IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: RS LEGACY CORPORATION, *et al.,* Debtors.	Chapter 11 Case No. 15-10197 (BLS) (Jointly Administered) **Hearing Date: Sept. 16, 2015 at 9:30 a.m.** **Re: Dkt. Nos. 2784, 2786, 2922 and 2924**

REPLY OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO THE OBJECTIONS OF STANDARD GENERAL L.P. AND WELLS FARGO BANK N.A. TO APPROVAL OF DISCLOSURE STATEMENT AND TO CONFIRMATION OF THE PLAN

The Official Committee of Unsecured Creditors (the "Committee") of RadioShack Corporation (n/k/a RS Legacy Corporation, "RadioShack") respectfully submits this reply to the Objections (Dkt. Nos. 2924 and 2922) of Standard General L.P. and certain of its related parties (collectively, "Standard General") and Wells Fargo Bank, N.A. ("Wells Fargo") to the First Amended Joint Plan of Liquidation (the "Plan") (Dkt. No. 2786), and, in the case of Wells Fargo, to the Disclosure Statement (Dkt. No. 2784).

PRELIMINARY STATEMENT[1]

1. On the first day of these cases, Standard General made clear its intention to credit bid Prepetition ABL Obligations before the Committee's challenge deadline would expire. Contested hearings and heated discussions took place over several weeks concerning how that could happen when those claims would by definition (and local rule) not yet be "allowed." Indeed, after expending weeks of judicial resources on DIP financing and bid procedures, this Court even asked the parties to focus on this elephant in the room. *See* Feb. 25, 2015 Hr'g Tr.

[1] All capitalized terms used in this reply but not defined have the meanings set forth in the Plan and its exhibits.

53:21-23 (The Court: "*But I want to be clear that we need—we need a fix for that issue, and I'm not certain what it is, but that remains out there*.").[2]

2. Absent a consensual multi-party agreement among the representatives of unsecured creditors, the several "First Out" ABL Lenders, the Agent, the DIP Lenders, the SCP Lenders, and Standard General, the acquisition would have been impossible. Numerous factors, including the preservation of jobs, brought that multitude of parties together over the course of a three-day auction followed by a three-day hearing, and each exchanged concessions to foster the sale to Standard General by April 1, 2015 pursuant to Court order (the "Sale Order"). Having satisfied Standard General's "rolled up" claims via credit bid, and the "First Out" ABL Lenders' and Agent's contingent indemnification claims by reserving $10 million of residual ABL Priority Collateral plus $2 million of Standard General's own money, what remained was for the SCP Lenders and the Committee to allocate by agreement (or failing that, by Court intervention) the remainder of assets in the estate.

3. After extraordinary efforts by the Debtors, the SCP Lenders, and the Committee, in reliance on the Sale Order and the record of those proceedings, the last pieces of the puzzle fell (or were squeezed) into place culminating in a global settlement that would facilitate confirmation of a Chapter 11 plan. In order to facilitate that deal, pursuant to a settlement on July 21, 2015 (the "ABL Lender Settlement") the Committee even dropped its potential causes of action against the "First Out" ABL Lenders and Agent who had pressed for additional reserves for its contingent fees and expenses. That release covered all ABL Lenders in their capacities as such.

[2] Relevant portions of the transcript are attached hereto as Exhibit A.

4. It is against this backdrop that Standard General's and Wells Fargo's 11th hour Objections to confirmation should be understood. There is nothing "fundamentally unfair" about the record of these proceedings or how we got here.

