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12 **UNITED STATES BANKRUPTCY COURT**
13 **FOR THE DISTRICT OF NEVADA**

14 In re:
15
16 TIX CORPORATION,

17 Debtor.

18 Affects All Debtors

19 Affects Tix Corporation

20 Affects Tix4Tonight, LLC

Case No.: 21-14170-NMC
Chapter 11
Subchapter V

Jointly administered with:

Case No.: 21-14171-NMC (Tix4Tonight, LLC)

Status Hearing Date: October 12, 2021

Status Hearing Time: 9:30 a.m.

21 **DEBTORS' PRE-STATUS CONFERENCE REPORT**

22 The above-captioned debtors and debtors in possession (each a “**Debtor**,” collectively, the
23 “**Debtors**”) hereby submit this Pre-Status Conference Report (the “**Report**”) pursuant to the Court’s
24 Order Setting (a) Status Conference; (b) Claims Bar Date; (c) Deadline for Election under 11U.S.C.
25 § 1111(b)(2); and (d) Other Deadlines (the “**Order**”) [ECF Dkt. No. 47] and respectfully state as
26 follows:
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BACKGROUND¹

Commencement of the Chapter 11 Cases

1. On August 24, 2021 (the “**Petition Date**”), the Debtors filed voluntary petitions for relief (collectively, the “**Chapter 11 Cases**”) under subchapter V of chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) with this Court.

2. On August 26, 2021, the Office of the United States Trustee (the “**U.S. Trustee**”) appointed Brian Shapiro as the Subchapter V Trustee for the Debtor, Tix Corp. [ECF Dkt. No. 26]. On September 15, 2021, the U.S. Trustee appointed Edward Burr as the Subchapter V Trustee in the Chapter 11 Case of Tix4Tonight [ECF Dkt. No. 102] following Mr. Shapiro’s purported resignation as Subchapter V Trustee for Tix4Tonight on September 14, 2021 [ECF Dkt. No. 99].² Messrs. Shapiro and Burr are referred to herein as the “**Subchapter V Trustees.**”

3. The Debtors continue to manage and operate their business as debtors in possession pursuant to section 1184 of the Bankruptcy Code.

Administration of the Chapter 11 Cases

First Day Operational Relief

4. On August 31, 2021, and September 8, 2021, the Court held hearings regarding certain requested first day relief (the “**First Day Relief**”).

5. On September 1, 2021, September 10, 2021, and September 27, 2021, the Court entered interim orders pertaining to the Debtors’ requested operational First Day Relief:

¹ The detailed factual background regarding the Debtors, including their prepetition business operations, capital and debt structure, and the events leading to the filing of these Chapter 11 Cases are set forth in more detail in the *Omnibus Declaration of Chief Operating Officer, Kimberly Simon, in Support of Chapter 11 Petitions, Initial Emergency Motions, and Related Relief*, dated as of August 24, 2021 [ECF Dkt. No. 14], which the Debtors rely upon and incorporate herein by reference.

² Notwithstanding his resignation, it does not appear that Mr. Shapiro was ever appointed as the Subchapter V Trustee for Tix4Tonight. The Debtors reserve all rights with respect to the U.S. Trustee’s appointment of multiple Subchapter V trustees in these Chapter 11 Cases.

- 1 • Authorizing the Debtors to (a) Maintain Existing Insurance Policies
2 and Pay All Insurance Obligations Arising Thereunder; and
3 (b) Renew, Revise, Extend, Supplement, Change or Enter Into New
4 Insurance Policies; and (ii) Granting Related Relief [ECF Dkt. No.
5 122];
- 6 • Authorizing, but Not Directing, Debtors to Pay, *Inter Alia*,
7 Prepetition Employee Wages and (ii) Granting Related Relief (the
8 “**Wage Order**”);³
- 9 • Authorizing (i) Continued Maintenance of Existing Bank Accounts;
10 (ii) Continued Use of Existing Business Forms; (iii) Continued Use
11 of Existing Cash Management System; (iv) Continued Intercompany
12 Transactions; and (v) Waiver of Certain Operating Guidelines
13 Relating to Bank Accounts [ECF Dkt. No. 64]; and
- 14 • Approving Use of Cash in Accordance with Budget and Approving
15 Procedures for the Submission of Future Budgets [ECF Dkt. No.
16 89].⁴

17 ***U.S. Trustee Matters/ Schedules & SOFAs/ Claims***

18 6. On September 21, 2021, the Debtors filed their Statements of Financial Affairs [ECF
19 Dkt. Nos. 108 and 111] and Schedules of Assets and Liabilities [ECF Dkt. Nos.107 and 110]. The
20 Debtors filed revised Statements of Financial Affairs and Schedules at ECF Dkt. Nos.116 and 117
21 on September 22, 2021.

