

*FILE ORIGINAL FOR CHAPTERS 7 and 11, IN DUPLICATE FOR CHAPTER 13, FOR DATE-STAMPED COPY, SEE #9 BELOW

United States Bankruptcy Court Northern District of Illinois, Eastern Division CH 7 CH 13 [X] CH 11 PLEASE CHECK CHAPTER

Name of Debtor: KMART CORPORATION Case Number: 02-02474 PROOF OF CLAIM

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S. C. § 503

Name of Creditor (The person or other entity to whom the debtor owes money or property): Montague Claybrook, Chapter 7 Trustee for Discovery Zone, Inc., et al.

Name and Address Where Notices Should be Sent: John Lucian, Esq., Blank Rome Comisky & McCauley LLP 250 W. Pratt Street, Suite 1100, Baltimore, MD 21201

Account or other number by which creditor identifies debtor: Check here if this claim amends [] replaces [] a previously filed claim dated: []

1. BASIS FOR CLAIM: [] Goods sold [] Money loaned [] Taxes [] Retiree benefits as defined in 11 U.S. C. § 1114 (a) [] Services performed [] Personal injury/wrongful death [X] Other see attached [] Wages, salaries, and compensation (Fill out below) Your social security number [] Unpaid compensation for services performed from [] to [] (date) (date)

2. DATE DEBT WAS INCURRED: 3. IF COURT JUDGMENT, DATE OBTAINED:

4. Total Amount of Claim at Time Case Filed: \$ 19,390.13 If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. [] Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured claim [] Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: [] Real Estate [] Motor Vehicle [] Other Value of collateral: \$ Amount of arrearage and other charges at time case filed included in secured claim above, if any: \$

6. Unsecured Priority Claim [] Check this box if you have an unsecured priority claim Amount entitled to priority \$ Specify the priority of the claim: [] Wages, salaries, or commissions (up to \$4,300), *earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier-11 U.S.C. § 507(a)(3) [] Contributions to an employee benefit plan-11 U.S.C. § 507(a)(4) [] Up to \$1,950* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6) [] Alimony, maintenance, or support owed to a spouse, former spouse, or child -11 U.S.C. § 507(a)(7) [] Taxes or penalties owed to governmental units 11 U.S.C. § 507(a)(8) [] Other—Specify applicable paragraph of 11 U.S.C. § 507(a) *Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

7. CREDITS: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim. 8. SUPPORTING DOCUMENTS: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary. ANY ATTACHMENT MUST BE 8-1/2" BY 11" 9. DATE-STAMPED COPY: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and an additional copy of this proof of claim.

Date: 2-8-02 Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any) M. Claybrook

FILED FEB 25 2002 MALROOM - MM S. GARDNER NORTHERN DISTRICT OF ILLINOIS 378

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In Re:	:	
DISCOVERY ZONE, INC., et al.,	:	Bankr. Case No. 99-941 (PJW)
	:	Chapter 7
Debtors.	:	Joint Administration

MONTAGUE S. CLAYBROOK, Chapter 7 Trustee of Discovery Zone, Inc., DZ Party, Inc., Discovery Zone (Puerto Rico), Inc. and Discovery Zone Licensing, Inc.,	:	
Plaintiff,	:	
v.	:	Adv. Pro. No. 01-1416 (PJW)
K-Mart Apparel of Michigan Corp.	:	
Defendant.	:	

FIRST AMENDED COMPLAINT OF MONTAGUE S. CLAYBROOK, CHAPTER 7
TRUSTEE TO AVOID TRANSFERS PURSUANT TO 11 U.S.C. §547
AND TO RECOVER SUCH TRANSFERS PURSUANT TO 11 U.S.C. §550

Montague S. Claybrook, Chapter 7 Trustee (the "Trustee") of Discovery Zone, Inc., DZ Party, Inc., Discovery Zone (Puerto Rico), Inc. and Discovery Zone Licensing, Inc. (the "Debtors") on behalf of the Chapter 7 estates of the Debtors amends his Complaint (the "Complaint") against K-GAM Broadway Wilmot LLC (the "Defendant") and avers as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§1334 and 157 and Sections 547 and 550 of Title 11 of the United States Code (the "Bankruptcy Code"). This adversary proceeding is a "core" proceeding to be heard and determined by the Bankruptcy Court pursuant to 28 U.S.C. §157(b)(2)(A),(E), (F) and (O).

2. Venue is appropriate before this Court by virtue of, and in accordance with 28 U.S.C. §1409.

II. PARTIES

3. The Trustee is the duly appointed Chapter 7 Trustee of each of the Debtors. The Trustee was appointed on an interim basis on or about May 23, 2000.

