IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re Pack Liquidating, LLC *et al.*,[1] Debtors.	Chapter 11 Case No. 22-10797 (CTG) **Hearing Date: March 30, 2026 at 10:00am ET** **Obj. Ddl.: March 23 at 4:00pm ET**

MOTION OF UNITED STATES TRUSTEE TO CONVERT THE CASES TO CASES UNDER CHAPTER 7 OR, ALTERNATIVELY, DISMISS THE CASES

Andrew R. Vara, United States Trustee for Regions 3 & 9 ("U.S. Trustee"), by and through his undersigned counsel, hereby moves (the "Motion") to convert the cases to ones under chapter 7 of title 11, United States Code (the "Bankruptcy Code") or, alternatively, dismiss the cases, and in support of the Motion states:

PRELIMINARY STATEMENT

1. These cases were filed on August 28, 2022. Cause exists to convert or dismiss these cases as despite having been in bankruptcy for over forty-two months and exclusivity having expired, the Debtors have not filed a disclosure statement or plan of reorganization. *See* 11 U.S.C. § 1112(b)(4)(J) ("failure to file a disclosure statement, or to file or confirm a plan, within the time fixed by [the Bankruptcy Code] or by order of the court" constitutes cause for conversion or dismissal).

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Pack Liquidating, LLC (6932); GV Liquidating LLC (1513); PM Liquidating, LLC (6006); PP Liquidating, LLC (6676); PV Liquidating, LLC (1172); and AB Liquidating, LLC (8582). The location of the Debtors' service address in these chapter 11 cases is c/o Cooley LLP, 55 Hudson Yards, New York, NY 10001.

2. A separate ground to convert or dismiss these cases is that there is a substantial or continuing loss to or diminution of the Debtors' estates and the absence of a reasonable likelihood of rehabilitation. *See* 11 U.S.C. § 1112(b)(4)(A). The Debtors sold substantially all their assets in December of 2022. The Debtors have no remaining business or personnel. Therefore, as between conversion or dismissal, conversion is the appropriate course, as (i) there appear to be assets to be distributed which presently amount to far less than asserted chapter 11 administrative expense claims, standing alone and (ii) those claims need to be reconciled.

JURISDICTION AND STANDING

3. Pursuant to (i) 28 U.S.C. § 1334; (ii) applicable order(s) of the United States District Court for the District of Delaware issued pursuant to 28 U.S.C. § 157(a); and (iii) 28 U.S.C. § 157(b)(2)(A), this Court has jurisdiction to hear and determine this Motion.

4. Pursuant to 28 U.S.C. § 586, the U.S. Trustee is charged with monitoring the federal bankruptcy system. *See United States Trustee v. Columbia Gas Sys., Inc. (In re Columbia Gas Sys., Inc.)*, 33 F.3d 294, 295-96 (3d Cir. 1994) (noting that 11 U.S.C. § 307 gives the U.S. Trustee "public interest standing"); *Morgenstern v. Revco D.S., Inc. (In re Revco D.S., Inc.)*, 898 F.2d 498, 500 (6th Cir. 1990) (describing the U.S. Trustee as a "watchdog"). "[I]n any case in which the United States trustee finds material grounds for any relief under section 1112 of title 11, the United States trustee shall apply promptly after making that finding to the court for relief." 28 U.S.C. § 586(a)(8).

5. The U.S. Trustee has standing to be heard on this Motion pursuant to 11 U.S.C. § 307.

FACTUAL BACKGROUND

6. The Debtors filed voluntary chapter 11 petitions on August 28, 2022 (the "Petition Date").

7. On September 13, 2022, the U.S. Trustee appointed an official committee of unsecured creditors. D.I. 81.

8. To date, this Court has not directed the appointment of a trustee or an examiner.

9. Prior to the Petition Date, the Debtors were an online retailer which sold products to the public with a focus on health and beauty, as well as other consumer products on online marketplaces in North America. *Declaration of Brian Teets in Support of the Chapter 11 Petitions and First Day Motions* [D.I. 13] ¶ 5. As of the Petition Date, the Debtors had 370 full-time employees. *PP Liquidating, LLC January 2026 Monthly Operating Report* ("January 2026 MOR") [D.I. 1923].

10. On August 29, 2022 the Debtors filed a motion to sell certain inventory and furniture, fixtures, and equipment on an emergency basis, engaging Hilco Merchant Resources, LLC as agent (the "Inventory and FF&E Disposition"). [D.I. 10]. On October 5, 2022, the Debtors filed a motion [D.I. 138] to sell substantially all their remaining assets, primarily consisting of leasehold interests, intangible assets, intellectual property, and other related tangible assets (the "Bidding Procedures"). [D.I. 138] at ¶¶ 8-11. The Final Order regarding the Inventory and FF&E Disposition was entered on October 12, 2022. [D.I. 184]. The Bidding Procedures were approved by Order on October 25, 2022. [D.I. 264]. The Debtors also established procedures for de minimis asset sales, with the court entering such order on October 25, 2022. [D.I. 258].

