

Form B1 (Official Form 1) - (Rev. 1/08)

2008 USBC, Central District of California

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA**

Voluntary Petition

Name of Debtor (if individual, enter Last, First, Middle): CBD Franchising, Inc.	Name of Joint Debtor (Spouse) (Last, First, Middle):
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names): Closets By Design Franchising	All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all): 95-4845442	Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all):
Street Address of Debtor (No. & Street, City, and State): 11145 Knott Avenue, Suite A Cypress, CA	Street Address of Joint Debtor (No. & Street, City, and State):
ZIP CODE 90630	ZIP CODE
County of Residence or of the Principal Place of Business: Los Angeles County	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address): 3860 Capitol Ave. Whittier, CA	Mailing Address of Joint Debtor (if different from street address):
ZIP CODE 90601	ZIP CODE

Location of Principal Assets of Business Debtor (if different from street address above):	ZIP CODE
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Type of Debtor (Form of Organization) (Check one box.) <input type="checkbox"/> Individual (includes Joint Debtors) See Exhibit D on page 2 of this form <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (if debtor is not one of the above entities, check this box and state type of entity below)	Nature of Business (Check one box.) <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other Franchising Tax-Exempt Entity (Check one box, if applicable) <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code.)	Chapter of Bankruptcy Code Under Which the Petition is Filed (Check one box) <input type="checkbox"/> Chapter 7 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 9 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding Nature of Debts (Check one box.) <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or house-hold purpose." <input checked="" type="checkbox"/> Debts are primarily business debts.
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Filing Fee (Check one box) <input checked="" type="checkbox"/> Full Filing Fee attached <input type="checkbox"/> Filing Fee to be paid in installments (Applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A. <input type="checkbox"/> Filing Fee waiver requested (Applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.	Chapter 11 Debtors: Check one box: <input type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input checked="" type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101 (51D). Check if: <input type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,190,000. Check all applicable boxes: <input type="checkbox"/> A plan is being filed with this petition <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b)
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Statistical/Administrative Information <input type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors. Estimated Number of Creditors <table style="width:100%;"> <tr> <td>1-49</td> <td>50-99</td> <td>100-199</td> <td>200-999</td> <td>1,000-5,000</td> <td>5,001-10,000</td> <td>10,001-25,000</td> <td>25,001-50,000</td> <td>50,001-100,000</td> <td>OVER 100,000</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> Estimated Assets <table style="width:100%;"> <tr> <td>\$0 to \$50,000</td> <td>\$50,001 to \$100,000</td> <td>\$100,001 to \$500,000</td> <td>\$500,001 to \$1 million</td> <td>\$1,000,001 to \$10 million</td> <td>\$10,000,001 to \$50 million</td> <td>\$50,000,001 to \$100 million</td> <td>\$100,000,001 to \$500 million</td> <td>\$500,000,001 to \$1 billion</td> <td>More than \$1 billion</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> Estimated Liabilities <table style="width:100%;"> <tr> <td>\$0 to \$50,000</td> <td>\$50,001 to \$100,000</td> <td>\$100,001 to \$500,000</td> <td>\$500,001 to \$1 million</td> <td>\$1,000,001 to \$10 million</td> <td>\$10,000,001 to \$50 million</td> <td>\$50,000,001 to \$100 million</td> <td>\$100,000,001 to \$500 million</td> <td>\$500,000,001 to \$1 billion</td> <td>More than \$1 billion</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	1-49	50-99	100-199	200-999	1,000-5,000	5,001-10,000	10,001-25,000	25,001-50,000	50,001-100,000	OVER 100,000	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1 million	\$1,000,001 to \$10 million	\$10,000,001 to \$50 million	\$50,000,001 to \$100 million	\$100,000,001 to \$500 million	\$500,000,001 to \$1 billion	More than \$1 billion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1 million	\$1,000,001 to \$10 million	\$10,000,001 to \$50 million	\$50,000,001 to \$100 million	\$100,000,001 to \$500 million	\$500,000,001 to \$1 billion	More than \$1 billion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	THIS SPACE FOR COURT USE ONLY
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2008 USBC, Central District of California

