

**SUBSTANTIVE RIGHTS MAY BE AFFECTED BY
THIS AND ANY FURTHER OBJECTION THAT MAY BE FILED**

**PLEASE CAREFULLY REVIEW THIS OBJECTION AND THE ATTACHMENTS
HERETO TO DETERMINE WHETHER THIS OBJECTION AFFECTS YOUR CLAIMS**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
UBI Liquidating Corp., <u>et al.</u> , ¹)	Case No. 10-13005 (KJC)
)	
Debtors.)	Jointly Administered
)	
)	Hearing Date: October 19, 2011 at 1:00 p.m. (ET)
)	Response Deadline: October 4, 2011 at 4:00 p.m. (ET)

DEBTORS' SIXTH OMNIBUS (SUBSTANTIVE) OBJECTION TO CLAIMS

The above-captioned debtors and debtors in possession (collectively, the "Debtors"), pursuant to section 502 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 3007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 3007-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States

¹ The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are UBI Liquidating Corp. (3678), 100% Girls Ltd. (4150), 100% Girls of Georgia, Inc. (4159), 100% Girls of New York, Inc. (2149), 100 Percent Girls of New Jersey, Inc. (4167), A.S. Interactive, Inc. (3472), ASL Liquidating Corp. (4541), Ashley Stewart Apparel Corporation (4049), Ashley Stewart Clothing Company, Inc. (4051), ASMCI Liquidating Corp. (4053), ASWL Liquidating Corp. (4152), ASIL 6, Inc. (3996), ASNJ 10, Inc. (4004), Carraizo Alto Apparel Corporation (4651), Church Street Retail, Inc. (5954), Kid Spot Ltd. (2585), Kidspot of Delaware, Inc. (2596), Kidspot of Illinois, Inc. (2606), Kidspot of Michigan, Inc. (2603), Kidspot of New Jersey, Inc. (2601), Kidspot of Ohio, Inc. (4705), Kidspot of Pennsylvania, Inc. (2599), Kidspot of Texas, Inc. (3809), Large Apparel of Alabama, Inc. (0624), Large Apparel of California, Inc. (2129), Large Apparel of Connecticut, Inc. (5161), Large Apparel of District of Columbia, Inc. (8613), Large Apparel of Florida, Inc. (2209), Large Apparel of Georgia, Inc. (3894), Large Apparel of Illinois, Inc. (4650), Large Apparel of Indiana, Inc. (4055), Large Apparel of Louisiana, Inc. (3790), Large Apparel of Maryland, Inc. (5158), Large Apparel of Michigan, Inc. (9420), Large Apparel of Mississippi, Inc. (5913), Large Apparel of Missouri, Inc. (2135), Large Apparel of New Jersey, Inc. (5157), Large Apparel of New York, Inc. (5956), Large Apparel of North Carolina, Inc. (8611), Large Apparel of Ohio, Inc. (3815), Large Apparel of Pennsylvania, Inc. (4057), Large Apparel of South Carolina, Inc. (2029), Large Apparel of Tennessee, Inc. (3895), Large Apparel of Texas, Inc. (3787), Large Apparel of Virginia, Inc. (2809), Large Apparel of Wisconsin, Inc. (3898), Marianne Ltd. (3940), Marianne USPR, Inc. (2193), Marianne VI, Inc. (2206), Metro Apparel of Kentucky, Inc. (7533), Metro Apparel of Massachusetts, Inc. (1367), The Essence of Body & Soul, Ltd. (4165), UACONJI Liquidating Corp. (2976), UACONYI Liquidating Corp. (4103), and UBTHC Liquidating Corp. (5909). The Debtors' corporate offices are located at 100 Metro Way, Secaucus, New Jersey 07094.

Bankruptcy Court for the District of Delaware (the “Local Rules”), file this sixth omnibus substantive objection (the “Sixth Omnibus Objection”) to those claims listed on Exhibit A in the column “Claim to be Reclassified” (the “Disputed Claims”) to the proposed form of order (the “Proposed Order”) attached hereto as Exhibit 1, and in support of the Sixth Omnibus Objection, respectfully represent as follows:

JURISDICTION

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

A. General

2. On September 21, 2010 (the “Petition Date”), the Debtors commenced these chapter 11 cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

3. The Debtors continue to operate their business as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases. An official committee of unsecured creditors (the “Committee”) was appointed on October 1, 2010.

4. Prior to the closing of the sale of substantially all of the Debtors’ assets on October 29, 2010, the Debtors were a leading specialty retailer of fashion-forward and inspirational apparel for plus sized urban women under the brand name of Ashley Stewart. UBI Liquidating Corp., f/k/a Urban Brands, Inc., a Delaware corporation, is the direct or indirect parent company of all of the Debtors. Until 2009, the Debtors also operated stores under the brand name of Marianne.

5. As of the Petition Date, the Debtors operated approximately 210 stores in 26 states with approximately 2,100 employees. Despite the strength of their brand names and success at individual store locations, the Debtors experienced severe liquidity issues and commenced these chapter 11 cases to preserve their business as a going concern and maximize the value of their assets through a sale of all or substantially all the Debtors' assets.

6. On October 4, 2010, the Court entered an order approving bidding procedures (the "Bidding Procedures") with respect to the sale of the Debtors' assets. In accordance with the Bidding Procedures, the Debtors received multiple competing bids for their assets and an auction (the "Auction") was held on October 25-26, 2010. Upon conclusion of the Auction, New Ashley Stewart LLC ("New Ashley") was determined to be the Successful Bidder (as defined in the Bidding Procedures) for the Debtors' assets. On October 27, 2010, the Court entered an order [Docket No. 434] approving the sale of the Debtors' assets to New Ashley. The sale closed on October 29, 2010.

