

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re	:	Chapter 11
	:	
RS LEGACY CORPORATION, <i>et al.</i> , ¹	:	Case No. 15-10197 (BLS)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	Related Docket No.: 2870

ORDER AUTHORIZING AND APPROVING SETTLEMENT AMONG THE DEBTORS, CREDITORS' COMMITTEE AND THE STATE OF TEXAS AND DISALLOWING CLAIMS ASSERTED BY STATES RELATED TO GIFT CARDS

This matter coming before the Court on the Debtors' Motion for an Order Authorizing and Approving Settlement Among the Debtors, the Official Committee of Unsecured Creditors and the State of Texas and Disallowing Claims Asserted by States Related to Gift Cards (the "Motion");² the Court having reviewed the Motion and having heard the statements of counsel regarding the relief requested in the Motion at the hearing before the Court (the "Hearing"); the Court finding that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b) and (iv) notice of the Motion and the Hearing was sufficient under the circumstances; after due deliberation the Court

¹ The Debtors are the following eighteen entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): RS Legacy Corporation (f/k/a RadioShack Corporation) (7710); Atlantic Retail Ventures, Inc. (6816); Ignition L.P. (3231); ITC Services, Inc. (1930); Merchandising Support Services, Inc. (4887); RS Legacy Customer Service LLC (f/k/a RadioShack Customer Service LLC) (8866); RS Legacy Global Sourcing Corporation (f/k/a RadioShack Global Sourcing Corporation) (0233); RS Legacy Global Sourcing Limited Partnership (f/k/a RadioShack Global Sourcing Limited Partnership) (8723); RS Legacy Global Sourcing, Inc. (f/k/a RadioShack Global Sourcing, Inc. (3960); RS Ig Holdings Incorporated (8924); RS Ignite, LLC (0543); SCK, Inc. (9220); RS Legacy Finance Corporation (f/k/a Tandy Finance Corporation) (5470); RS Legacy Holdings, Inc. (f/k/a Tandy Holdings, Inc.) (1789); RS Legacy International Corporation (f/k/a Tandy International Corporation) (9940); TE Electronics LP (9965); Trade and Save LLC (3850); and TRS Quality, Inc. (5417). The address of each of the Debtors is 300 RadioShack Circle, Fort Worth, Texas 76102.

² Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Motion.

having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The Debtors are authorized to enter into the Term Sheet, attached hereto as Exhibit A, and pursuant to Fed. R. Bankr. P. 9019(a), the Term Sheet is hereby approved in its entirety.
3. All proofs of claim filed by states with respect to gift cards, including those listed on Annex B to the Term Sheet, shall be deemed disallowed with prejudice on the effective date of the Plan.³
4. The Debtors are authorized to make the modifications to the Plan proposed in the Term Sheet and the settlement reflected therein in accordance with section 1127 of the Bankruptcy Code. For the avoidance of doubt, the Debtors shall not be required to re-solicit the Plan following such modification.
5. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the interpretation, implementation or enforcement of the Term Sheet and this Order.

Dated: Wilmington, Delaware

September 16, 2015


UNITED STATES BANKRUPTCY JUDGE

³ The following States filed proofs of claim related to unredeemed gift cards: Arkansas, Arizona, Hawaii, Indiana, Maryland, Massachusetts, Oregon, Tennessee and Texas. The Commonwealth of Virginia filed a proof of claim related to unclaimed property for unredeemed gift cards. As set forth in the Supplement to the 9019 Motion filed by the Texas Attorney General's Office on September 8, 2015, all of those states either formally filed Responses in Support of the Settlement or sent letters to the Texas Attorney General expressing support for the settlement and expressly authorizing and encouraging the State of Texas to share those letters with the Court.

Exhibit A

SETTLEMENT TERM SHEET

A. Preliminary Statement

1. This term sheet ("Term Sheet") sets forth the terms and conditions on which RS Legacy Corporation and its affiliated debtors (collectively, the "Debtors"), the Official Committee of Unsecured Creditors (the "Committee"), and the State of Texas ("Texas" and collectively with the Debtors and the Committee, the "Parties") have agreed to settle certain disputes related to gift cards.