Voluntary Petition <small>(This page must be completed and filed in every case.)</small>		Name of Debtor(s): CBD Franchising, Inc.		FORM B1, Page 2
<small>Enter Bankruptcy Case Filed Within Last 6 Months (If more than one, attach additional sheets)</small>				
Location Where Filed:	Case Number:	Date Filed:		
Location Where Filed:	Case Number:	Date Filed:		
<small>Enter Bankruptcy Case Filed by any Spouse, Partner, or Friend of the Debtor (If more than one, attach additional sheets)</small>				
Name of Debtor:	Case Number:	Date Filed:		
District:	Relationship:	Judge:		
Exhibit A (To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.) <input type="checkbox"/> Exhibit A is attached and made a part of this petition.		Exhibit B (To be completed if debtor is an individual whose debts are primarily consumer debts.) I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that (he or she) may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I have delivered to the debtor the notice required by 11 U.S.C. § 342(b). X _____ Signature of Attorney for Debtor(s) Date		
Exhibit C Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety? <input type="checkbox"/> Yes, and Exhibit C is attached and made a part of this petition. <input checked="" type="checkbox"/> No		Exhibit D (To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.) <input type="checkbox"/> Exhibit D completed and signed by the debtor is attached and made a part of this petition. If this is a joint petition: <input type="checkbox"/> Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.		
Information Regarding the Debtor - Venue (Check any applicable box)				
<input checked="" type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.				
<input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.				
<input type="checkbox"/> Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding (in a federal or state court) in this District, or the interests of the parties will be served in regard to the relief sought in this District.				
Certification by a Debtor Who Resides as a Tenant of Residential Property Check all applicable boxes.				
<input type="checkbox"/> Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.) <div style="text-align: center;"> _____ (Name of landlord that obtained judgment) </div> <div style="text-align: center;"> _____ (Address of landlord) </div>				
<input type="checkbox"/> Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and				
<input type="checkbox"/> Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.				
<input type="checkbox"/> Debtor certifies that he/she has served the Landlord with this certification (11 U.S.C. § 362(f)).				

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Voluntary Petition <small>(This page must be completed and filed in every case)</small>		Name of Debtor(s): CBD Franchising, Inc.		FD-08 B1, Page 3
Signature				
<p style="text-align: center;">Signature(s) of Debtor(s) (Individual/Joint)</p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct. [If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7, I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7. [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. § 342(b).]</p> <p>I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.</p> <p><input checked="" type="checkbox"/> <u>Signature of Debtor</u></p> <p><input checked="" type="checkbox"/> <u>Signature of Joint Debtor</u></p> <p><u>Telephone Number (if not represented by attorney)</u></p> <p><u>Date</u></p>		<p style="text-align: center;">Signature of a Foreign Representative</p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign main proceeding, and that I am authorized to file this petition.</p> <p>(Check only one box.)</p> <p><input type="checkbox"/> I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. § 1515 are attached.</p> <p><input type="checkbox"/> Pursuant to 11 U.S.C. § 1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.</p> <p><input checked="" type="checkbox"/> <u>Signature of Foreign Representative</u></p> <p><u>(Printed Name of Foreign Representative)</u></p> <p><u>Date</u></p>		
<p style="text-align: center;">Signature of Attorney</p> <p><input checked="" type="checkbox"/> <u>Christopher S. Reader</u> <small>Signature of Attorney for Debtor(s)</small></p> <p><u>Christopher S. Reader</u> <small>Printed Name of Attorney for Debtor(s)</small></p> <p><u>Reader, Lu & Green LLP</u> <small>Firm Name</small></p> <p><u>2121 Avenue of the Stars</u> <small>Address</small></p> <p><u>Suite 950</u> <small>Address</small></p> <p><u>(310) 270-9300</u> <small>Telephone Number</small></p> <p><u>3/17/10</u> <u>193041</u> <small>Date Bar Number</small></p> <p><small>*In a case in which § 707(b)(4)(C) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.</small></p>		<p style="text-align: center;">Signature of Non-Attorney Bankruptcy Petition Preparer</p> <p>I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(c), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(b) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.</p> <p><u>Printed Name and title, if any, of Bankruptcy Petition Preparer</u></p> <p><u>Social Security number (if the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)</u></p> <p><u>Address</u></p> <p><u>Date</u></p> <p><input checked="" type="checkbox"/> <u>Signature of bankruptcy petition preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.</u></p> <p><small>Name and Social Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual.</small></p> <p><small>If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.</small></p> <p><small>A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. § 110; 18 U.S.C. § 159.</small></p>		
<p style="text-align: center;">Signature of Debtor (Corporation/Partnership)</p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.</p> <p>The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.</p> <p><input checked="" type="checkbox"/> <u>Gerard A. Thompson</u> <small>Signature of Authorized Individual</small></p> <p><u>Gerard A. Thompson</u> <small>Printed Name of Authorized Individual</small></p> <p><u>Senior Vice President & CFO</u> <small>Title of Authorized Individual</small></p> <p><u>March 17, 2010</u> <small>Date</small></p>				


Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Christopher S. Reader, Esq. (SBN 193041) Reader, Lu & Green LLP 2121 Avenue of the Stars, Suite 950 Los Angeles, CA 90067 (310) 270-9300 <input checked="" type="checkbox"/> Attorney for: CBD Franchising, Inc.	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: CBD FRANCHISING, INC. Debtor(s).	CASE NO.: CHAPTER: 11 ADV. NO.:

**ELECTRONIC FILING DECLARATION
(CORPORATION/PARTNERSHIP)**

- ☒ Petition, statement of affairs, schedules or lists
☐ Amendments to the petition, statement of affairs, schedules or lists
☐ Other: _____
- Date Filed: March 17, 2010
 Date Filed: _____
 Date Filed: _____

PART I - DECLARATION OF AUTHORIZED SIGNATORY OF DEBTOR OR OTHER PARTY

I, the undersigned, hereby declare under penalty of perjury that: (1) I have been authorized by the Debtor or other party on whose behalf the above-referenced document is being filed (Filing Party) to sign and to file, on behalf of the Filing Party, the above-referenced document being filed electronically (Filed Document); (2) I have read and understand the Filed Document; (3) the information provided in the Filed Document is true, correct and complete; (4) the "/s/," followed by my name, on the signature lines for the Filing Party in the Filed Document serves as my signature on behalf of the Filing Party and denotes the making of such declarations, requests, statements, verifications and certifications by me and by the Filing Party to the same extent and effect as my actual signature on such signature lines; (5) I have actually signed a true and correct hard copy of the Filed Document in such places on behalf of the Filing Party and provided the executed hard copy of the Filed Document to the Filing Party's attorney; and (6) I, on behalf of the Filing Party, have authorized the Filing Party's attorney to file the electronic version of the Filed Document and this Declaration with the United States Bankruptcy Court for the Central District of California.


