

STATE OF NORTH CAROLINA  
RANDOLPH COUNTY

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION  
23-CVS-1786

BANK OF AMERICA, N.A.,

Plaintiff,

v.

KLAUSSNER FURNITURE  
INDUSTRIES, INC.; CANDOR  
CREEK INVESTMENTS, LLC;  
KLAUSSNER INTERNATIONAL,  
LLC; KLAUSSNER CORPORATE  
SERVICES, INC.; COMMUNITY  
DENTAL NETWORK, LLC;  
PRESTIGE FABRICATORS, INC.;  
KLAUSSNER FURNITURE OF  
CALIFORNIA, INC.; and EAGLE  
INTERMEDIATE HOLDINGS, INC.,

Defendants.

**MOTION TO ABANDON (I) CERTAIN  
BUSINESS AND EMPLOYEE  
RECORDS AND (II) BURDENSOME  
PHYSICAL PROPERTY**

**Preliminary Statement**

Focus Management Group USA, Inc. (“**Focus**”) and Michael Grau, as agent of Focus (collectively, “**Receiver**”),<sup>1</sup> as general receiver for Klaussner Furniture Industries, Inc. (“**Klaussner**”), Candor Creek Investments, LLC, Klaussner International, LLC, Klaussner Corporate Services, Inc., Community Dental Network, LLC, Prestige Fabricators, Inc., Klaussner Furniture of California, Inc., and Eagle Intermediate Holdings, Inc. (collectively, “**Defendants**”), by and through undersigned counsel, hereby moves the Court (the “**Motion**”) for authorization to

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<sup>1</sup> The Receiver is the general receiver over Defendants, including all tangible and intangible assets of Defendants (the “**Receivership Estate**”) pursuant to that certain Order Appointing General Receiver entered in the above-captioned proceeding on September 1, 2023 [ECF No. 23].

abandon certain business and employee records and burdensome Receivership Estate property.

### Background

To aid in a value-maximizing liquidation of Receivership Estate assets, the Receiver retained professional asset liquidators (collectively, the “**Liquidators**”)<sup>2</sup> to collect outstanding accounts receivable, and to liquidate inventory and fixed assets. Leveraging the Liquidators’ expertise, the Receiver has successfully liquidated a substantial portion of the Defendants’ physical assets, resulting in a significant recovery for the Receivership Estate. The remaining physical assets located in the United States largely consist of business and employee records, inventory and fixed assets that have minimal value. These records and assets are primarily stored in various Klaussner facilities in Randolph County and Montgomery County, North Carolina (the “**Klaussner Facilities**”) and in shipping containers in various locations (the “**Shipping Container Inventory**”). As the Receiver’s deadline to adopt or reject executory contracts approaches on February 28, 2024,<sup>3</sup> the Receiver has endeavored to vacate the Klaussner Facilities by the end of February in order to minimize expenses to the Receivership Estate associated with additional rent, utilities, security and related expenses.

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<sup>2</sup> See *Notice of Retention of SB360 Capital Partners, LLC* (“**SB360**”) [ECF No. 58]; see *Receiver’s Retention Notice for Receivables Control Corporation* (“**RCC**”) [ECF No. 63]; see *Notice of Retention of Hilco Fixed Asset Recovery, LLC* [ECF No. 72] (“**Hilco**,” and together with SB360 and RCC, the “**Liquidators**”).

<sup>3</sup> See *Order on Motion to Extend Time to Adopt or Reject Executory Contracts* [ECF No. 97].

Pursuant to this Motion, the Receiver seeks authorization from this Court to destroy or dispose of (as applicable) certain business and employee records, and abandon the remaining physical assets located at the Klaussner Facilities and the Shipping Container Inventory. North Carolina Gen. Stat. § 1-507.44 provides that “[w]ith court approval, the receiver may abandon any receivership property that is burdensome or is not of material value to the receivership. Property that is abandoned is no longer receivership property and not subject to the provisions of this article.” The continued retention of these records and physical assets serve no further purpose for the Receivership Estate and are a drain on Receivership Estate funds.

In further support of this Motion, the Receiver refers the Court to the Brief in Support of Motion to Abandon (I) Certain Business and Employee Records, and (II) Burdensome Physical Property (the “**Brief**”), filed contemporaneously with this Motion. The Receiver has made provisions for the storage of any relevant documentation related to ongoing litigation or pending matters.

**Expedited Relief Requested**

Accordingly, the Receiver respectfully requests that the Court grant the Motion on an expedited basis and allow the Receiver, in its business judgment, to destroy or dispose of certain business and employee records and abandon the remaining physical assets located at the Klaussner Facilities and the Shipping Container Inventory and grant any further relief the Court deems proper.

This is the 13th day of February, 2024.

**K&L GATES LLP**

/s/Zechariah C. Etheridge

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## CERTIFICATE OF SERVICE

A copy of this document was electronically filed using the Business Court's online filing system and, therefore, will be served in accordance with Rule 3.9(a) of the Business Court Rules by issuance of a Notice of Filing sent to the parties:

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Dated: February 13, 2024

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