

Robert J. Feinstein, Esq. (admitted *pro hac vice*)  
Bradford J. Sandler, Esq. (admitted *pro hac vice*)  
Debra I. Grassgreen, Esq. (admitted *pro hac vice*)  
Shirley S. Cho, Esq. (admitted *pro hac vice*)  
PACHULSKI STANG ZIEHL & JONES LLP  
780 Third Avenue, 34th Floor  
New York, NY 10017-2024  
Telephone: (212) 561-7700  
Facsimile: (212) 561-7777  
Email: rfeinstein@pszjlaw.com  
bsandler@pszjlaw.com  
dgrassgreen@pszjlaw.com  
scho@pszjlaw.com

Robert S. Westermann (VSB No. 43294)  
Brittany B. Falabella (VSB No. 80131)  
HIRSCHLER FLEISCHER, P.C.  
The Edgeworth Building  
2100 East Cary Street  
Richmond, Virginia 23223  
P.O. Box 500  
Richmond, Virginia 23218-0500  
Telephone: (804) 771-9500  
Facsimile: (804) 644-0957  
Email: rwestermann@hirschlerlaw.com  
bfalabella@hirschlerlaw.com

*Lead Counsel to the Official Committee of Unsecured Creditors*

*Local Counsel to the Official Committee of Unsecured Creditors*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

**In re:**

**CHINOS HOLDINGS, INC., et al.,**

**Debtors.<sup>1</sup>**

**Chapter 11**

**Case No. 20-32181 (KLP)**

**(Jointly Administered)**

**MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO FILE UNDER SEAL (I) EXPERT REPORT OF THE MICHEL-SHAKED GROUP AND EXECUTIVE SUMMARY THEREOF; AND (II) PROVINCE EXPERT REPORT**

The Official Committee of Unsecured Creditors (the “**Committee**”) of Chinos Holdings, Inc., et al. (collectively, the “**Debtors**”) in the above-captioned cases (the “**Cases**”) hereby moves (the “**Seal Motion**”) this Court, pursuant to sections 105 and 107(b) of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “**Bankruptcy Code**”) and Rule 9018 of the Federal Rules of

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Chinos Holdings, Inc. (3834); Chinos Intermediate Holdings A, Inc. (3301); Chinos Intermediate, Inc. (3871); Chinos Intermediate Holdings B, Inc. (3244); J. Crew Group, Inc. (4486); J. Crew Operating Corp. (0930); Grace Holmes, Inc. (1409); H.F.D. No. 55, Inc. (9438); J. Crew Inc. (6360); J. Crew International, Inc. (2712); J. Crew Virginia, Inc. (5626); Madewell Inc. (8609); J. Crew Brand Holdings, LLC (7625); J. Crew Brand Intermediate, LLC (3860); J. Crew Brand, LLC (1647); J. Crew Brand Corp. (1616); J. Crew Domestic Brand, LLC (8962); and J. Crew International Brand, LLC (7471). The Debtors’ corporate headquarters and service address is 225 Liberty St., New York, NY 10281.

Bankruptcy Procedure (the “**Bankruptcy Rules**”), requesting that the Court enter an order permitting the Committee to file under seal: (i) the *Expert Report of The Michel-Shaked Group (Executive Summary)* dated July 31, 2020, a copy of which is attached hereto as **Exhibit A** (the “**MSG Executive Summary**”); (ii) the *Expert Report of The Michel-Shaked Group* dated July 31, 2020, a copy of which is attached hereto as **Exhibit B** (the “**MSG Expert Report**”); and (iii) the *Province Expert Report* dated July 31, 2020, a copy of which is attached hereto as **Exhibit C** (the “**Province Expert Report**” and, together with the MSG Executive Summary and MSG Expert Report, the “**Reports**”). In support of this Seal Motion, the Committee states as follows:

**Preliminary Statement**<sup>2</sup>

1. The Debtors, along with their secured lenders, have grossly undervalued the Debtors’ business (and overvalued certain collateral assets) in order to push through a Plan which shifts significant value to the Debtors’ secured lenders at the expense of general unsecured creditors which are rightly entitled to such value. The Committee’s experts, following an extensive investigation and employing proper valuation methodologies, have determined that the enterprise value of the Debtors is actually \$2.941 billion, not \$1.75 billion as set forth in the Plan (which figure, while still woefully undervaluing the enterprise, has now been revised upwards by the Debtors to the amount of \$1.84 billion). The Committee’s experts have also determined that the Debtors’ Plan significantly overvalues certain collateral assets in an attempt to allocate value to certain of the Debtors’ secured creditors, resulting in the shifting of value away from general unsecured creditors.