 Signature of Authorized Signatory of Filing Party

3/17/2010
 Date

Gerard A. Thompson

Printed Name of Authorized Signatory of Filing Party

Senior Vice President and CFO

Title of Authorized Signatory of Filing Party

PART II - DECLARATION OF ATTORNEY FOR FILING PARTY

I, the undersigned Attorney for the Filing Party, hereby declare under penalty of perjury that: (1) the "/s/," followed by my name, on the signature lines for the Attorney for the Filing Party in the Filed Document serves as my signature and denotes the making of such declarations, requests, statements, verifications and certifications to the same extent and effect as my actual signature on such signature lines; (2) an authorized signatory of the Filing Party signed the Declaration of Authorized Signatory of Debtor or Other Party before I electronically submitted the Filed Document for filing with the United States Bankruptcy Court for the Central District of California; (3) I have actually signed a true and correct hard copy of the Filed Document in the locations that are indicated by "/s/," followed by my name, and have obtained the signature of the authorized signatory of the Filing Party in the locations that are indicated by "/s/," followed by the name of the Filing Party's authorized signatory, on the true and correct hard copy of the Filed Document; (4) I shall maintain the executed originals of this Declaration, the Declaration of Authorized Signatory of Debtor or Other Party, and the Filed Document for a period of five years after the closing of the case in which they are filed; and (5) I shall make the executed originals of this Declaration, the Declaration of Authorized Signatory of Debtor or Other Party, and the Filed Document available for review upon request of the Court or other parties.


 Signature of Attorney for Filing Party

3/17/10
 Date

Christopher S. Reader

Printed Name of Attorney for Filing Party

November 2006

This form is mandatory by Order of the United States Bankruptcy Court for the Central District of California.

**UNANIMOUS WRITTEN CONSENT
OF DIRECTORS OF
CBD FRANCHISING, INC.**

The undersigned members of the Board of Directors ("Board") of CBD Franchising, Inc. (the "Company"), being all of the Directors of the Company, hereby adopt the following resolutions by unanimous written consent, as authorized by applicable law and the By-Laws of the Company:

WHEREAS, the Board has determined that it is in the best interests of the Company, its creditors, shareholders and other interested parties for the Company to file a voluntary petition for relief, under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), commencing a case (the "Bankruptcy Case") under the Bankruptcy Code; therefore, it is:

RESOLVED, that the Company be, and hereby is, authorized to file a petition for relief under chapter 11 in the Bankruptcy Case, and the law firm of Reeder, Lu & Green, LLP is authorized to file the petition on behalf of the company; and it is

RESOLVED, that the Company be, and hereby is, authorized to employ the law firm of Peitzman, Weg & Kempinsky LLP, or such other firm as may be appropriate, to represent the Company as bankruptcy counsel in the Bankruptcy Case for the Company and Reeder, Lu & Green, LLP as special counsel for specified matters; and it is


RESOLVED, that each of the officers of the Company, including Frank Melkonian, Chief Executive Officer, Gerard A. Thompson, Chief Financial Officer, and Alex Jivalagian, vice president of operations, are hereby authorized to:

- a. Execute and file all schedules, lists, statements and other papers and to take any and all action that he deems necessary, proper or desirable in connection with the Bankruptcy Case for the Company with view toward the successful completion of the Bankruptcy Case; and
- b. Take all actions, including, without limitation, the retention of counsel, accountants and such other professional persons on such terms and conditions as may be necessary or appropriate, and to exercise all rights, claims, remedies, privileges, and to perform all duties and obligations, as the Company may have as a debtor under chapter 11 of the Bankruptcy Code and related rules, and to execute and deliver all instruments, petitions, agreements, certificates and documents in connection therewith, in the name of and on behalf of the Company, as in his judgment may be necessary or appropriate to carry out the intent and to accomplish the purpose of these resolutions.

Dated: March 17, 2010

By:

Name:


FRANK MELKONIAN

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Christopher S. Reader, Esq. (SBN 193041) Reader, Lu & Green LLP 2121 Avenue of the Stars, Suite 950 Los Angeles, CA 90067 (310) 270-9300 <input checked="" type="checkbox"/> Attorney for: CBD Franchising, Inc.	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: CBD Franchising, Inc. <div style="text-align: right;">Debtor(s), Plaintiff(s), Defendant(s).</div>	CASE NO.: ADV. NO.: CHAPTER: 11

**Corporate Ownership Statement Pursuant to
FRBP 1007(a)(1) and 7007.1, and LBR 1007-4**

Pursuant to FRBP 1007(a)(1) and 7007.1, and LBR 1007-4, any corporation, other than a governmental unit, that is a debtor in a voluntary case or a party to an adversary proceeding or a contested matter shall file this statement identifying all its parent corporations and listing any publicly held company, other than a governmental unit, that directly or indirectly own 10% or more of any class of the corporation's equity interest, or state that there are no entities to report. This Corporate Ownership Statement must be filed with the initial pleading filed by a corporate entity in a case or adversary proceeding. A supplemental statement must promptly be filed upon any change in circumstances that renders this Corporate Ownership Statement inaccurate.