11. An order authorizing a sale of substantially all of the Debtors' assets was entered on December 7, 2022, pursuant to the Bidding Procedures. [D.I. 420]. Additional de minimis asset sales were noticed from November 8, 2022 through April 28, 2023. [D.I. 322, 364, 366, 384, 389, 437, 438, 439, 482, 483, 484, 501, 518, 524, 621, 640, 669, & 738].

12. On March 27, 2023, the Debtors filed a motion to establish deadlines for filing proofs of claim. [D.I. 672]. The Court entered an order establishing deadlines on April 12, 2023. [D.I. 695]. The General Bar Date, Governmental Bar Date, and Administrative Claim Bar Date were each set for May 15, 2023. [D.I. 723] (including publication version). There have been a number of settlements of avoidance claims approved. [D.I. 1011, 1048, 1120, 1156, 1171, 1221, 1253, 1263, 1303, 1324, 1376, 1380, 1449, 1472, 1484, 1516, 1603, 1649, & 1843].

13. The Debtors are current on filing of monthly operating reports ("MORs") and payment of quarterly fees to the U.S. Trustee. [D.I. 1920 through 1925]. The January 2026 MOR shows that the Debtors' cash on hand is $4,599,312. January 2026 MOR Part 1, line (d)). As of January 31, 2026, the Debtors' approved cumulative loss is $162,423,781, which included a current monthly loss of $1,865,520. January 2026 MOR Part 4, line (k).

14. The Debtors have not filed a disclosure statement or plan of reorganization. The Court entered an order extending the Debtors' exclusive periods to file and solicit a chapter 11 plan on December 6, 2023. No further extension was sought beyond the extended filing deadline of February 28, 2024 and solicitation deadline of April 28, 2024. [D.I. 1162].

15. On February 13, 2026, the Debtors filed a first omnibus objection (non-substantive) to claims. [D.I. 1916]. The Debtors filed a notice of satisfaction of claims on February 20, 2026. [D.I. 1919]. A week later on February 27, 2026, the Debtors filed their

second Omnibus (substantive) objection to proofs of claims (collectively referred to as the "Claims Activity"). [D.I. 1927]. Prior to the Claims activity, most of the activity on the Docket has consisted of the above-mentioned settlements, fee and retention activity, extensions of time to remove actions, and the filing of MORs.

ARGUMENT

A. The Debtors' Cases Should Be Converted or, Alternatively, Dismissed

16. These cases should be converted or, alternatively, dismissed pursuant to 11 U.S.C. § 1112(b)(1), which provides:

> Except as provided in paragraph (2) and subsection (c), on request of a party in interest, and after notice and a hearing, the court shall convert a case under this chapter to a case under chapter 7 or dismiss a case under this chapter, whichever is in the best interests of creditors and the estate, for cause unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate.

17. Conversion is appropriate for two reasons. First, despite having been in bankruptcy for over 42 months, the Debtors have yet to file a disclosure statement or chapter 11 plan. Second, the Debtors' estates are suffering a substantial or continuing loss and there is an absence of a reasonable likelihood of rehabilitation.

(i) Failure to File a Disclosure Statement or to File/Confirm a Plan Within the Time Fixed by the Bankruptcy Code or the Court

18. Despite having been in bankruptcy for over three and a half years, the Debtors have yet to file a disclosure statement or plan of reorganization. Under 11 U.S.C. § 1112(b)(4)(J), "failure to file a disclosure statement, or to file or confirm a plan, within the time fixed by [the Bankruptcy Code] or by order of the court" constitutes cause for dismissal or conversion. The Debtors had the exclusive right (i) to file a plan until after 120 days from the

Petition Date and (ii) to solicit votes on a plan until 180 days from the Petition Date, unless those time periods were extended or reduced. *See* 11 U.S.C. § 1121(b). The Debtors did not file a plan within the exclusive time period governed by section 1121(b) of the Bankruptcy Code; the Debtors' exclusive period to file a plan was extended to February 28, 2024, over two years ago. *See* [D.I. 1162]. The lack of a filed plan suggests that a confirmable and feasible plan is not likely.

(ii) Continuing Loss To, or Diminution of, the Estate and the Absence of a Reasonable Likelihood of Rehabilitation

19. A chapter 11 case may be converted or dismissed if there is a "continuing loss to or diminution of the estate and the absence of a reasonable likelihood of rehabilitation." 11 U.S.C. § 1112(b)(4)(A).