---

<sup>2</sup> Capitalized terms not otherwise defined in this Preliminary Statement shall have the meanings ascribed to them in the Background section of this Seal Motion and/or the Plan, as applicable.

2. As part of Debtors' and secured lenders' strategy to enrich the secured lenders at the expense of the Debtors' general unsecured creditors, the Debtors have put into place certain provisions designed to prevent this Court from considering the appropriate valuation of the Debtors' enterprise and collateral assets, as well as the impact of such valuations on appropriate creditor recoveries under the Plan. To address this situation, the Committee must bring objections and "Challenges" to certain of the Debtors' stipulations contained in the Final Financing Order, which stipulations affirm the claims of the Debtors' Prepetition Secured Parties and their liens on and perfection of certain collateral, by August 3, 2020. The Committee must also bring its objections to confirmation of the Plan by August 17, 2020.

3. A significant portion of the Committee's Challenges and objections to the Plan rely on the Reports of the Committee's financial advisory and valuation experts attached hereto as **Exhibit A**, **Exhibit B** and **Exhibit C**. These Reports quote extensively, and relate to information derived from, documents that the Debtors and their advisors have designated as "confidential" pursuant to a Protective Order entered into between the Debtors and the Committee. While the Committee does not believe that all (or any) of the information contained in the Province Report is confidential, the Committee acknowledges that certain information contained in the MSG Executive Summary and MSG Expert Report could properly be considered confidential. The Committee, therefore, intends to meet and confer with the Debtors in an attempt to reach agreement regarding the appropriate scope of the confidential designations. In this regard, the Committee reserves its right to challenge certain confidential designations if the Committee and Debtors cannot reach agreement on the scope of the designations. At present, however, the Committee and the Debtors have not reached such agreement and, accordingly, the Committee seeks authority to file the Reports under seal as required by the Protective Order.

### **Jurisdiction and Venue**

4. The United States Bankruptcy Court for the Eastern District of Virginia (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Reference from the United States District Court for the Eastern District of Virginia, dated July 10, 1984. The Committee confirms its consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), to the entry of a final order by the Court in connection with this Seal Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

5. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The bases for the relief requested herein are sections 105(a), 107(b)(1) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”) and Bankruptcy Rules 9014 and 9018.

### **Background**

7. On May 18, 2020, the Debtors filed their *Joint Prearranged Chapter 11 Plan of Reorganization of Chinos Holdings, Inc. and Its Affiliated Debtors* [Docket No. 248], with technical changes made on June 11, 2020 [Docket No. 468] and June 24, 2020 [Docket No. 540] (the “**Plan**”).

8. On June 5, 2020, the Court entered the *Final Order (I) Authorizing The Debtors to Obtain Postpetition Financing, (II) Authorizing The Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Claims, (IV) Granting Adequate Protection to Prepetition Secured Parties, (V) Modifying Automatic Stay, and (VII) Granting Related Relief* [Docket No. 447] (the “**Final Financing Order**”). In the Final

Financing Order, the Debtors made a number of stipulations in Recital F regarding their obligations to, and collateral and liens of, the Debtors' Prepetition Secured Parties (the "**Stipulations**"), including, *inter alia*, stipulating that the Prepetition Secured Parties hold valid, perfected, secured claims on their asserted collateral. By the Final Financing Order, the Debtors expressly waived their rights to assert any objections against or pursue causes of action against the Prepetition Secured Parties, but provided that the Committee could object to or challenge the Debtors' Stipulations (each, a "**Challenge**") by August 3, 2020 (the "**Challenge Deadline**"). In accordance with its fiduciary duties, the Committee commenced an investigation (the "**Investigation**") to determine whether it should bring such Challenges or otherwise contest confirmation of the Plan.