I, Gerard A. Thompson, the undersigned in the above-captioned case, hereby declare
(Print Name of Attorney or Declarant)

under penalty of perjury under the laws of the United States of America that the following is true and correct:

[Check the appropriate boxes and, if applicable, provide the required information.]

1. I have personal knowledge of the matters set forth in this Statement because:

- ☒ I am the president or other officer or an authorized agent of the debtor corporation
☐ I am a party to an adversary proceeding
☐ I am a party to a contested matter
☐ I am the attorney for the debtor corporation

2. a. ☒ The following entities, other than the debtor or a governmental unit, directly or indirectly own 10% or more of any class of the corporation's(s') equity interests:

[For additional names, attach an addendum to this form.]

Home Organizers Inc.

b. ☐ There are no entities that directly or indirectly own 10% or more of any class of the corporation's equity interest.


Signature of Attorney or Declarant

3/17/2010
Date

Gerard A. Thompson
Printed Name of Attorney or Declarant

This form is optional. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

June 2009

F 1007-4

1 Christopher S. Reeder (State Bar No. 193041)
2 REEDER, LU & GREEN LLP
3 2121 Avenue of the Stars, Suite 950
4 Los Angeles, CA 90067
5 Telephone: (310) 270-9300

6 Proposed Counsel to CBD Franchising, Inc.

7 **UNITED STATES BANKRUPTCY COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA**
9 **LOS ANGELES DIVISION**

10 In re:

11 CBD FRANCHISING, INC., a California
12 corporation,

13 Debtor.

Case No.:

Chapter 11

**LIST OF CREDITORS HOLDING 20
LARGEST UNSECURED CLAIMS
PURSUANT TO FEDERAL RULE OF
BANKRUPTCY PROCEDURE 1007(D);
DECLARATION OF GERARD A.
THOMPSON**

14 The above-captioned debtor (the "Debtor"), hereby submits the attached List of Creditors
15 Holding 20 Largest Unsecured Claims Pursuant to Federal Rule of Bankruptcy Procedure 1007(d) (the
16 "List"). The List does not include (1) persons who come within the definition of "insider" set forth in
17 11 U.S.C. § 101(31), or (2) secured creditors, unless the value of the collateral is such that the
18 unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. The
19 List also does not include customers who have pre-paid for products and/or services from the Debtor
20 or who may have warranty claims against the Debtor or current employees with priority claims under
21 11 U.S.C. § 507(a)(4), as the Debtor intends to satisfy such claims in the ordinary course of its
22 business, subject to approval by the Court.

23 The list was prepared by the Debtor based upon the ongoing review of its books and records.
24 The List, therefore, is subject to amendment if additional information becomes known as a result of
25 the ongoing review of the books and records.
26
27
28

1 Dated: March 17, 2010

REEDER, LU & GREEN LLP

2
3 By: Christopher S. Reeder
4 Christopher S. Reeder
5 Proposed Counsel for CBD Franchising, Inc.
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DECLARATION OF GERARD A. THOMPSON

I, Gerard A. Thompson, declare as follows:

1. I am the Senior Vice President and Chief Financial Officer of the Debtor in the above-captioned matter. The attached List of Creditors Holding 20 Largest Unsecured Claims (the "List") is true and correct to the best of my information and belief based upon my review of the Debtor's books and records. If additional information becomes known as a result of the ongoing review of the Debtor's books and records, the List will be promptly amended.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 1st day of March 2010 at Whittier, California.