5. But equities aside, the Objections fail as a matter of law. First and foremost, Standard General and Wells Fargo assert purported indemnification rights against the Debtors that do not exist under either the ABL Credit Agreement or the DIP Credit Agreement. Under established New York law (which governs both agreements), an indemnification agreement does not cover claims made by the indemnifying party itself absent "unmistakably clear" language. This makes sense, because such an indemnification right would be tantamount to a release, and RadioShack (both pre- and post-bankruptcy) never gave Standard General or Wells Fargo a general release. Plain vanilla indemnity agreements (such as those contained in section 9.6 of each of the ABL Credit Agreement and DIP Credit Agreement) cover claims brought *by third parties*. And, of course, the Committee's timely filed litigation in Fort Worth, Texas (the "Texas Litigation") is *on behalf of RadioShack* (not a third party), a right expressly provided by the Sale Order.[3]

6. Moreover, even assuming *arguendo* the indemnities covered claims made by or on behalf of RadioShack itself, they would only do so as to claims against Standard General and Wells Fargo in their capacities as Lenders; they would not apply to every pre-petition action these parties undertook. In that respect, the Committee is not asserting claims against them relating to the validity of their debt or their capacities as Lenders. Those claims were released by

[3] The Texas Litigation was commenced by the Committee on behalf of RadioShack pursuant to this Court's grant of standing (with the consent of Standard General pursuant to the Sale Order), and it asserts claims for liability owed to the Company (not a third party). Upon confirmation of the Plan, the Liquidation Trust will be substituted as plaintiff in the Texas Litigation, as it will be the entity authorized to pursue the Company's claims from and after the effective date of the Plan.

the Sale Order and the ABL Lender Settlement Order. The Committee is suing them for their tortious misconduct that injured RadioShack, a reservation of rights expressly bargained for in the Sale Order.

7. *Second*, the remaining indemnification claim is for fees and expenses for the litigation commenced by the SCP Lenders and the Committee—the very issue resolved by the Sale Order. As for the Texas Litigation, section 9.5 of the ABL Credit Agreement and the DIP Agreement, which concerns indemnity for costs and expenses (in contrast with section 9.6, which concerns indemnity for liabilities) suffers from the same lack of "unmistakably clear" language required for indemnifying when litigation is commenced by or on behalf of RadioShack itself.[4] This indemnification agreement, however, did specify the procedure that would apply "in the event that any actions or proceedings are in effect or are threatened by . . . the Creditors' Committee . . . or [the SCP Lenders] attacking the legality, validity, enforceability of the Pre-Petition Obligations, the Liens arising under the Pre-Petition Credit Agreement or any other matters relating to the Pre-Petition Loan Documents at the time of the consummation of any sale of the assets of the Credit Parties." In the event of such third-party challenges, "Agent may hold a reserve following the date of payment in full of the Obligations as cash collateral for the expenses to be incurred in connection with such actions." DIP Credit Agreement, § 9.5 (bottom). This is *precisely what occurred* at the time of the Sale Order. Standard General not only acceded to establishing that reserve, but *contributed* to it as part of the multi-party exchange

[4] The generic indemnification language concerning costs and expenses would (and did) cover any costs incurred to defend against *potential* challenges by third parties to the Prepetition Obligations and the liens arising under the ABL Credit Agreement. But when the suit is brought *after standing was granted* and the litigation is *on behalf of RadioShack itself* (not a third party), section 9.5 is insufficient to require payment of costs and expenses to defend such litigation under New York law.

of consideration that gave them final allowance of disputed claims they sought to credit bid. Accordingly, Standard General's and Wells Fargo's Objections should be rejected.

ARGUMENT

I. STANDARD GENERAL AND WELLS FARGO HAVE NO RIGHTS TO INDEMNIFICATION OR REIMBURSEMENT AGAINST THE DEBTORS

8. As a threshold matter, Standard General's and Wells Fargo's Objections are premised on supposed indemnification rights that they do not actually have. According to them, the Texas Litigation is covered by indemnification and expense reimbursement provisions in the ABL and DIP Credit Agreements and has thus created the need to set aside reserves in the Plan to account for their potential losses and expenses in connection with that lawsuit. Those indemnities, however, do not apply to the Texas Litigation for two reasons.

