01/14/2019  
*Original Entered*  
*Date:* 01/14/2019

*Status:*  
*Filed by:* AT  
*Entered by:* Steven E Fox  
*Modified:*

Amount claimed: \$5510440.90

Secured claimed: \$5510440.90

*History:*

[Details](#) [48-1](#) 01/14/2019 Claim #48 filed by MB Financial Bank, N.A., Amount claimed: \$5510440.90 (Fox, Steven)

*Description:*

*Remarks:*

## Claims Register Summary

**Case Name:** KLS Acquisition Corp.

**Case Number:** 18-30052

**Chapter:** 11

**Date Filed:** 10/25/2018

**Total Number Of Claims:** 1

<b>Total Amount Claimed*</b>	\$5510440.90
<b>Total Amount Allowed*</b>	

\*Includes general unsecured claims

**The values are reflective of the data entered. Always refer to claim documents for actual amounts.**

	Claimed	Allowed
<b>Secured</b>	\$5510440.90	
<b>Priority</b>		
<b>Administrative</b>		