

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re)	
)	
FACTORY 2-U STORES, INC., a/k/a)	Chapter 7
FACTORY 2-U, f/a/k/a GENERAL)	
TEXTILES, INC., f/a/k/a GENERAL)	Case No. 04-10111 (PJW)
TEXTILES, f/a/k/a FAMILY BARGAIN)	
CORPORATION, f/a/k/a FAMILY)	
BARGAIN CENTER,)	
)	[Re Docket no. 3505]
Debtor.)	
_____)	

STATUS REPORT OF CHAPTER 7 TRUSTEE

1. On January 13, 2004, the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code.
2. This case converted to a case under Chapter 7 on January 27, 2005 (the “Conversion Date”). Jeffrey L. Burtch serves as the trustee (hereinafter the “Trustee”) for this case pursuant to 11 U.S.C. § 702(d).
3. As of March 18, 2009, the available cash balance in the Chapter 7 estate was approximately \$12,650,000.00.
4. Chapter 7 administrative expenses continue to accrue with respect to storage costs, professional fees, and other expenses of administration of the Chapter 7 estate and are unknown. The estate is not operating.
5. On September 17, 2007, the Trustee filed an action in the United States District Court for the District of Delaware entitled On September 17, 2007, the Trustee filed an action in the United States District Court for the District of Delaware entitled “Jeffrey L. Burtch v.

Milberg Factors, Inc. et al.” The underlying complaint names multiple commercial entities as defendants and asserts multiple causes of action, including but not limited to violations of the Sherman Act, 15 U.S.C. § 1, and violation of state law, and seeks, among other things, pecuniary relief, treble damages and attorneys fees. This civil action has been designated Action No. 1:07-CV-00556. The Defendants have filed motions to dismiss. The briefing on the motions to dismiss has been completed and oral argument was held with respect to the motions to dismiss on October 20, 2008.

6. In addition to the above, the Trustee continues to prosecute over 100 active adversary actions that seek to avoid and recover monies the Debtor transferred prepetition to third parties.
7. An administrative expense claim bar date of February 22, 2006 at 4:00 p.m. (the “Administrative Expense Claim Bar Date”) for filing a request for allowance of a claim for administrative expense that arose, accrued, or otherwise became due and payable on or after January 13, 2004 and Before December 1, 2005 was approved by this Court. Relatedly, Delaware Claims Agency was approved by the Court as claims agent in this Chapter 7 case. Any party in interest can review information about the claims filed in response to the notice of the Administrative Expense Claim Bar Date contained in an Administrative Claims Register available on the claims agent website located at <http://www.delawareclaimsagency.com/pdf/04-10111-claimsregister.pdf>.
8. The Bankruptcy Court also maintains a claims register on its website. That claims register can be reviewed by any party in interest as follows. From the home page (<http://www.deb.uscourts.gov/>) of the Court website, any party in interest choose the CM/ECF icon on the left side of the page. Then click on the “CM/ECF Live System” icon.

Enter a Pacer login and password. Then click on “Reports” and “Claims Register.” Parties in interest can review the docket sheets, each filed pleading, and other information about this case (Case No. 04-10111 (PJW)) using the Court's website, and the Pacer system contained on that website. No chapter 11 administrative expenses have been paid after the Conversion Date other than approved fees and expenses of Chapter 11 professionals from a designated pre-existing carveout fund that was completely expended for that purpose. Docket no. 1953.

9. This Court has entered an Order approving Chapter 11 Administrative Claims Procedures. Docket no. 3310. The Trustee has commenced analysis of the chapter 11 administrative claims and has filed seven Omnibus Objection to Chapter 11 Administrative Claims, and five Omnibus Objections to Secured Claims, and has further obtained final orders with respect to these twelve Omnibus Objections.
10. Upon review of the docket sheets, the claims register maintained by United States Bankruptcy Court, and the Administrative Claims Register, the Trustee has identified at this time approximately \$5,800,000.00 in filed claims that have not been disallowed or reclassified, and that assert Chapter 11 administrative expense priority pursuant to pursuant to 11 U.S.C. § 507(a)(2).¹ Upon review of the claims register maintained by United States Bankruptcy Court, and the Administrative Claims Register, the Trustee has identified at this time approximately \$6,000,000.00 in filed claims that assert secured claim status and that have not been disallowed or reclassified.
11. Analysis of claims that assert Chapter 11 administrative expense priority pursuant to

¹This number is exclusive of claims asserting priority pursuant to 11 U.S.C. § 507(a)(3) through 11 U.S.C. § 507(a)(9).

pursuant to 11 U.S.C. § 507(a)(2), and analysis of claims that assert secured claim status is ongoing. After the conclusion of the Chapter 11 Administrative Claims Procedures, there will be allowed chapter 11 administrative expense claims. No distributions to chapter 11 administrative expense claims ultimately allowed or other allowed priority claims are contemplated until after the approval by the United States Trustee of a proposed distribution by the Trustee.

12. Pre-petition claims as filed with the Court exceed \$30,000,000.00. Analysis and administration with respect to pre-petition claims has not commenced, if ever. No distributions, if any, to pre-petition claims as ultimately allowed are contemplated until after the approval by the United States Trustee of a proposed distribution by the Trustee.

Respectfully submitted,

Dated: March 18, 2009
Wilmington, Delaware

COOCH AND TAYLOR

/s/ Adam Singer
Adam Singer (DE Bar #2472)
The Brandywine Building
1000 West Street, 10th floor
Wilmington, DE 19801
(302) 984-3800

Attorneys for Jeffrey L. Burtch, Chapter 7
Trustee