9. *First*, as a matter of law, the indemnity clauses do not obligate RadioShack to indemnify Standard General or Wells Fargo in connection with claims by RadioShack. According to Wells Fargo, the applicable provisions are sections 9.5 and 9.6 of the ABL Credit Agreement.[5] *See* Wells Fargo Obj. ¶¶ 21-23. Standard General relies on the same sections, as well as the equivalent terms in the DIP Credit Agreement.[6] *See* Standard General Obj. ¶¶ 10-11.

[5] Section 9.5 states, in relevant part: "the Borrower agrees to pay or reimburse upon demand … fees and disbursements of Attorney Costs of one law firm … incurred in connection with [certain matters]," namely "the commencement, defense, conduct of, intervention in, or the taking of any other action … with respect to, any proceeding … related to any Credit Party, any Subsidiary of any Credit Party, Loan Document or Obligation …." *See* ABL Credit Agreement § 9.5(e); DIP Credit Agreement § 9.5(e).

Section 9.6 states, in relevant part: "Each Credit Party agrees to indemnify, hold harmless and defend Agent, each Lender and each of their respective Related Persons … from and against all Liabilities … relating to or arising out of, in connection with or as a result of [the "Indemnified Matters"]. *See* ABL Credit Agreement § 9.6; DIP Credit Agreement § 9.6.

[6] In addition to the clauses relied on by Wells Fargo, Standard General asserts that its expense reimbursement rights are covered by section 9.5(b) of the ABL Credit Agreement. Standard General Obj. ¶ 11. That section only applies to the "Agent," which Standard General is not. *See* ABL Credit Agreement § 9.5(b) ("Borrower agrees to pay … (b) Agent for all reasonable costs and expenses incurred by it … in connection with internal audit reviews …").

The pertinent language in the ABL and DIP Credit Agreements is largely the same, and neither agreement is sufficient to cover more than third-party claims and extend to RadioShack's own claims against purported indemnitees.

10. The rule in New York, which law governs the ABL and DIP Credit Agreements, is clear-cut on this issue. *See* ABL Credit Agreement § 9.18 (applying New York law to agreement's enforcement); DIP Credit Agreement § 9.18 (same). As the New York Court of Appeals has instructed, in order for an indemnity to apply to claims between parties and not just to claims brought by third parties, that obligation must be "unmistakably clear" from the agreement. *Hooper Assocs., Ltd. v. AGS Computers, Inc.*, 74 N.Y.2d 487, 491-92 (N.Y. 1989) ("When a party is under no legal duty to indemnify, a contract assuming that obligation must be strictly construed . . . ."); *see also S.A. de Obras y Servicios v. Bank of Nova Scotia*, 126 A.D.3d 582, 583 (1st Dep't 2015) (at pleading stage, finding that indemnity provision, which contemplated third-party litigation, did not to apply to intra-party claims). It is not enough that sections 9.5 and 9.6 are merely "broad," as Standard General asserts. *See* Standard General Obj. ¶ 10. Rather, the subjects of the indemnity must "exclusively or unequivocally" refer to claims between the parties themselves. *Hooper*, 74 N.Y.2d at 492 (finding that indemnification clause relating to "all claims, damages, liabilities" did not include intra-party claims). Thus, in order for sections 9.5 and 9.6 of the ABL and DIP Credit Agreements to require indemnification of claims by RadioShack, they must "contain language clearly permitting" such relief. *Id.* Yet, they do not.[7]

[7] Standard General also claims that "Section 9.5 of the DIP Credit Agreement provides *additional protection* for the DIP Lenders." Standard General Obj. ¶ 11 (emphasis added). It does not. The language relied on by Standard General in the DIP Credit Agreement is the same language contained in the ABL Credit Agreement, neither of which obligates RadioShack to indemnify expenses arising from the Texas Litigation.