B. The Bar Date and Schedules

7. On October 21, 2010, the Debtors filed with the Court their schedules of assets and liabilities and their statements of financial affairs (collectively, the "Schedules").

8. By order, dated November 22, 2010 (the "Bar Date Order"), the Court established January 24, 2011 (the "General Bar Date") as the deadline for filing proofs of claim against the Debtors in these chapter 11 cases. Pursuant to the Bar Date Order, each creditor, subject to certain limited exceptions, was required to file a proof of claim on or before the General Bar Date.

9. In accordance with the Bar Date Order, BMC Group, Inc. ("BMC"), the Debtors' court-appointed claims and noticing agent, mailed notices of the General Bar Date and proof of

claim forms to, among others, all of the Debtors' creditors and other known holders of claims as of the Petition Date. Notice of the General Bar Date also was published once on October 9, 2010 in *The New York Times*.

C. Proofs of Claim

10. More than 800 proofs of claim have been filed in these chapter 11 cases. The Debtors are in the process of reviewing and reconciling the filed proofs of claim.

11. As part of their ongoing review, the Debtors have reviewed each of the proofs of claim listed on the exhibit to the Proposed Order and have concluded that each such claim is appropriately objected to on the basis set forth below.

OBJECTION TO CLAIMS

Misclassified Claims (Exhibit A)

12. A chapter 11 debtor has the duty to object to the allowance of any claim that is improper. 11 U.S.C. §§ 704(a)(5), 1106(a)(1) and 1107(a); see also In re Int'l Yacht & Tennis, Inc. v. Wasserman Tennis, Inc. (In re Int'l Yacht & Tennis, Inc.), 922 F.2d 659, 661-62 (11th Cir. 1991).

13. The Debtors hereby object to the Disputed Claims identified on Exhibit A to the Proposed Order (the "Misclassified Claims") and seek and order reclassifying the Misclassified Claims from the classification status listed in the column titled "Original Claim Amount and Classification Status" to the classification status listed in the column "Claim Amount and Modified Classification Status." The Debtors have reviewed each of the Misclassified Claims and have determined that each Misclassified Claim improperly asserts classification as a priority claim under 11 U.S.C. § 507. The Misclassified Claims do not articulate any valid basis for priority treatment, and the Debtors' books and records do not support such treatment.

Accordingly, by this Objection, the Debtors request entry of the Proposed Order, reclassifying the Misclassified Claims as general unsecured claims. Conferring priority status “to a claimant not clearly entitled thereto is not only inconsistent with the policy of equality of distribution; it dilutes the value of the priority for those creditors Congress intended to prefer.” Howard Delivery Serv., Inc. v. Zurich Am. Ins. Co., 547 U.S. 651, 667-68 (2006). Accordingly, this Court should reclassify the Misclassified Claims.

14. In support of the foregoing, the Debtors rely on the *Declaration of Stephen Feldman Pursuant to Local Rule 3007-1 in Support of Debtors’ Sixth Omnibus (Substantive) Objection to Claims*, dated as of September 19, 2011, and attached herewith as Exhibit 2.

SEPARATE CONTESTED MATTERS

15. To the extent that a response is filed regarding any Disputed Claim listed in the Sixth Omnibus Objection and the Debtors are unable to resolve the response, each such Disputed Claim, and the objection by the Debtors to each such Disputed Claim asserted herein, shall constitute a separate contested matter as contemplated by Bankruptcy Rule 9014. Any order entered by the Court regarding any individual objection asserted in the Objection shall be deemed a separate order with respect to each affected Disputed Claim.

RESERVATION OF RIGHTS

16. The Debtors hereby reserve the right to object in the future, on any grounds, to any of the Disputed Claims listed in the Sixth Omnibus Objection, and to amend, modify, and/or supplement the Sixth Omnibus Objection.

17. Notwithstanding anything contained in the Sixth Omnibus Objection or the attached exhibits, nothing herein shall be construed as a waiver of any rights that the Debtors may have to: (a) bring avoidance actions under the applicable sections of the Bankruptcy Code

against the holders of claims subject to the Objection; (b) exercise its rights of setoff against the holders of such claims relating to such avoidance actions; or (c) otherwise contest such claims.

NOTICE

18. Pursuant to Bankruptcy Rule 3007, the Debtors shall provide all claimants affected by the Sixth Omnibus Objection with at least thirty (30) days' notice of the hearing to consider the Sixth Omnibus Objection. The Debtors will also provide notice of the Sixth Omnibus Objection to: (a) the Office of the United States Trustee for the District of Delaware, (b) counsel to the Committee, and (c) all parties requesting notice pursuant to Rule 2002 of the Bankruptcy Rules. The Debtors respectfully submit that no further notice of the Sixth Omnibus Objection is required.

STATEMENT OF COMPLIANCE WITH LOCAL RULE 3007-1

19. The undersigned representative of Richards, Layton & Finger, P.A. certifies that she has reviewed the requirements of Local Rule 3007-1 and that the Sixth Omnibus Objection substantially complies with that Local Rule. To the extent that the Sixth Omnibus Objection does not comply in all respects with the requirements of Local Rule 3007-1, Richards, Layton & Finger, P.A. believes such deviations are not material and respectfully requests that any such requirement be waived.

NO PREVIOUS REQUEST

20. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE the Debtors respectfully request that the Court enter the Proposed Order, attached hereto as Exhibit 1, granting the relief requested in the Sixth Omnibus Objection and such other and further relief as is just and proper.

Dated: September 19, 2011
Wilmington, Delaware

Respectfully submitted,



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