2. Upon entry of an order by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") approving this Term Sheet (the "9019 Order"), this Term Sheet shall be binding upon the Parties and each of their respective successors and assigns to the fullest extent permitted by applicable law. The implementation of the settlement set forth in this Term Sheet is subject to (a) entry of the 9019 Order and (b) the occurrence of the effective date (the "Effective Date") under the First Amended Joint Plan of Liquidation of RS Legacy Corporation and Its Debtor Affiliates [D.I. 2786] (as it may be amended, the "Plan").

B. Types of Gift Cards

1. The Debtors and RS Legacy Corporation franchisees issued the following types of gift cards, which the Debtors have the ability to identify based on the number associated with each card:

- a. gift cards purchased by a customer either by itself or together with merchandise ("Purchased Gift Cards");⁴
- b. gift cards for which a customer paid money to add to the gift card's preexisting balance ("Reload Gift Cards");

⁴ A Purchased Gift Card includes gift cards purchased by a customer and transferred to another person.

c. gift cards issued for no cash consideration in connection with a customer complaint ("Customer Service Gift Cards");

d. gift cards issued for no cash consideration in connection with a return of merchandise ("Merchandise Return Gift Cards"); and

e. gift cards issued for no cash consideration in connection with a promotional giveaway ("Promotional Giveaway Gift Cards").

2. The gift cards were issued in RS Legacy Corporation and franchisee stores, by RS Legacy Corporation headquarters and the RS Legacy Corporation website (the "Website Gift Cards"). The gift cards issued by headquarters (the "Corporate Gift Cards") were all issued for no cash consideration; the gift cards issued by the website were all purchased by customers.

3. On the Debtors' behalf, the following parties issued gift cards, which the Debtors also have the ability to identify based on the number associated with each card:

a. Assurant ("Assurant Cards");

b. CExchange ("CExchange Gift Cards");

c. Incomm ("Incomm Gift Cards");

d. PointMobl ("PointMobl Gift Cards"); and

e. Safeway ("Safeway Gift Cards").

4. The Debtors have determined that they have two categories of unredeemed gift cards for which they lack information to determine the card type:

a. Gift cards for which they have no transaction information ("No Transaction Code Gift Cards"); and

b. Gift cards issued between 2000 and 2004 that were physically deactivated by the Debtors' third-party vendor ("Deactivated Gift Cards"), but remain effective.

C. Settlement Terms

1. Count I of the first amended complaint [Adv. D.I. 17] (the "First Amended Complaint") filed by Texas in the adversary proceeding styled State of Texas v. RS Legacy Corporation f/k/a RadioShack Corporation et. al (Adversary Proceeding Number 15-50870 (BLS)) (the "Adversary Proceeding") is resolved as follows:

a. The Debtors and the Committee agree to treat all timely filed claims for unredeemed balances in any amount (i.e., there is no minimum amount requirement applicable to gift cards) on the following types of gift cards as priority claims pursuant to 11 U.S.C.

§ 507(a)(7): (i) Purchased Gift Cards; (ii) Reload Gift Cards; (iii) No Transaction Code Gift Cards; (iv) Deactivated Cards; (v) Website Gift Cards; (vi) Incomm Gift Cards; (vii) PointMobil Gift Cards; and (viii) Safeway Gift Cards; provided that the gift card claimant (a) certifies that (1) he or she is in possession of the gift card, (2) he or she is a consumer and (3) he or she has not redeemed or otherwise received value with respect to the unredeemed balances on the card, and (b) produces the card or a photo, photocopy, gift card receipt or other reasonable evidence thereof. Gift card claims that are not timely filed or for which the requirements of this paragraph are not satisfied will not be treated as priority claims.

b. The Parties agrees that all timely filed claims for unredeemed balances on the following categories of gift cards will be treated as general unsecured claims but not priority claims: (i) Merchandise Return Gift Cards; (ii) Customer Service Gift Cards; (iii) Promotional Giveaway Gift Cards; (iv) Corporate Gift Cards; (v) Assurant Gift Cards; and (vi) CExchange Gift Cards.

c. The Debtors will modify the Plan to provide (i) for a \$500,000 cash reserve for allowed priority gift card claims that will not operate as a cap or limitation on distributions on account of allowed priority gift card claims and (ii) claimants with twelve (12)

months from the date of a priority gift card bar date notice to file proofs of claim asserting priority gift card claims. Allowed priority gift card claims will be paid by the liquidating trust promptly after the submission of such claims pursuant to the terms of the Plan.

d. The Parties agree to the form of the specialized proof of claim form for gift card claims (the "Gift Card Proof of Claim Form") substantially in the form attached hereto as Annex A.⁵

e. The Debtors and/or the Committee will set up a toll free telephone number and a website that claimants can access for information regarding the claims process as it relates to unredeemed gift cards (the "Gift Card Website"). The Gift Card Website will enable claimants to either electronically complete and submit the Gift Card Proof of Claim Form or print out a hard copy of the Gift Card Proof of Claim Form to be submitted by mail.

f. The Parties have agreed to provide notice pursuant to the terms of the Notice Term Sheet attached hereto as Annex C.