11. Even though the presumption against intra-party indemnity should end the matter under established New York law, it is also notable that the indemnity provision in section 9.6 contains plain language showing that it was not intended to apply to claims between the parties but rather third-party litigation only. In particular, that section refers to and obligates RadioShack to "*defend* Agent, each Lender and each of their respective Related Persons." *See* ABL Credit Agreement § 9.6 (emphasis added); DIP Credit Agreement § 9.6 (same). It would make no sense for RadioShack to have to "defend" Standard General or Wells Fargo against its own claims (that would be tantamount to a release). Rather, it would only make sense for RadioShack to have to "defend" them against claims brought by others.

12. Moreover, Standard General and Wells Fargo—sophisticated firms with sophisticated counsel—could have negotiated for intra-party indemnity in the drafting of the ABL and DIP Credit Agreements. Had they intended the clauses to apply to a lawsuit "between the parties" they would have used precisely that unequivocal language. *See In re Refco Secs. Litig.*, 890 F. Supp. 2d 332, 344 (S.D.N.Y. 2012) ("Indemnification provisions [unlike here] that specifically distinguish third-party claims from interparty claims indicate an intent to cover claims between the parties."). Yet, the ABL and DIP Credit Agreements do not distinguish between first-party and third-party claims and instead contain only boilerplate language that, apart from subject matter, is no different than countless other indemnity and reimbursement clauses. The bottom line is that claims brought by RadioShack or its estate were not "unmistakably" included in the ABL and DIP Credit Agreements' indemnities, do not create indemnification obligations relating to the Texas Litigation as a matter of law, and cannot be used to derail Plan confirmation at this late stage.

13. Nor is there any basis to suggest that fees and expenses incurred for litigation by or on behalf of RadioShack should be borne by RadioShack. The rule is the opposite. *See id.* ("If an indemnity provision can be construed one way or another, then under New York law it must be construed to exclude recovery of attorneys fees in suits between the contracting parties."). As to both Standard General and Wells Fargo, broadening the scope of an indemnity in the case of attorneys' fees where there is no clear intention that it applied to claims between the parties would run directly counter to "the American Rule against prevailing parties' recovery of attorneys' fees." *Wells Fargo Bank N.A. v. Webster Bus. Credit Corp.*, 113 A.D.3d 513, 516 (1st Dep't 2014); *see also Hooper*, 74 N.Y.2d at 492 ("Inasmuch as a promise by one party to a contract to indemnify the other for attorney's fees incurred in litigation between them is contrary to the well-understood rule that parties are responsible for their own attorney's fees, the court should not infer a party's intention to waive the benefit of the rule unless the intention to do so is unmistakably clear from the language of the promise.").

14. *Second*, even if claims between the parties were included in the indemnification clauses (despite their plain language and controlling New York law providing otherwise), the Debtors still are not obligated to indemnify Standard General and Wells Fargo in connection with the Texas Litigation. The clear intent of the provisions was not to hold parties harmless from any misconduct they engaged in prior to becoming Lenders under the ABL Credit Agreement. It was to protect parties in their capacities as "Lenders" to RadioShack. The Texas Litigation, however, does not assert claims against Standard General and Wells Fargo in their capacities as Lenders to the company. Rather, it concerns intentional misconduct during the pre-petition period in either breaching fiduciary duties (in the case of Standard General, in its capacity as a stockholder) or aiding and abetting the breaches of fiduciary duties owed by

RadioShack's directors (in the case of both Standard General and Wells Fargo, as voluntary assistants).[8] The subject matter of the Texas Litigation is thus outside the scope of the indemnities even if *arguendo* the indemnities covered actions against Lenders by or on behalf of RadioShack. *See* DIP Credit Agreement § 9.6.