4. The Defendant is a person, corporation, partnership or other entity doing business and subject to the service of process pursuant to Fed. R. Bankr. P. 7004(b).

5. The Defendant maintains a business address at 3100 W. Big Beaver Rd, Troy, MI 48084, and may be served at such address. In addition, the Defendant has retained counsel in this adversary proceeding who has entered his appearance and corresponded with the undersigned.

III. FACTUAL BACKGROUND

6. On April 20, 1999 (the "Filing Date"), the Debtors each filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

7. On or about May 23, 2000, each of the Debtors' cases was converted to one under Chapter 7 of the Bankruptcy Code. The Trustee was appointed the Chapter 7

Trustee in each case on or about May 23, 2000. The 341(a) meeting of creditors in this case was conducted on or about August 9, 2000.

8. During the ninety (90) days prior to the Filing Date, the Debtors made preferential transfer(s) to the Defendant. These preferential transfers total at least \$19,390.13 (collectively, the "Transfer(s)").

9. On or about January 22, 1999, the Debtor made a transfer by check to the Defendant in the amount of \$5,000. A copy of that check is attached as Exhibit 1.

10. On or about February 11, 1999, the Debtor made a transfer by check to the Defendant in the amount of \$5,000. A copy of that check is attached as Exhibit 2.

11. On or about April 5, 1999, the Debtor made a transfer by check to the Defendant in the amount of \$9,390.13. A copy of that check is attached as Exhibit 3.

12. The Transfers were made pursuant to a lease between the Debtor and the Defendant for commercial real property where the Debtor operated one of its stores.

13. The Debtor was insolvent at all times during the ninety (90) days prior to the Filing Date.

14. Upon information and belief and upon a review of the Debtors' books and records, the Debtors had a business relationship and/or conducted business with the Defendant both pre- and post-petition.

15. The Trustee has conducted an analysis of the Debtors' books and records to identify all transfers which are avoidable and recoverable under Sections 547 and/or 550 of the Bankruptcy Code.

IV. CAUSES OF ACTION

Count I - Preferences under 11 U.S.C. § 547 and 550

16. The Trustee incorporates herein the allegations set forth in all of the above paragraphs in their entirety as if set forth in full herein.

17. The Transfer(s) were to or for the benefit of the Defendant, a creditor of the Debtors.

18. The Transfer(s) were for or on account of an antecedent debt owed by the Debtors before such Transfer(s) were made.

19. The Transfer(s) were made while the Debtors were insolvent.

20. During the ninety (90) days prior to the Filing Date, the Debtors made the Transfer(s) to the Defendant.

21. Due to such Transfer(s), the Defendant received more than the Defendant would have received if: (i) this were a case under Chapter 7 of the Bankruptcy Code; (ii) the Transfer(s) had not been made; and (iii) the Defendant received payment on the debt to the extent provided by the provisions of the Bankruptcy Code.

22. The Trustee on behalf of the estate and general unsecured creditors is entitled to avoid the Transfer(s) pursuant to Section 547(b) of the Bankruptcy Code.

23. In accordance with the provisions of Section 550(a) of the Bankruptcy Code, the Trustee is entitled to immediately recover from the Defendant an amount equal to \$19,390.13.

WHEREFORE, the Trustee requests that judgment be entered in his favor and against the foregoing Defendant avoiding the Transfer(s) in the amount of \$19,390.13, and that the Court grant the additional relief set forth in Section V below.

V. REQUEST FOR RELIEF

24. The Trustee incorporates herein the allegations set forth in all of the above paragraphs in their entirety as if set forth in full herein.

25. The Transfer(s) constitute avoidable transfers pursuant to Section 547(b) of the Bankruptcy Code.

26. In accordance with the provisions of Section 550(a) of the Bankruptcy Code, the Trustee is entitled to immediately recover from the Defendant an amount equal to \$19,390.13.

WHEREFORE, the Trustee requests that this Court grant the Trustee the following relief against the Defendant:

- (a) Avoiding the amount of the Transfer(s), \$19,390.13, pursuant to Section 547(b) of the Bankruptcy Code;
- (b) Granting a judgment pursuant to Section 550(a) of the Bankruptcy Code in favor of the Trustee against the Defendant to immediately pay \$19,390.13 to the Trustee;
- (c) Disallowing the claims of the Defendant, pursuant to Section 502(d) of the Bankruptcy Code, if the Defendant fails or refuses to turn over or pay to the Trustee an amount equal to the Transfer(s);
- (d) Awarding the Trustee his costs, including attorneys' fees, to the extent permitted by law, and all costs and expenses incurred by the Trustee in the commencement and prosecution of this Complaint from its initial analysis to preparation through trial and any subsequent appeal ("Costs");

(e) Awarding the Trustee interest, at a per annum rate deemed by this Court to be appropriate, from the Filing Date until such amount ordered by this Court, together with all interest and Costs, is paid in full to the Trustee;

(f) Awarding the Trustee interest after judgment, at a per annum rate equal to the highest rate allowable by law, until such amount ordered by this Court, together with all interest and Costs, is paid in full to the Trustee;

(g) Granting the Trustee such other and further relief as is just and proper.

