

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(Baltimore Division)**

In re:

Diamond Comic Distributors,  
Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10308 (DER)

Jointly Administered

**RESERVATION OF RIGHTS AND LIMITED OBJECTION OF BANDAI NAMCO TOYS  
& COLLECTIBLES AMERICA, INC. AND BANDAI CO., LTD. TO DEBTORS'  
MOTION FOR ORDER (I) APPROVING SALE OF SUBSTANTIALLY ALL ASSETS  
FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES; (II)  
APPROVING THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND  
UNEXPIRED LEASES; AND (III) GRANTING RELATED RELIEF**

Bandai Namco Toys & Collectibles America, Inc. ("BNTCA"), and Bandai Co., Ltd. ("Bandai Ltd." and together with BNTCA, "Bandai")<sup>2</sup>, by and through their undersigned counsel, hereby file this reservation of rights and limited objection (this "Reservation of Rights") to the Debtors' Motion for Entry of an Order (I) Approving the Sale of Substantially All of the Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances; (II) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief [Docket No. 168] (the "Sale Motion") filed by the above-captioned debtors, as debtors-in-possession (the "Debtors") in the above-captioned cases (the "Chapter 11 Cases"). In support of this Reservation of Rights, Bandai respectfully states as follows:

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<sup>1</sup> The Debtors in these chapter 11 cases along with the last four digits of the Debtors' federal tax identification numbers are: Diamond Comic Distributors, Inc. (3450); Comic Holdings, Inc. (7457); Comic Exporters, Inc. (7458); and Diamond Select Toys & Collectibles, LLC (6585). The Debtors' mailing address is: 10150 York Road, Suite 300, Hunt Valley, Maryland 21030.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Sale Motion.

### **PROCEDURAL BACKGROUND**

1. On January 14, 2025 (the “Petition Date”), each Debtor commenced a case under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases.

3. On January 29, 2025, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors (the “Committee”).

4. On January 21, 2025, the Debtors filed a motion for, among other things, approval of (i) proposed bidding procedures and established deadlines for the postpetition sale process, (ii) certain bid protections with respect to the Stalking Horse Bidder’s bid, and (iii) procedures for the assumption and assignment of certain executory contracts and unexpired leases in connection with the Sale(s) [Docket No. 68] (the “Bidding Procedures Motion”).

5. On February 11, 2025, the Court entered an order granting the Bidding Procedures Motion [Docket No. 136] (the “Bidding Procedures Order”). The Bidding Procedures Order further approved the Debtors’ proposed sale process and bidding procedures, including the Notice of Sale, Bidding Procedures, Potential Auction and Sale Hearing [Docket No. 159] (the “Sale Notice”). Pursuant to the Bidding Procedures Order, the deadline to object to the proposed sale to the Stalking Horse Bidder was March 14, 2025. That deadline was extended by stipulation and order of the Court to March 21, 2025.

### **RESERVATION OF RIGHTS AND LIMITED OBJECTION**

6. Bandai Ltd. supplies materials to the Debtors pursuant to an executory contract styled as a “Sales and Distribution Agreement” (the “Agreement”). BNTCA supplies product as well on a purchase order / invoice basis.

7. The Debtor provided a Notice of Possible Assumption and Assignment of Certain Executory Contracts and Unexpired Leases [Docket No. 160] (the “Notice”) to Bandai which included the Agreement as an executory contract to be assumed and assigned as part of the sale of substantially all of the Debtors’ assets to the winning bidder pursuant to a Sale Order. The Notice contains a cure amount of \$4,292,620.24 for Bandai (the “Cure Amount”).

8. The Debtors represented to Bandai Ltd. that its Agreement was to be assumed and assigned to the successful bidder for its assets regardless of whether it is Alliance or Universal (defined below).<sup>3</sup>

9. Upon information and belief, the Debtors and their professionals conducted an auction between the Qualified Bidders to determine the highest and best bid for the Assets. Prior to the Sale Hearing set for April 2, 2025, a dispute arose between the Debtors, Alliance Entertainment, LLC (“Alliance”), and Universal Distribution, LLC (“Universal”) as to whether Alliance or Universal submitted the highest bid, and whether the Debtors conducted a fair process in accordance with the terms of the Bidding Procedures Order.

10. Counsel for the Debtors and counsel for Alliance advised the Court of the issue and the Court granted the Debtors’ request to continue the Sale Hearing to April 7, 2025 to allow the parties to brief the issues and conduct an evidentiary hearing.

11. While Bandai did not previously object to the Sale Motion or its Cure Amount, and its supports the assumption and assignment of the Agreement to Alliance or Universal, it has no knowledge of the new issues raised at the April 2, 2025 hearing or whether the determination of the issues could impact the treatment of its Agreement, Cure Amount, or claims in the cases.

12. Accordingly, and out of an abundance of caution, Bandai files this Reservation of Rights pending review of the final proposed Sale Order and any amendments to the proposed

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<sup>3</sup> The Debtors and Bandai Ltd. entered into a Critical Vendor Agreement under which Bandai Ltd, has continued to provide product postpetition on cash in advance terms. In addition, the Debtors and BNTCA entered into a letter agreement for postpetition shipments on cash in advance terms.

asset purchase agreement. Without limiting the generality of the foregoing, Bandai reserves the right to object to any Sale that violates the terms of the Bidding Procedures Order or applicable law, or seeks to modify Bandai's Agreement, Cure Amount, or claims.

**WHEREFORE**, Bandai expressly reserves the right (a) to object to the Sale Motion and the Sale Order on any factual or legal basis, including the matters identified herein, (b) to appear and be heard by the Court with respect to the Sale Motion and Sale Order, and (c) to grant such other and further relief as may be just and property.

Dated: April 3, 2025

**COLE SCHOTZ P.C.**

By: /s/ Gary H. Leibowitz

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**CERTIFICATE OF SERVICE**

I hereby certify that on April 3, 2025, I reviewed the Court's CM/ECF system and it reports that an electronic copy of the Reservation of Rights and Limited Objection (the "Reservation of Rights") will be served electronically by the Court's CM/ECF system on the following:

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