9. To assist with, among other things, the Investigation, the Committee retained Province, Inc. ("**Province**") as its financial advisor [Docket No. 577] and The Michel-Shaked Group ("**MSG**") as its expert valuation consultant [Docket No. 574].

10. In connection with the formal and informal production of documents related to the Investigation, the Committee and the Debtors agreed to the terms of that certain *Stipulation and Consent Order Between Parties on Protective Order and Order Regarding Document Discovery* [Docket No. 446] (the "**Protective Order**"). Pursuant to the Protective Order, the Debtors, their advisors and agents, and their respective professionals (the "**Producing Parties**") produced hundreds of thousands of pages of documents (the "**Produced Documents**"). The Producing Parties designated virtually all of the Produced Documents as either "Confidential" or "Highly Confidential" (the "**Confidential Designations**").

11. The Committee, MSG and Province have completed their Investigation based on, among other things, their review of the Produced Documents. The Committee has prepared objections to the Prepetition Secured Parties' claims and a complaint related thereto, which

pleadings are filed concurrently herewith in order to meet the August 3, 2020 Challenge Deadline, and further intends to object to Plan confirmation by the August 17, 2020 deadline (collectively, the “**Investigation Pleadings**”). The Investigation Pleadings substantially rely, or will rely, on the Reports, which are based on, quote extensively from, and relate to information derived from Produced Documents marked with Confidential Designations.

### **Relief Requested**

12. To comply with the provisions of the Protective Order, the Committee seeks entry of an order, substantially in the form attached hereto as **Exhibit D**, authorizing the Committee to file the Reports under seal to accommodate the Confidential Designations. The Committee intends to meet and confer with the Debtors to determine to the appropriate scope of the Confidential Designations (primarily with respect to the Province Report), and reserves its rights to seek to a further order of this Court “de-designating” certain Confidential Designations if an agreement with the Debtors cannot be reached.

### **Basis for Relief**

13. The Bankruptcy Code, Bankruptcy Rules, and Local Rules authorize the Court to limit the disclosure of certain confidential information to protect entities from potential harm. Section 107(b) of the Bankruptcy Code provides, in relevant part, as follows:

On request of a party in interest, the bankruptcy court shall . . .  
(1) protect an entity with respect to a trade secret or confidential  
research, development, or commercial information . . . .

11 U.S.C. § 107(b)(1). Section 105(a) of the Bankruptcy Code codifies the Court’s inherent equitable powers and empowers it to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

14. Under section 107(b)(1) of the Bankruptcy Code, confidential commercial information is “information which would cause ‘an unfair advantage to competitors by providing

them information as to the commercial operations of [an entity].” *Robbins v. Tripp*, 510 B.R. 61, 66 (E.D. Va. 2014) (citing *Video Software Dealers Ass’n v. Orion Pictures Corp. (In re Orion Pictures Corp.)*, 21 F.3d 24, 27 (2d Cir. 1994)). “The purpose behind the statute ‘is to protect business entities from disclosure of information that could reasonably be expected to cause the entity commercial injury.’” *Id.* (quoting *In re Georgetown Steel Co.*, 306 B.R. 542, 546 (Bankr. D.S.C. 2004)). Indeed, the “authority goes not just to the protection of confidential documents, but to other confidentiality restrictions that are warranted in the interests of justice.” *In re Global Crossing, Ltd.*, 295 B.R. 720, 724 (Bankr. S.D.N.Y. 2003).

15. Bankruptcy Rule 9018 defines the procedures by which a party may move for relief under section 107(b), providing that:

[o]n motion or on its own initiative, with or without notice, the court may make any order which justice requires (1) to protect the estate or any entity in respect of a trade secret or other confidential research, development, or commercial information . . .

Fed. R. Bankr. P. 9018.

16. The Producing Parties have produced certain documents and information that they allege is confidential and have designated as such pursuant to the Protective Order. In accordance with the Protective Order, the Committee requests permission to file the Reports under seal to the extent required by the Protective Order.

#### **Waiver of Memorandum of Law**

17. Pursuant to Local Bankruptcy Rule 9013-1(G), and because there are no novel issues of law presented in the Seal Motion and all applicable authority is set forth herein, the Committee requests that the requirement that all motions be accompanied by a separate memorandum of law be waived.