20. "Under the interpretation of § 1112(b)(1) consistently used in bankruptcy courts, [a] negative cash flow situation alone is sufficient to establish 'continuing loss to or diminution of the estate.'" *Loop Corp. v. United States Trustee (In re Loop Corp.),* 379 F.3d 511, 515-516 (8th Cir. 2004).

21. In the January 2026 MOR, there was a net operating loss of $1,865,520 for the month. Because the Debtor no longer has any assets that could generate income, as shown by the staggering cumulative loss of $162,423,781, cause exists to dismiss or convert these cases.

22. If the cases were to continue, there would be significant additional professional expenses related to the plan solicitation and confirmation processes. Simply put, the Debtors' estates are suffering continuing losses.

23. The second element required to establish "cause" under §1112(b)(4)(A) is the "absence of a reasonable likelihood of rehabilitation." "Rehabilitation," as the term is used in 11 U.S.C. § 1112(b)(4)(A), means "to put back in good condition; re-establish on a sound,

firm basis." 5 COLLIER ON BANKRUPTCY § 1112.03(2) (15th ed. 1980) (quoted in *re L.S. Good & Co.*, 8 B.R. 315, 317 (Bankr. N.D. W.Va. 1980)).

24. There is no reasonable likelihood of rehabilitation. The Debtors have sold all of their assets, have no employees and appear to have no business to rehabilitate. Moreover, the Debtors do not appear to have sufficient cash to fund a viable plan of reorganization.

CONCLUSION

25. "Cause" has been established under Code section 1112(b)(4)(A), making conversion or dismissal mandatory. "Cause" has also been established under 11 U.S.C. § 1112(b)(4)(J).

26. Section 1112(b)(1) of the Bankruptcy Code indicates that, if a movant establishes cause other than under section 1112(b)(4)(A) (continuing loss/diminution, absence of a reasonable likelihood of rehabilitation), unless there are "unusual circumstances" that establish that the requested conversion or dismissal is not in the best interest of the creditors and the estate, the Court "shall convert a case under this chapter to a case under chapter 7 or dismiss a case under this chapter, whichever is in the best interest of creditors and the estate." 11 U.S.C. § 1112(b)(1). There are no such "unusual circumstances" here, and therefore conversion or dismissal is mandated.

27. The Debtors have limited cash and no income. There has been minimal reconciliation activity for administrative claims asserted against the Debtors' estates notwithstanding the Bar Dates having passed almost three years ago. The Debtors have no prospect for rehabilitation. Because there appear to be estate assets available for distribution, conversion of the cases to cases under chapter 7, rather than dismissal, is in the best interests of the estate and its creditors.

28. If the Court determines that conversion of the above-captioned cases to cases under chapter 7 is warranted, the Debtors should be compelled to file MORs for any months subsequent to January 2026.

RESERVATION OF RIGHTS

29. The U.S. Trustee reserves all rights to (i) amend or supplement this Motion or (ii) conduct discovery.

WHEREFORE the U.S. Trustee requests that this Court enter an order converting the above-captioned cases to cases under chapter 7 of the Bankruptcy Code or, alternatively, dismissing the cases. Additionally, the U.S. Trustee requests that this Court grant such other relief as this Court deems appropriate, fair and just.

Dated: March 4, 2026
Wilmington, Delaware

Respectfully submitted,

ANDREW R. VARA
UNITED STATES TRUSTEE FOR REGIONS 3 & 9

By: */s/ Timothy J. Fox*
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re Pack Liquidating, LLC *et al.*,[1] Debtors.	Chapter 11 Case No. 22-10797 (CTG) **Hearing Date: March 30, 2026 at 10:00am ET** **Obj. Ddl.: March 23 at 4:00pm ET**

NOTICE OF MOTION OF UNITED STATES TRUSTEE TO CONVERT THE CASES TO CASES UNDER CHAPTER 7 OR, ALTERNATIVELY, DISMISS THE CASES

PLEASE TAKE NOTICE that on March 4, 2026, Andrew R. Vara, United States Trustee for Regions 3 & 9, filed the *Motion of United States Truste to Convert the Cases to Cases Under Chapter 7 or, Alternatively, Dismiss the Cases* (the "Motion") with the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that written responses to the Motion must be filed with the Clerk of the Bankruptcy Court, 824 Market Street, Third Floor, Wilmington, Delaware 19801, and served upon the undersigned so as to be received on or before **March 23, 2026, at 4:00 P.M. ET**.