15. Indeed, it would not make sense to read the indemnification provisions as broadly as they suggest. For example, under Standard General and Wells Fargo's interpretation of the indemnities, RadioShack would have to indemnify them if it sought to enforce its own contractual rights under the ABL or DIP Credit Agreements. RadioShack would thus have to pay Standard General and Wells Fargo to comply with the agreements, a result which would be entirely inconsistent with the "apparent purpose" of the indemnity provisions. *Hooper*, 74 N.Y.2d at 491 ("Although the words might 'seem to admit of a larger sense, yet they should be restrained to the particular occasion and to the particular object which the parties had in view'") (omitting internal citation and quotation marks).

16. Further, if Standard General and Wells Fargo were correct and RadioShack were obligated to pay dollar-for-dollar any damages assessed against these parties in the Texas Litigation, section 9.6 of the ABL and DIP Credit Agreements would not simply provide an indemnity to these parties; it would functionally operate as a full release of RadioShack's claims against them. That plainly was not bargained for and is entirely inconsistent with the reservation of challenge rights contained in both the DIP Order and the Sale Order. In fact, as discussed further below, Standard General confirmed to this Court in connection with the sale that it was not seeking a release of affirmative claims (those at issue in the Texas Litigation) that are

[8] Inasmuch as Standard General stresses the super-priority claims promised under the DIP Credit Agreement, it bears emphasizing that nothing in the Texas Litigation challenges conduct following the commencement of these bankruptcy cases.

"unrelated to the validity of the debt." Feb. 25, 2015 Hr'g Tr. 50:4-14.[9] Similarly, in connection with the ABL Lender Settlement, Wells Fargo received a limited release in its capacity as a Lender under the ABL and DIP Credit Agreements, which would have been completely unnecessary if it already had the equivalent under section 9.6. Standard General's and Wells Fargo's new-found belief in their Objections that the indemnities apply to the claims alleged in the Texas Litigation is belied by those parties' prior conduct.

II. ANY POTENTIAL INDEMNIFICATION CLAIMS HAVE ALREADY BEEN ADDRESSED IN THESE PROCEEDINGS

17. The unsustainable assumption underlying Standard General's and Wells Fargo's arguments is that the Texas Litigation is a new development, thus justifying their last minute Objections on the eve of confirmation. But the Texas Litigation was a surprise to no one, has been contemplated since before the Final DIP Order, and was fully considered when determining the reserves set aside in connection with the Sale Order months ago. The issues raised in Standard General's and Wells Fargo's Objections were fully addressed then, and, if not, that was by their own doing. Their strategic decision to withhold objections until the eve of the confirmation hearing should not interfere with Plan confirmation.

18. Indeed, from the outset of these proceedings, everyone was well aware that the Committee was investigating claims against Standard General and Wells Fargo, among others. The Committee's rights were converted into that of estate representative in the Sale Order, which granted standing to "commence, prosecute, and compromise all of the Debtors' and their estates' claims and causes of action." *See* Sale Order ¶ 47. And all parties were on notice of the types of claims that could be brought because the Committee had previously provided the Court and the

[9] Relevant portions of the transcript are attached hereto as Exhibit A.

parties an outline of the potential claims that could be asserted on behalf of RadioShack if standing were granted. Standard General Obj. Ex. B.

19. In accordance with section 9.5 of the DIP Credit Agreement (and the mechanism for dealing with potential third-party challenges), the Sale Order, entered months ago (April 1, 2015), provided for reserves to address the very complaints Standard General and Wells Fargo raise in their Objections now. At that time, the First Out Lenders argued that Standard General's credit bid for RadioShack's most valuable assets should not be approved because the sale would result in the Debtors transferring to Standard General most of the collateral for the First Out Lenders' purported indemnification rights under the ABL and DIP Credit Agreements. Although the Committee never agreed that such indemnification could possibly apply to the *estate's own claims* against them, the First Out Lenders undoubtedly had exposure from third-party litigation, namely the SCP Lenders' adversary proceeding, and had asserted inter-creditor rights against Standard General that complicated Standard General's authority to credit bid. To resolve the potential indemnification claims, the various parties spent considerable time and effort negotiating a $12 million reserve, which the Court then approved. Standard General itself contributed $2 million of that amount, with any excess funds after distributions to be returned to it. *See* Sale Order ¶ 35.