22 7. On September 23, 2021, the Debtors participated in their initial debtor interviews
23 (the “**IDI**”) with the U.S. Trustee and the Subchapter V Trustees.

24 8. The Debtors’ meeting of creditors under section 341 of the Bankruptcy Code is
25 scheduled for September 30, 2021.

26 ***Retention of Professionals***

27 9. On September 8, 2021, the Debtors filed the following applications and motion

28 ³ The Wage Order was approved by this Court on an interim basis at the hearing on August 31, 2021,
and was uploaded on that same day, however, the Wage Order has not been docketed.

⁴ Per the Court’s request at the September 8, 2021 Hearing, the Debtors’ submitted supplemental
budgets for each Debtor [ECF Dkt. No. 114] on September 21, 2021.

1 regarding the retention of professionals in the Chapter 11 Cases:

- 2 a. the Debtors' Application (the "**Griffin Hamersky Retention**
- 3 **Application**") for Entry of an Order Pursuant to 11 U.S.C. §§ 327(a), 328,
- 4 329 and 331 and Fed. R. Bankr. P. 2014 and 2016, and Local Rule 2014
- 5 Authorizing the Debtors to Employ and Retain Griffin Hamersky LLP
- 6 ("**Griffin Hamersky**") as General Bankruptcy Counsel [ECF Dkt. No. 80];
- 7 b. the Debtors' Application (the "**Schwartz Law Retention Application**") for
- 8 the Entry of an Order Under 11 U.S.C. §§ 327(a), 328, 329 and 331 and
- 9 Fed. R. Bankr. P. 2014 and 2016 Authorizing the Employment and
- 10 Retention of Schwartz Law, PLLC as Attorneys for the Debtors-in-
- 11 Possession [ECF Dkt. No. 81];
- 12 c. the Debtors' Application (the "**Rock Creek Retention Application**") for
- 13 Entry of an Order Pursuant to Sections 327(a), 328, 330, and 331 of the
- 14 Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016(b) Authorizing
- 15 the Employment and Retention of Rock Creek Advisors, LLC ("**Rock**
- 16 **Creek**") as Financial Advisors [ECF Dkt. No. 82]; and
- 17 d. the Debtors' Application for Entry of an Order Authorizing and Approving
- 18 the Appointment of BMC Group Inc. as Claims, Noticing and Balloting
- 19 Agent to the Debtors [ECF Dkt. No. 11], with a corresponding Order
- 20 entered on September 15, 2021 [ECF Dkt. No. 101].

21 The U.S. Trustee has filed objections (the "**Trustee Retention Objections**") to the Griffin

22 Hamersky Retention Application [ECF Dkt. No. 126], the Schwartz Law Retention Application

23 [ECF Dkt. No. 127], and the Rock Creek Retention Application [ECF Dkt. No. 128]. The Debtors

24 intend to contact the U.S. Trustee in an effort to resolve the Trustee Retention Objections without

25 the need for further costly and time-consuming motion practice.

26 ***Unexpired Lease and Executory Contract Rejections***

27 10. The Debtors have identified four separate agreements (three leases and one license

28 agreement) for use of retail space, which they intend to reject under section 365 of the Bankruptcy

Code. The Debtors have executed and filed stipulations for turnover and deemed rejection as of

dates certain on two of the four agreements.

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1 11. On September 23, 2021, the Debtors filed a stipulation with Fashion Show Mall
2 LLC whereby the parties agreed to the immediate turnover of the subject property and rejection as
3 of September 7, 2021. On September 27, 2021, the Court entered the Order approving the Fashion
4 Show Mall stipulation.

5 12. On September 28, 2021, the Debtors filed a stipulation with Coca-Cola Oasis LLC
6 whereby the parties agreed to immediate turnover of the subject property and rejection as of the
7 Petition Date. The Coca-Cola Stipulation is currently pending Court approval.

8 13. Of the remaining two agreements, the Debtors and counterparties PHWLV, LLC
9 d/b/a Planet Hollywood Resort and Casino (under an executory real property license agreement)
10 and SRMF Town Square Owner LLC (under an unexpired real property lease), have agreed to
11 similar terms for immediate turnover of the respective properties and rejection as of the Petition
12 Date. Although drafts of both stipulations are currently circulating, neither has been executed. As
13 a result, the Debtors have prepared an omnibus motion seeking authority to reject both the Planet
14 Hollywood license agreement and the SRMF Town Square lease, which the Debtors anticipate
15 filing on September 29, 2021. Both counterparties have reserved their rights under their respective
16 agreements to seek appropriate rejection damages.

