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Current Bankruptcy Filings

Among the companies currently filing for bankruptcy are Searcy-based Yarnell's Ice Cream Co, the last locally-owned ice cream producer in Arkansas and Harry & David Holdings Inc., the gift box retailer that has been selling fruit by mail since the 1930's. Yarnell's Ice Cream filed for Chapter 7 bankruptcy last week while Harry & David Holdings has just had their Chapter 13 bankruptcy application approved by the bankruptcy court. US Bankruptcy court judge Mary Walrath of Wilmington, Delaware signed the final confirmation of Harry & David Holdings' reorganization plan paving for the company to exit bankruptcy September 13.

Meanwhile, Yarnell's Ice Cream Co may yet be revived if a suitable investor is found to buy over the company, subject to the approval of the bankruptcy court. In its bankruptcy papers, Yarnell declared that it had assets worth \$8 million and liabilities of \$15.7 million. Out of this \$15.7 million, about \$4 million is money owed to the state comprising \$2.1 million to the Arkansas Development Finance Authority and \$1.9 million to the Arkansas Economic Development Commission. The Commission is presently working with the bankruptcy trustee to resolve this matter. According to the Commission's spokesman, Joe Holmes there have been various interested parties who have made offers to buy the company.

In Harry & David Holdings' case, there was an initial objection from one of its creditors, Pension Benefit Guarantee Corp (PBGC) over the classification of its claim. But with the

revised reorganization plan, PBGC will not appeal Judge Walrath's decision to terminate the pensions of some 2,700 past and present employees. PBGC is set to receive a claim of \$36 million. This is the same cash treatment given to unsecured creditors of Harry & David Holdings.

Harry & David Holdings' unsecured creditors will be paid 10% of their claims in cash, 40% of that paid will be paid in 2012 and the rest in 2013. Senior note holders are to cancel more than \$200 million worth of debt and in exchange will get control of the company.

Yarnell's bankruptcy filing is not without its problems, too. An ex-employee has taken up a lawsuit against the company in connection with \$225,000 owed to employees who were not paid their salaries when the company closed down on June 30. Under the Adjustment and Retraining Notification Act, Yarnell is obligated to give its employees 60 days' notice that it was about to close and give its employees their salaries and benefits.

But Yarnell's denied the allegations, explaining that when the company shut down, it could not secure financing to keep on operating due to a decline in sales and increases in materials costs. About 200 workers lost their jobs, out of which 150 were from the main Searcy plant.