BLANK ROME COMISKY & McCAULEY LLP

Dated: January 9, 2002

By: _____



Lee Harrington, Esquire
DE Bar No. 4046
One Logan Square
Philadelphia, PA 19103
(215) 569-5500

and

John E. Lucian, Esquire
Blank Rome Comisky & McCauley, LLP
250 West Pratt Street, Suite 1100
Baltimore, MD 21201
410-659-3945

Attorneys for Montague S. Claybrook,
Trustee

All communications concerning this matter should be referred to **John E. Lucian, Esq.**

MICR Line:

Amount \$5,000.00

Date 01/22/99


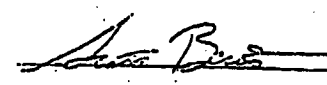
CPCS #

54676650

Account # 2415578

Check # 566964

Routing/Transit # 7191558

	DISCOVERY ZONE, INC.	HARRIS BANK ROSELLE	566964
	GENERAL DISBURSEMENTS ACCOUNT 8800 N.W. 18th Street Suite #4 Plantation, Florida 33313	ROSELLE, FL 32072 70-1558-719	00566964
FIVE THOUSAND AND 00/100 DOLLARS			
PAY TO THE ORDER OF		DATE	AMOUNT
K-MART CORP. INTERNATIONAL HEADQUARTERS 3100 WEST BIG BEAVER RD. TROY, MI 48064-3163		369588 12/24/98	\$*****5,000.00
			
⑈566964⑈ ⑆071915580⑆ 04⑈24⑈557⑈8⑈ ⑆000500000⑆			

838653 K MART CORPORATION

0710-0030-1
850246292 0710-0030-1
850246292 01-22-99
850246292 1108 1106 02 85 100

P.O.D.
072000326 075
01/21/99

JA '99 '2

05722775

USA 76650

EXHIBIT 2

0214 04508

02/18/99
072900326
03437760

NO POST TO ACC'T 188
PAYEE NAME
CHECK NUMBER
CHECKED BY
DATE

FB 99

0710-0030-1
88007873 0710-0030-1
88007873 02-11-99
88007873 1172 1172 02 88,100
2 569584 021099 557888 100 COOPERATION

TO THE ORDER OF
PAY TO THE ORDER OF
K-MART CORP.
INTERNATIONAL HEADQUARTERS
3100 WEST BIG BEAVER RD.
TROY, MI 48064-3163

FIVE THOUSAND AND 00/100 DOLLARS

CO 1/019

DATE 01/26/99 *****5,000.00
AMOUNT 369588

569584

#0000500000#


#569584# : 071915580: 042455788#

MICR Line: Amount \$5,000.00 Date 02/11/99 CPCS # 21656503
 Account # 2415578 Check # 569584 Routing/Transit # 7191558

MICR Line:

Amount \$9,390.13 Date 04/05/99 CPCS # 50739109

Account # 2415578 Check # 572228 Routing/Transit # 7191558

	DISCOVERY ZONE, INC. GENERAL DISBURSEMENTS ACCOUNT 6800 N.W. 18th Street Suite #4 Plantation, Florida 33313	HARRIS BANK ROSELLE ROSELLE, IL 60172 70-1558-719	572228 00572228
	NINE THOUSAND THREE HUNDRED NINETY AND 13/100 DOLLARS		
PAY TO THE ORDER OF	K-MART CORP. INTERNATIONAL HEADQUARTERS 3100 WEST BIG BEAVER RD. TROY, MI 48064-3163	CO 7709	DATE AMOUNT
		369588	02/25/99 *****9,390.13
		<i>Christa Oberhel</i> <i>PKmey</i>	
⑈572228⑈ ⑆071915580⑆ 04⑆241⑆557⑆8⑆ ⑆000939013⑆			

APR 05 '99

071000019

26 601000 040399 838853 K MART CORPORATION

P.O.D.
072000326 (89)
04/05/99

AP '99 05

00844232

040734104