2. On the Effective Date, all other counts or claims in the First Amended Complaint, including the unclaimed property claim in Count III and the Texas Deceptive Trade Practices-Consumer Protection Act claim in Count V, will be deemed dismissed with prejudice. On the Effective Date, Texas will withdraw with prejudice all of its proofs of claim related to gift cards, including claim numbers 4415 and 7703. Finally, on the Effective Date, Texas will withdraw all pleadings it has filed in the Debtors' chapter 11 cases and the Adversary Proceeding relating to unredeemed gift cards.

3. The Parties agree to work cooperatively together to (a) obtain Bankruptcy Court approval of this Term Sheet and (b) resolve the class action lawsuit styled Haywood et al. v.

⁵ The Gift Card Proof of Claim Form remains in process and subject to further negotiation among the Parties.

RadioShack Corporation et al. (Adversary Proceeding No. 15-50930 (BLS)) (the "Class Action Adversary").

4. This Term Sheet is conditioned upon (a) a resolution of the Class Action Adversary in a manner that is acceptable to the Debtors and the Committee and (b) the entry of an order by the Bankruptcy Court, both approving this Term Sheet and disallowing with prejudice all proofs of claims filed by states with respect to gift cards in the Debtors' chapter 11 cases, including unclaimed property claims. A list of the states' claims that would be disallowed in connection with this Term Sheet is attached hereto as Annex B.

5. The Parties agree that credit card charge backs will not in any way be affected by this Term Sheet.

6. This Term Sheet shall not affect any claim gift card holders may have against Assurant.

7. This Term Sheet shall be governed by the laws of the state of Texas.

8. This Term Sheet may be amended by written agreement acceptable to all the Parties.

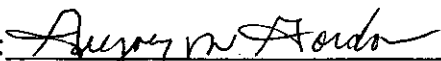
9. This Term Sheet may be executed in any number of counterparts, each of which shall be deemed to be an original as against any Party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

###END OF DOCUMENT###

AGREED TO AND ACCEPTED BY:

Dated: September 4, 2015

THE DEBTORS:

By: 

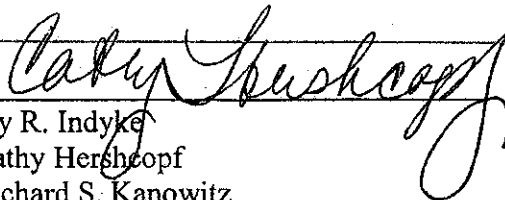
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ANNEX A

RADIOSHACK GIFT CARD PROOF OF CLAIM FORM

RS Legacy Corporation f/k/a RadioShack Corporation, et al.

Chapter 11 Case Number 15-10197 (BLS)

I am asking that payment be sent to me at the name and address below:

Name: _____

Mailing Address: _____

City/State/Zip Code: _____

Email: _____

Serial number on the gift card: _____

The unredeemed balance on the gift card is \$ _____ or Unknown

Certification:

I certify that the following statements are true:

- (1) I am in possession of a RadioShack gift card and have never used the balance on this card;
- (2) I am a consumer; and
- (3) I have enclosed EITHER a copy (or photograph) of my gift card OR the original gift card OR other reasonable evidence (such as my gift card receipt) as evidence that I am in possession of this gift card.