Gerard A. Thompson
Senior Vice President and CFO

CLOSETS BY DESIGN FRANCHISING, INC.
20 Largest Unsecured Claims

(1) Name of creditor & mailing address	(2) Name, telephone & address of contact	(3) Nature of claim	(4) Indicate if contingent, unliquidated, disputed, subject to set off	(5) Amount
Valassis Direct Mail Inc. File 70179 Los Angeles, CA 90074-0179 Deluxe Business Forms PO Box 742572 Cincinnati, OH 45274-2572 Department of Corporations	Valassis Direct Mail Inc. File 70179 Los Angeles, CA 90074-0179 Deluxe Business Forms PO Box 742572 Cincinnati, OH 45274-2572 Department of Corporations	Vendor		\$81,617.92
General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	Vendor		\$300.00
General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	Vendor		\$400.00
General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	Vendor		\$1,121.29
General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	Vendor		\$23,095.00
General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	Vendor		\$200.00
General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	General Treasurer of Rh. Island 233 Richmond St Ste Unit 232 Providence, RI 02903 Law Office of Don M. Drysdale 3501 Jamboree Road Suite 6000 Newport Beach, CA 92660-2960 Meyer & Son 4019 Medford Street Los Angeles, CA 90063 Money Mailer 12131 Western Ave Garden Grove, CA 92841 Minnesota State Treasurer 85 7th Place East Suite 500 Saint Paul, MN 55101 NY State Dept. of Law	Vendor		\$150.00

CLOSETS BY DESIGN FRANCHISING, INC.
20 Largest Unsecured Claims

Office of Attorney General Maryland	Office of Attorney General Maryland	Vendor		\$100.00
Print On All 6612 San Fernando Rd Glendale, CA 91201	Print On All 6612 San Fernando Rd Glendale, CA 91201	Vendor		\$544.34
Prestige Property Services Inc. PO Box 53275 Irvine, CA 92619-3275	Prestige Property Services Inc. PO Box 53275 Irvine, CA 92619-3275	Vendor		\$215.00
Sir Speedy Printing 7240 Greenleaf Ave Whittier, CA 90602	Sir Speedy Printing 7240 Greenleaf Ave Whittier, CA 90602	Vendor		\$2,125.00
State of Illinois 500 S 2nd St Springfield, IL 62701	State of Illinois 500 S 2nd St Springfield, IL 62701	Vendor		\$100.00
Val-Pak Direct Mktg. Systems PO Box 945889 Atlanta, GA 30394-5889	Val-Pak Direct Mktg. Systems PO Box 945889 Atlanta, GA 30394-5889	Vendor		\$199,670.00
Washington State Treasurer	Washington State Treasurer	Vendor		\$100.00
Action Marketing 5301 Beethoven Street Suite 295 Los Angeles, CA 90066	Action Marketing 5301 Beethoven Street Suite 295 Los Angeles, CA 90066	Vendor		\$3,650.00
MatchPoint Network107 Woodbine Downs Blvd Suite Unit 12 Toronto, ON M9W6Y1	MatchPoint Network107 Woodbine Downs Blvd Suite Unit 12 Toronto, ON M9W6Y1	Vendor		\$3,000.00
PG Telecom Holding Inc. 30251 Golden Lantern Suite E PMB 508 Laguna Niguel, CA 92677	PG Telecom Holding Inc. 30251 Golden Lantern Suite E PMB 508 Laguna Niguel, CA 92677	Vendor		\$904.82
Q-Ponz 125 Nashdene Rd Unit 1 Scarborough, ON M1V 2W3	Q-Ponz 125 Nashdene Rd Unit 1 Scarborough, ON M1V 2W3	Vendor		\$13,935.90

CLOSETS BY DESIGN FRANCHISING, INC.