20. When Standard General consented (and contributed) to the reserves, it *knew* that the Committee was investigating claims against it. Indeed, the "elephant in the room" during the bidding process was the "cleansing of the credit bid" based on allowing Standard General's secured claims even though the Committee's Challenge Period was still ongoing. Mar. 19, 2015 Hr'g Tr. 18:12-15.[10] To allow for that to happen, Standard General made abundantly clear to the

[10] Relevant portions of the transcript are attached hereto as Exhibit A.

Court that it knew the Committee's potential claims were in play and that it was not seeking to escape them: "Standard General is not seeking a release … All we're asking is for the credit bid." Feb. 25, 2015 Hr'g Tr. 50:4-14.[11] In consenting to the reserves, and in fact contributing $2 million to them, Standard General also knew that the whole point was to account for the fact that *Standard General* was getting paid (via credit bid) ahead of the First Out Lenders' claimed indemnity rights, and that that was a complication that needed to be solved.

21. In light of all this, and contrary to Standard General's assertion, there is nothing "fundamentally unfair" about the Plan not setting aside further reserves just for Standard General. *See* Standard General Obj. ¶ 23. The time to set reserves for third-party litigation has passed and the procedure in section 9.5 for creating reserves to deal with potential Committee proceedings was followed. Further, Standard General consented to the $12 million reserves that it now claims results in "more favorable treatment of the First Out Lenders." *Id.* at ¶ 21. The Sale Order resolved these contingent claim issues, and Standard General has not provided any explanation for why that Order should be revisited at confirmation, even under the guise of a Plan objection.

22. Wells Fargo also has not been disadvantaged. The only reason that it is a creditor or can claim to take advantage of purported indemnification rights is that it voluntarily purchased rights and interests under the ABL and DIP Credit Agreements from other First Out Lenders *after* RadioShack had filed for bankruptcy. Wells Fargo Obj. ¶ 12. Further, having acquired its interests from other First Out Lenders, Wells Fargo may be entitled to seek reimbursement from the reserves established by the Sale Order but in any event has no right to seek a separate reserve in the Plan just for itself because it chose to buy debt post-bankruptcy. If nothing else, by

[11] Relevant portions of the transcript are attached hereto as Exhibit A.

stepping into certain First Out Lenders' positions, Wells Fargo is bound by their consent to the Sale Order.

23. To the extent Wells Fargo cannot avail itself of the Sale Order's reserves, then that only further shows that Wells Fargo is not entitled to indemnification in the first place. Under the ABL Lender Settlement, Wells Fargo received a release of claims against it "as an initial first out lender under the Pre-Petition ABL Credit Agreement." Wells Fargo, however, was not released "with respect to any fees or discount of indebtedness it retained … in connection with its transactions with Standard General." *See* Dkt. No. 2688, Ex. B, July 21 Settlement Agr. ¶ 1 (definition of "WF Lender Capacity"). The claims asserted in the Texas litigation do not concern Wells Fargo in its capacity as a Lender and assert intentional misconduct that does not fall within the scope of the indemnity clauses. *See supra* ¶¶ 12-13 (showing that even if RadioShack indemnified for liability to RadioShack, non-"Lender" claims are not indemnified). All of this goes to show that, like Standard General's, Wells Fargo's last minute effort to derail confirmation falls flat.

CONCLUSION

As Standard General and Wells Fargo are not entitled to the indemnification they claim must be accounted for in the Plan, their Objections should be rejected, the Disclosure Statement should be approved, and the Plan should be confirmed.

Dated: September 14, 2015

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Exhibit A

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

	. Chapter 11
IN RE:	.
	. Case No. 15-10197 (BLS)
RADIOSHACK CORPORATION, et al,	.
	. Courtroom No. 1
	. 824 Market Street
Debtors.	. Wilmington, Delaware 19801
	.
	. Wednesday, February 25, 2015.