#### **Notice**

18. Notice of this Seal Motion has been provided to the Debtors and to parties in interest in accordance with the *Court's Order Establishing Certain Notice, Case Management and Administrative Procedures* (entered on May 5, 2020 at Docket No. 109). The Committee submits that no other or further notice is required.

**No Prior Request**

19. No prior request for the relief sought in this Seal Motion has been made to this or any other court.

WHEREFORE, the Committee respectfully requests that the Court enter an order permitting the Reports to be filed under seal, to the extent necessary, and grant such other and further relief as the Court may deem appropriate under the circumstances.

Dated: August 3, 2020

By: /s/ Robert S. Westermann  
Counsel

Robert S. Westermann (VSB No. 43294)  
Brittany B. Falabella (VSB No. 80131)  
HIRSCHLER FLEISCHER, P.C.  
The Edgeworth Building  
2100 East Cary Street  
Richmond, Virginia 23223  
P.O. Box 500  
Richmond, Virginia 23218-0500  
Telephone: (804) 771-9500  
Facsimile: (804) 644-0957  
Email rwestermann@hirschlerlaw.com  
bfalabella@hirschlerlaw.com

*Local Counsel to the Official Committee of  
Unsecured Creditors*

-and-

Robert J. Feinstein, Esq. (admitted *pro hac vice*)  
Bradford J. Sandler, Esq. (admitted *pro hac vice*)  
Debra I. Grassgreen, Esq. (admitted *pro hac vice*)  
Shirley S. Cho, Esq. (admitted *pro hac vice*)  
PACHULSKI STANG ZIEHL & JONES LLP  
780 Third Avenue, 34th Floor



New York, NY 10017-2024  
Telephone: (212) 561-7700  
Facsimile: (212) 561-7777  
Email: rfeinstein@pszjlaw.com  
bsandler@pszjlaw.com  
dgrassgreen@pszjlaw.com  
scho@pszjlaw.com

*Lead Counsel to the Official Committee of Unsecured Creditors*

**CERTIFICATE OF SERVICE**

I hereby certify that on August 3, 2020, the foregoing Motion was filed using the Court's CM/ECF System, which served the foregoing Motion on all registered ECF participants who have appeared in these cases.

*/s/ Robert S. Westermann*

\_\_\_\_\_  
Robert S. Westermann

## **Exhibit A**

***Expert Report of The Michel-Shaked Group  
(Executive Summary) dated July 31, 2020***

**Filed Under Seal**

**Exhibit B**

*Expert Report of The Michel-Shaked Group  
dated July 31, 2020*

**Filed Under Seal**

## **Exhibit C**

*Province Expert Report dated July 31, 2020*

**Filed Under Seal**

# **Exhibit D**

## **Proposed Order**

Robert J. Feinstein, Esq. (admitted *pro hac vice*)  
Bradford J. Sandler, Esq. (admitted *pro hac vice*)  
Debra I. Grassgreen, Esq. (admitted *pro hac vice*)  
Shirley S. Cho, Esq. (admitted *pro hac vice*)  
PACHULSKI STANG ZIEHL & JONES LLP  
780 Third Avenue, 34th Floor  
New York, NY 10017-2024  
Telephone: (212) 561-7700  
Facsimile: (212) 561-7777  
Email: rfeinstein@pszjlaw.com  
bsandler@pszjlaw.com  
dgrassgreen@pszjlaw.com  
scho@pszjlaw.com

Robert S. Westermann (VSB No. 43294)  
Brittany B. Falabella (VSB No. 80131)  
HIRSCHLER FLEISCHER, P.C.  
The Edgeworth Building  
2100 East Cary Street  
Richmond, Virginia 23223  
P.O. Box 500  
Richmond, Virginia 23218-0500  
Telephone: (804) 771-9500  
Facsimile: (804) 644-0957  
Email: rwestermann@hirschlerlaw.com  
bfalabella@hirschlerlaw.com

*Lead Counsel to the Official Committee of Unsecured Creditors*

*Local Counsel to the Official Committee of Unsecured Creditors*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