By signing below, I certify under penalty of perjury that the information I have provided in this claim is true to the best of my knowledge, information and reasonable belief.⁶

Name

Signature

Date

⁶ Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

ANNEX B

CLAIMS TO BE DISALLOWED

Claimant	Claim Number(s)
Arizona	8177
Arkansas	7947
Commonwealth of Virginia	7704
Hawaii	8242
Indiana	8027
Massachusetts	8039
New York	8244
Oregon	7808
Tennessee	7901, 7545
Texas	7703, 4515

ANNEX C

SETTLEMENT TERM SHEET—NOTICE

A. Preliminary Statement

1. The Debtors have reached an agreement memorialized in a term sheet (the "Term Sheet")⁷ setting forth the terms and conditions on which RS Legacy Corporation and its affiliated debtors (collectively, the "Debtors"), the Official Committee of Unsecured Creditors (the "Committee"), and the State of Texas ("Texas" and collectively with the Debtors and the Committee, the "Parties") would settle certain disputes related to gift cards.

2. Pursuant to the Term Sheet, the Parties agreed to negotiate in good faith regarding the form and manner of effective notice to be provided to potential claimants with respect to unredeemed gift cards taking into account the cost of such notice. In the event the Parties were unable to reach agreement, they agreed to seek a ruling from the Bankruptcy Court on the form and manner of notice and be bound by the Bankruptcy Court's ruling.

3. Since the negotiation of the Term Sheet, the Parties have engaged in arm's length, good faith discussions regarding the form and manner of notice to be given to gift card holders. As a result of those discussions, the Parties have reached an agreement on notice, which is memorialized in this term sheet (the "Notice Term Sheet"). The Notice Term Sheet shall become binding upon the Parties and each of their respective successors and assigns upon the entry of an order confirming the First Amended Joint Plan of Liquidation of RS Legacy Corporation and Its Debtor Affiliates [D.I. 2786] (as it may be amended, the "Plan") and, except as set forth herein, the Notice Term Sheet shall be implemented following the Effective Date of the Plan.

⁷ Capitalized terms not otherwise defined herein will have the meanings given to them in the Term Sheet.

B. Settlement Terms

1. Direct Notice: Direct notice shall be given to certain priority gift card holders (the "Priority Holders"), who consist of holders of Purchased Gift Cards, Reload Gift Cards, No Transaction Code Gift Cards, Deactivated Gift Cards, Website Gift Cards, Incomm Gift Cards, PointMobl Gift Cards and Safeway Gift Cards in the form and manner described below:

a. Email: To the extent that an e-mail address is available, the Liquidating Trustee will provide email notice to all gift card holders for whom the Debtors have e-mail addresses dating back to January 1, 2000.

b. First Class Mail: To the extent that no email address is available (or an email is returned as undeliverable) and the Debtors have physical address information, first class mail notice via postcard will be provided to Priority Holders whose cards were issued on or after January 1, 2013. The Debtors estimate that this first class mail notice will be delivered to approximately 82,000 gift card holders, with an estimated cost of approximately \$40,000.

2. Publication Notice: Digital publication notice will be provided to all gift card holders. Banner ads, designed by the Debtors' notice consultant, will be placed on Facebook and Google web sites for a period of 30 days. The Liquidating Trustee will commence publication within 15 days of the effective date of the Plan. The banner ads and the placement of such ads will be targeted to the demographic group identified by the Debtors' notice consultant. The cost of the design of the banner ads is estimated to be approximately \$6,000. The estimated cost of and impressions (i.e., the number of views) generated by the Facebook and Google notices are set forth below:

a. Facebook: \$25,000 in cost with an estimated reach of 31 million impressions.

b. Google: \$20,000 in cost with an estimated reach of 650,000 impressions.

3. Press Release: A press release with information on the gift card claim process will be issued and distributed via PR Newswire, a service which feeds the story to hundreds of media outlets electronically, including where RadioShack stores are located. The cost of issuing such press release is estimated to be approximately \$4,000.

4. URL: The banner ads and press release will include a URL link to the gift card website described in the Term Sheet. The URL link will be oldradioshackgiftcard.com. The URL will be in effect no later than September 16, 2015, and the website shall be available no later than September 10, 2015 although the site may be under construction at that time and for some period thereafter.

5. Phone Number: A toll-free phone number will be established to provide information to gift card holders regarding the gift card claim process. The Parties are continuing to discuss the details regarding this phone number, including how long the number would remain active, whether a live operator would be required, and when the number would become active.

6. Review: Texas will have the right to review and approve the banner ads, the press release, the forms of email and post card notice, and the proof of claim form that will be sent to gift card holders. To the extent that the Parties are unable to reach an agreement on the form of such documents, the Parties agree to submit the dispute to the Bankruptcy Court and be bound by the Bankruptcy Court's decision with respect to such dispute.