. . . . . .

TRANSCRIPT OF HEARING
BEFORE THE HONORABLE BRENDAN L. SHANNON
CHIEF UNITED STATES BANKRUPTCY JUDGE

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chooses to bid, and is acceptable to Sprint.

I think there are a couple of things in Mr. Kirpalani's remarks that I want to clarify specifically:

One is that Standard General is not seeking a release. Section 9.7 of the APA seeks exactly what it says it seeks, which is confirmation that we hold valid and enforceable debt, and that it won't be subject to challenge after the deal is closed.

I'm sure that Mr. Kirpalani has thought of many affirmative claims that are unrelated to the validity of the debt, and I'm sure, if I haven't heard of them already, we'll hear from them -- from him soon. We're not asking for a release of those claims. All we're asking is for the credit bid.

THE COURT: Let me ask you, though. In the event that I'm not prepared to reduce the time afforded under our local rules for the committee to investigate and challenge the validity of the liens, he referred to it as the "disconnect" or the "elephant in the room." How does the sale close without me blessing those liens or, essentially vitiating their investigation right?

MS. SELDEN: I think there are two aspects of that, Your Honor. First, the schedule is driven by the debtors. The schedule is not Standard General's, and we're prepared to go forward on the schedule that works for the debtors.

still within the time line, which I think is 14 April, I struggle -- I don't struggle. I mean, there are a number of ways to deal with it, but we need to deal with it and, frankly, account for it. And there are proposals that are out there. I can think of some, but your people are smarter than I am. But it does seem to me that that is an issue.

And I would say that, simply stating that either there's nothing out there, or that we've made everything available to the committee, and they just haven't acted, is not dispositive of the question because, again, our -- I think our rules are pretty clear. And we try -- well, I will not reduce the time because every sale case would present precisely that posture, we got to reduce the time.

I am not -- I have not argued with Mr. Gordon for a moment, or frankly, Standard General or anybody, about the time lines. I have jammed landlords, in this context, to an extent that I feel very uncomfortable about, and they've been very accommodating. So the time line is what it is.

There are a number of open issues. But to me, Mr. Kirpalani focused on that -- and some other issues, but focused on that. But I want to be clear that we need -- we need a fix for that issue, and I'm not certain what it is, but that remains out there. I don't see that being a question of evidence or testimony because, you know, wanting it is not part of an evidentiary record. So I think the issue has been laid

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RADIOSHACK CORPORATION, et al,	.
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	. 824 Market Street
Debtors.	. Wilmington, Delaware 19801
	.
	. Thursday, March 19, 2015

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TRANSCRIPT OF HEARING
BEFORE THE HONORABLE BRENDAN L. SHANNON
CHIEF UNITED STATES BANKRUPTCY JUDGE

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So it still continues to be a somewhat fluid situation, Your Honor. But the good news is that things are solidifying. And again, I think we're now positioned pretty well to go forward with an auction, and hopefully we'll have a successful outcome at the auction.

THE COURT: Okay. Mr. Galardi.

MR. GALARDI: Your Honor, may I address the Court just for a few minutes --

THE COURT: Sure.

MR. GALARDI: -- on the Standard General?

Your Honor, as was stated, we've dropped the request for an expense reimbursement and a breakup fee. And I'm sure you'll hear from other parties in the room, the elephant in the room is still there with respect to the cleansing of the credit bid component.

THE COURT: Uh-huh.

MR. GALARDI: And Your Honor is aware that Salus has filed a complaint.

Notwithstanding that, I did want Your Honor to appreciate that, the expense, the time, and the effort that we are going through, just -- and I know Mr. Gordon touched on this. But one is, as everyone had looked at, the debt commitment letter is no longer a requirement. We've gone to equity financing.

We have gone an identified now 1,723 stores, as