**In re:**

**CHINOS HOLDINGS, INC., et al.,**

**Debtors.<sup>1</sup>**

**Chapter 11**

**Case No. 20-32181 (KLP)**

**(Jointly Administered)**

**ORDER AUTHORIZING THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS TO FILE UNDER SEAL (I) EXPERT  
REPORT OF THE MICHEL-SHAKED GROUP AND EXECUTIVE  
SUMMARY THEREOF; AND (II) PROVINCE EXPERT REPORT**

Upon the *Motion of the Official Committee of Unsecured Creditors to File Under Seal (I) Expert Report of the Michel-Shaked Group and Executive Summary Thereof; and (II) Province Expert Report* (the “**Seal Motion**”);<sup>2</sup> and the Court having jurisdiction to consider the Seal Motion

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Chinos Holdings, Inc. (3834); Chinos Intermediate Holdings A, Inc. (3301); Chinos Intermediate, Inc. (3871); Chinos Intermediate Holdings B, Inc. (3244); J. Crew Group, Inc. (4486); J. Crew Operating Corp. (0930); Grace Holmes, Inc. (1409); H.F.D. No. 55, Inc. (9438); J. Crew Inc. (6360); J. Crew International, Inc. (2712); J. Crew Virginia, Inc. (5626); Madewell Inc. (8609); J. Crew Brand Holdings, LLC (7625); J. Crew Brand Intermediate, LLC (3860); J. Crew Brand, LLC (1647); J. Crew Brand Corp. (1616); J. Crew Domestic Brand, LLC (8962); and J. Crew International Brand, LLC (7471). The Debtors’ corporate headquarters and service address is 225 Liberty St., New York, NY 10281.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Seal Motion.

and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Seal Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having determined that the legal and factual bases set forth in the Seal Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that

1. The relief requested in the Seal Motion is hereby GRANTED.
2. Pursuant to 11 U.S.C. §§ 105(a) and 107(b) and Fed. R. Bankr. P. 9018, the Committee is authorized to file the Reports under seal.
3. The Reports shall not be disseminated to anyone other than: (a) the Court; (b) the Debtors; (c) the other parties to the Protective Order; and (d) the Office of the U.S. Trustee, without further order of the Court.
4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
5. The Committee is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Seal Motion.
6. The Court shall retain jurisdiction to resolve any dispute regarding the terms of this Order.

Dated: \_\_\_\_\_  
Richmond, Virginia

\_\_\_\_\_  
HONORABLE KEITH L. PHILLIPS  
UNITED STATES BANKRUPTCY JUDGE

Entered on Docket: \_\_\_\_\_



WE ASK FOR THIS:

By: /s/ Robert S. Westermann  
Counsel

Robert S. Westermann (VSB No. 43294)  
Brittany B. Falabella (VSB No. 80131)  
HIRSCHLER FLEISCHER, P.C.  
The Edgeworth Building  
2100 East Cary Street  
Richmond, Virginia 23223  
P.O. Box 500  
Richmond, Virginia 23218-0500  
Telephone: (804) 771-9500  
Facsimile: (804) 644-0957  
Email: rwestermann@hirschlerlaw.com  
bfalabella@hirschlerlaw.com

*Local Counsel to the Official Committee of  
Unsecured Creditors*

-and-

Robert J. Feinstein, Esq. (admitted *pro hac vice*)  
Bradford J. Sandler, Esq. (admitted *pro hac vice*)  
Debra I. Grassgreen, Esq. (admitted *pro hac vice*)  
Shirley S. Cho, Esq. (admitted *pro hac vice*)  
PACHULSKI STANG ZIEHL & JONES LLP  
780 Third Avenue, 34th Floor  
New York, NY 10017-2024  
Telephone: (212) 561-7700  
Facsimile: (212) 561-7777  
Email: rfeinstein@pszjlaw.com  
bsandler@pszjlaw.com  
scho@pszjlaw.com  
dgrassgreen@pszjlaw.com

*Lead Counsel to the Official Committee of Unsecured  
Creditors*

**CERTIFICATION PURSUANT TO LOCAL RULE 9022-1(C)(1)**

The undersigned counsel, hereby certifies that, pursuant to Rule 9022-1(C)(1) of the Local Rules of Bankruptcy Procedure for the Eastern District of Virginia, this proposed order has been endorsed by or served upon all necessary parties.

*/s/ Robert S. Westermann*

---

Robert S. Westermann