

**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. Burch serves as the trustee (hereinafter the “Trustee”) for this case pursuant to 11 U.S.C. § 702(d).¹
3. As of December 15, 2011, the available cash balance in the Chapter 7 estate was approximately \$12,300,000.00.²

¹ All statutory sections cited herein refer to the statutory sections in effect at the date of the bankruptcy petition.

² This number was determined prior to contemplated payments as the result of recently entered orders approving interim compensation and reimbursement of expenses to certain of the Trustee’s employed professionals.

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 (the “Delaware District Court”) entitled “Jeoffrey 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. The Delaware District Court entered an order granting Defendants’ motions to dismiss. The United States Court of Appeals for the Third Circuit has affirmed that decision.
6. In addition to the above, the Trustee continues to prosecute approximately less than five active adversary actions that seek to avoid and recover monies the Debtor transferred prepetition to third parties.

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7. Analysis of and administration with respect to claims that assert Chapter 11 administrative expense priority pursuant to 11 U.S.C. § 507(a)(1) is substantially complete. Analysis of and administration with respect to claims asserting priority pursuant to Section 507(a)(2) or lower levels of priority is substantially complete. Analysis of and administration with respect to claims that assert secured claim status is substantially complete. The Trustee has more recently obtained Court approval with respect to three motions to distribute property of the estate to holders of priority claims and/or governmental unit claims. D.I.'s 4508, 4516, 4545.³

Dated: December 22, 2011
Wilmington, Delaware

Respectfully submitted,

COOCH AND TAYLOR, P.A.

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

Attorneys for Jeffrey L. Burtch, Chapter 7
Trustee

³ A copy of any publicly filed document referred to in this Status Report may be obtained by email, by emailing a request to the undersigned.