Partner Eric R. Wilson Featured in The Deal Pipeline Report on the Kid Brands Bankruptcy Case

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On August 6, 2014, *The Deal Pipeline* reported on developments in the U.S. Bankruptcy Court for the District of New Jersey and the Kid Brands bankruptcy case, in which Kelley Drye is representing the Official Committee of Unsecured Creditors.

According to the article, entitled “Kid Brands Sells Sassy Unit,” on Tuesday, August 5, Judge Donald H. Steckroth “ratified the $14 million sale to Sassy 14 LLC, an entity owned by Angelcare Monitors Inc., a Canadian provider of baby monitors and movement sensors.” At the same hearing, “Judge Steckroth also granted the debtors’ final use of cash collateral and a debtor-in-possession loan.”

Reporting on matters of interest to the creditors’ committee, the article states that “[t]he DIP order follows a settlement between the debtors, [the prepetition lender] and the official committee of unsecured creditors. The committee on July 16 objected to the financing, pointing out that [the lender] over the duration of the loan would charge fees at an annual rate of 3,450.7%.

“Because of the rollup and fees, the committee alleged, the loan would provide only $3.1 million in new money and therefore was little but ‘a vehicle for [the lender] to foreclose on its collateral quickly in a favorable forum while simultaneously burdening the debtors' estates with excessive costs.’

“Under the settlement, the committee will get to share in the proceeds from a trust collecting any recoveries from litigations or preference actions initiated by Kid Brands, according to committee counsel Eric Wilson of Kelley Drye & Warren LLP. Additionally, the loan's $1.225 million exit fee will be treated as an unsecured claim.”

Led by partner Eric R. Wilson, the Kelley Drye team includes special counsel Kristin S. Elliott.

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