20 Largest Unsecured Claims

Softline Solutions LLC 3917 Fountain Ave Los Angeles, CA 90029	Softline Solutions LLC 3917 Fountain Ave Los Angeles, CA 90029	Vendor		\$6,393.02
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Verification of Creditor Mailing List - (Rev. 10/05)

2003 USBC, Central District of California

MASTER MAILING LIST
Verification Pursuant to Local Bankruptcy Rule 1007-2(d)

Name Christopher S. Reeder
Reeder Lu & Green LLP
2121 Avenue of the Stars Ste. 950
Address Los Angeles, CA 90067

Telephone (310) 270-9300

☒ Attorney for Debtor(s) CBD Franchising, Inc.
☐ Debtor in Pro Per

UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
List all names including trade names used by Debtor(s) within last 8 years):	Case No.:
	Chapter: 11

VERIFICATION OF CREDITOR MAILING LIST

The above named debtor(s), or debtor's attorney if applicable, do hereby certify under penalty of perjury that the attached Master Mailing List of creditors, consisting of 2 sheet(s) is complete, correct, and consistent with the debtor's schedules pursuant to Local Rule 1007-2(d) and I/we assume all responsibility for errors and omissions.

Date: March 17, 2010

Debtor

/s/ Christopher S. Reeder
Attorney (if applicable)

Joint Debtor

CBD Franchising Inc
3860 Capitol Ave
Whittier, CA 90601-1733

Reeder, Lu & Green LLP
2121 Avenue of the Stars
Suite 950
Los Angeles, CA 90067

Office of the United States Trustee
725 S Figueroa Street
Suite 2600
Los Angeles, CA 90017

2K TEM Inc
Attn Matthew Caemmerer
1017 Grand Blvd
Deer Park, NY 11729

Action Marketing
5301 Beethoven Street Suite 295
Los Angeles, CA 90066

Jacquelyn Almond
8 Amargosa
Irvine, CA 92602

Charles Arabian
3631 Gardenia Ave
Long Beach, CA 90807

Arete Organizational Solutions Inc
Attn Eric & Laura Van Sickle
1200 Westinghouse Blvd Suite E
Charlotte, NC 28273

B & B Closets
Attn Brian Berendsen
671 Kintner Parkway
Sunbury, OH 43074

Caron Design Inc
Attn Geoff Davenport
6962 Wellington Road
Manassas, VA 20109

Chantels Customs Designs
Attn Dave & Chantale Persinger
3811 Tarheel Drive Suite 109
Raleigh, NC 27609

Closets By Design North Texas Inc
Attn Bryan & Lisa Greenup
4125 Billy Mitchell Dr Suite 100A
Addison, TX 75001

Closets By Design South Jersey LLC
Attn Bill & Mary Conway
2080 E State Street
Hamilton, NJ 08619

Cathy Cooper
913 N Raymond Ave
Fullerton, CA 92831

Custom Storage Solutions Inc
Attn Charles Waterman
928 Springdale Dr
Exton, PA 19341

Cypress Insurance Company
PO Box 881236
San Francisco, CA 94188

Deluxe Business Forms and Supplies
PO Box 742572
Cincinnati, OH 45274-2572

Department of Corporations

Gerald Egner Jr
34722 Calle Fortuna
Capistrano Beach, CA 92624

EJ2 Solutions Inc
Attn Jeff Speedy
3600 Chamberlain Lane Unit 304
Louisville, KY 40241

EVO LLC
Attn Gary Evonsion
2880 N Berkeley Lake Rd NW Ste 4
Duluth, GA 30096

Bob Fraser
436 Line 2 RR 2
Niagara on the Lake, Ontario L0S 1J0

General Treasurer of Rh Island
233 Richmond St Ste Unit 232
Providence, RI 02903

Gulf Coast Closets LLC
Attn Stephen Carreiro
932 NE 24th Lane Unit 4
Cape Coral, FL 33909

Home & Business Storage Solutions Inc
Attn Brian ONeill
1933 NW 40th Court
Pompano Beach, FL 33064

Homeowners Marketing Services
12444 Victory Blvd Second Floor
North Hollywood, CA 91606

JCK Enterprises Inc
Attn Campbell & Kathy Torrance
31 Saunders Road Unit 1
Barrie, Ontario Canada L4N9A7