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19 ***DIP Financing***

20 14. On or about August 26, 2021, the Debtors, through their proposed financial advisors,
21 Rock Creek, contacted 13 parties to determine the interest of those parties in providing postpetition
22 financing (“**DIP Financing**”) to the Debtors in conjunction with the administration of these Chapter
23 11 Cases. Of those 13 parties, seven of them engaged in initial DIP Financing discussions with
24 Rock Creek with three of those parties (the “**Prospective DIP Lenders**”) moving forward in
25 executing a non-disclosure agreement and accessing a data room (the “**Data Room**”) created by the
26 Debtors for parties to conduct due diligence regarding the provision of DIP Financing and/or to
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1 submit a bid for the purchase of substantially all of the Debtors' assets (subject to a court approved
2 auction and sale process). Only two of the three Prospective DIP Lenders submitted DIP Financing
3 term sheets. One of the parties submitting a DIP Financing term sheet ultimately deciding that it
4 would forgo providing DIP Financing, but instead indicated that it was potentially interested in
5 purchasing the Debtors' assets.
6

7 15. The remaining Prospective DIP Lender (the "**Proposed DIP Lender**") has agreed
8 to provide the Debtors with DIP Financing in the amount of \$787,000 (which includes a \$137,000
9 letter of credit required by one of the Debtors' key show ticket providers), subject to certain terms
10 and conditions. The lending vehicle for the Proposed DIP Lender is controlled by the Debtors'
11 CEO, Mitch Francis ("**Francis**"). The substantive terms of the DIP Financing, however, are being
12 negotiated at arms-length and in good faith by the Debtors' independent director, Dan Scouler (the
13 "**Independent Director**") and their counsel, on the one hand, and the Proposed DIP Lender and its
14 counsel, on the other hand.⁵
15

16 16. The Debtors intend to circulate drafts of the DIP Financing credit agreement and the
17 related motions and proposed orders in connection with the approval of such agreement with the
18 U.S. Trustee and the Subchapter V Trustees for their review and comment.
19

20 The Debtors' Contemplated Sale and Chapter 11 Plan

21 17. On or about August 26, 2021, the Debtors, through Rock Creek, circulated a teaser
22 e-mail and Executive Summary regarding a potential sale of the Debtors' business through a court-
23 approved sale process. Specifically, the Debtors contacted 82 targets (31 potential strategic
24 purchasers and 51 potential financial purchasers). Eight of those entities have executed non-
25 disclosure agreements with the Debtors, with six of those entities currently conducting due
26

27 ⁵ The Debtors' discussions and evaluations with respect to the marketing of the DIP Financing and
28 the selection of a DIP Financing lender were limited to the Debtors' Chief Operating Officer, Kim Simon,
the Independent Director, and Rock Creek and Griffin Hamersky personnel.

1 diligence in the Data Room.⁶

2 18. In the coming weeks, the Debtors intend to file a motion to approve, *inter alia*,
3 bidding protections and procedures and a form asset purchase agreement in conjunction with a
4 contemplated sale of substantially of all of the Debtors' assets pursuant to section 363 of the
5 Bankruptcy Code and the Debtors chapter 11 plan. As the Debtors' Chapter 11 Cases are still in
6 their initial stages, the Debtors are continuing to formulate their plan, which may also contemplate
7 a chapter 11 reorganization through the "rights offering" referenced above.
8

9 19. The Debtors intend to circulate drafts of their chapter 11 plan and all relevant related
10 pleadings with the U.S. Trustee and the Subchapter V Trustees for their review and comment once
11 those documents are complete.
12

13 **COMPLIANCE WITH THEIR DUTIES AS DEBTORS-IN-POSSESSION**

14 20. To the best of their knowledge, the Debtors have timely performed their duties under
15 Rule 2015(b) of the Federal Rules of Bankruptcy Procedure, and sections 521, 1184, and 1187 of
16 the Bankruptcy Code.

17 21. The Debtors have performed, and continue to perform, their duties as debtors-in-
18 possession under section 1184 of the Bankruptcy Code, including those set forth in section 1106(a).
19 Pursuant to section 1187 of the Bankruptcy Code, the Debtors believe that they are in substantial
20 compliance with section 1116 (with respect to the Debtors' August monthly operating report, the
21 Debtors have requested of the U.S. Trustee that they be permitted to file the 8 day "stub-period"
22 for August with the Debtors' September monthly operating report). As noted above, the Debtors
23 have completed the IDI and will participate at the 341 Meeting on September 30, 2021.
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27 ⁶ Additionally, the Debtors are considering the viability of an alternative proposal submitted by a
28 party in interest which contemplates a reorganization of the Debtors' financial and operational affairs
through a "rights offering."

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CONCLUSION

WHEREFORE, the Debtors submit that the foregoing satisfies their requirements under the Order. The Debtors will supplement this report, as required, at the next status conference before the Court.

DATED: September 28, 2021.

Respectfully Submitted:

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