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion is scheduled for **March 30, 2026, at 10:00 A.M. ET**, before the Honorable Craig T. Goldblatt, Bankruptcy Judge for the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Courtroom 7, Wilmington, Delaware 19801.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Pack Liquidating, LLC (6932); GV Liquidating LLC (1513); PM Liquidating, LLC (6006); PP Liquidating, LLC (6676); PV Liquidating, LLC (1172); and AB Liquidating, LLC (8582). The location of the Debtors' service address in these chapter 11 cases is c/o Cooley LLP, 55 Hudson Yards, New York, NY 10001.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR A HEARING.

Dated: March 4, 2026
Wilmington, Delaware

Respectfully submitted,

ANDREW R. VARA
UNITED STATES TRUSTEE FOR REGIONS 3 & 9

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re Pack Liquidating, LLC *et al.*,[1] Debtors.	Chapter 11 Case No. 22-10797 (CTG) **Re: D.I. ____**

ORDER CONVERTING CASES FROM CHAPTER 11 TO CHAPTER 7 OF THE BANKRUPTCY CODE AND GRANTING RELATED RELIEF

Upon consideration of the *Motion of Andrew R. Vara, United States Trustee for Regions 3 & 9* ("U.S. Trustee"), *to Convert the Cases to Cases Under Chapter 7 or, Alternatively, Dismiss the Cases* (the "Motion"); and upon the record in these cases; and good and sufficient cause appearing therefore; it is hereby

FOUND AND DETERMINED THAT:

A. Notice of the Motion and the hearing thereon was due and sufficient under the circumstances.

B. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

C. This is a core proceeding under 11 U.S.C. § 157(b).

IT IS ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Pack Liquidating, LLC (6932); GV Liquidating LLC (1513); PM Liquidating, LLC (6006); PP Liquidating, LLC (6676); PV Liquidating, LLC (1172); and AB Liquidating, LLC (8582). The location of the Debtors' service address in these chapter 11 cases is c/o Cooley LLP, 55 Hudson Yards, New York, NY 10001.

2. Pursuant to section 1112(b) of the Bankruptcy Code, the Debtors' chapter 11 cases are hereby converted to cases under chapter 7 of the Bankruptcy Code.

3. The Debtors shall:

a. Forthwith turn over to the chapter 7 trustee all records and property of the estates under their custody and control as required by Bankruptcy Rule 1019(d);

b. Within 10 days of the date hereof, file and transmit to the U.S. Trustee monthly operating reports for post-petition months (or parts thereof) through the date of this Order;

c. Within 14 days of the date hereof, file a schedule of unpaid debts incurred after the Petition Date, including the name and address of each creditor, as required by Bankruptcy Rule 1019(e)(1)(A); and

d. Within 30 days from the date hereof, file and transmit to the U.S. Trustee a final report and account as required by Bankruptcy Rule 1019(e)(1)(B).

4. A representative of the Debtors and, if requested by the chapter 7 trustee, counsel to the Debtors in these chapter 11 cases shall appear at the first meeting of creditors after conversion of the Debtors' cases to chapter 7 pursuant to sections 341(a) and 343 of the Bankruptcy Code, and such representative shall be available to testify at such meeting.

5. The Court retains jurisdiction to interpret and enforce the terms of this Order.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re Pack Liquidating, LLC *et al.*,[1] Debtors.	Chapter 11 Case No. 22-10797 (CTG) **Re: D.I. ____**

ORDER DISMISSING CASES AND GRANTING RELATED RELIEF

Upon consideration of the *Motion of Andrew R. Vara, United States Trustee for Regions 3 & 9* ("U.S. Trustee"), *to Convert the Cases to Cases Under Chapter 7 or, Alternatively, Dismiss the Cases* (the "Motion"); and the Court finding that due and sufficient notice of the Motion was given; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and this is a core proceeding under 28 U.S.C. § 157(b)(2); and after due deliberation, the Court finds that dismissal of the above-captioned chapter 11 cases is warranted under 11 U.S.C. § 1112(b). Based on the foregoing,

IT IS ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED, and the cases are hereby dismissed.

2. The Debtors shall, within 10 days from the date of this order, file and transmit to the U.S. Trustee monthly operating reports for post-petition months (or parts thereof) through the date of this Order and pay any corresponding fees under 28 U.S.C. § 1930(a)(6).

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Pack Liquidating, LLC (6932); GV Liquidating LLC (1513); PM Liquidating, LLC (6006); PP Liquidating, LLC (6676); PV Liquidating, LLC (1172); and AB Liquidating, LLC (8582). The location of the Debtors' service address in these chapter 11 cases is c/o Cooley LLP, 55 Hudson Yards, New York, NY 10001.

3. The Court retains jurisdiction over all matters arising from or relating to the interpretation and enforcement of this Order.