Jamesbrook Enterprise
Attn Russ Smith
2 Shaker Road Unit B100
Shirley, MA 01464

Karis Inc
Attn Glen Grosser
11319 Grooms Road
Cincinnati, OH 45242

Susan Kroll
2516 Graham Ave Unit 6
Redondo Beach, CA 90278

LQ Ventures Inc
Attn Bob Qualters and Ron Lichwala
997 W Kennedy Blvd A18
Orlando, FL 32810

Law Office of Don M Drysdale
3501 Jamboree Road Suite 6000
Newport Beach, CA 92660-2960

M&I Equipment Finance Co
250 East Wisconsin Avenue
Suite 1400
Milwaukee, WI 53202-4219

MarJac Inc
Attn Mark & Jackie Kendziorek
4640 Campus Place Unit 110
Mukilteo, WA 98275

MatchPoint Network
107 Woodbine Downs Blvd Suite Unit 12
Toronto, ON M9W6Y1

Meyer & Son
4019 Medford Street
Los Angeles, CA 90063

Minnesota State Treasurer
85 7th Place East Suite 500
Saint Paul, MN 55101

MNE Design Inc
Attn Bob & Sarah Eppard
13070 Highway 55
Plymouth, MN 55441

Money Mailer
12131 Western Ave
Garden Grove, CA 92841

Mountain Horizons Inc
Attn Bill Taylor
4995 Varsity Drive
Lisle, IL 60532

MSS Enterprises LLC
Attn Sandra & Mark Sokol
277 Mallory Station Rd Unit 107
Franklin, TN 37067

NMN Closet Inc
Attn Norman & Nadine Holtz
40 Veterans Blvd
Carlstadt, NJ 07072

NY State Dept of Law

Office of Atty Gen Maryland

PG Telecom Holding Inc
30251 Golden Lantern Suite E PMB 508
Laguna Niguel, CA 92677

Prefect Closets Inc
Attn Gino Savarino
799 Sharon Drive
Westlake, OH 44145

Prestige Property Services Inc
PO Box 53275
Irvine, CA 92619-3275

Print On All
6612 San Fernando Rd
Glendale, CA 91201

Q Ponz
125 Nashdene Rd Unit 1
Scarborough, ON M1V 2W3

Ben Ratterree

Redwood Fire and Cas Ins Co
751 Daily Drive Ste 230
Camarillo, CA 93010

Dawn Restaino
309 18th Street Apt D
Huntington Beach, CA 92648

Scottsdale Insurance Company
8877 North Galney Center Dr
Scottsdale, AZ 85258

Scottsdale Insurance Company
One Nationwide Plaza
Columbus, OH 43215

Sir Speedy Printing
7240 Greenleaf Ave
Whittier, CA 90602

Softline Solutions LLC
3917 Fountain Ave
Los Angeles, CA 90029

State of Illinois
500 S 2nd St
Springfield, IL 62701

Technicraft Manufacturing Inc
Attn Dan & Corbin Johnson
901 Jason Street Unit A
Denver, CO 80223

Treasurer of Virginia
1300 E Main St 1st Floor
Richmond, VA 23219

Valassis Direct Mail Inc
File 70179
Los Angeles, CA 90074-0179

Val Pak Direct Mktg Systems
PO Box 945889
Atlanta, GA 30394-5889

WI Enterprices LLC
Attn Ira Heskin
600 S 56th Street Suite 11
Chandler, AZ 85226

Warland Investments Co
1299 Ocean Avenue
Suite 300
Santa Monica, CA 90401

Washington State Treasurer

White Space Design
Attn Paul Tomey
6551 43rd Street N Unit 1405
Pinellas Park, FL 33781

Wilhite Millworks Inc
Attn Ron Wilhite
3865 Mira Loma Drive Suite 103
Reno, NV 89502

Charles York
19782 Trident Ln
Huntington Beach, CA 92646