

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
FOR THE COUNTY OF KING

WELLS FARGO BANK, NATIONAL
ASSOCIATION, a national banking
association,

Petitioner,

vs.

ONLINESHOES.COM INC., a Washington
corporation; SHOES.COM, INC., a Delaware
corporation,

Respondents.

No. 17-2-02462-7 SEA

RECEIVER'S SIXTH MONTHLY
REPORT OF OPERATIONS AND
FINANCIAL AFFAIRS PURSUANT
TO RCW 7.60.100

Pursuant to RCW 7.60.100 and the Stipulated Order Appointing General Receiver entered on February 2, 2017, attached is the Receiver's Sixth Monthly Report on the operations and financial affairs of Onlineshoes.com Inc. and Shoes.com, Inc., for the period July 1, 2017, through July 31, 2017.

Dated this 31st day of August, 2017.

SCHWABE, WILLIAMSON & WYATT, P.C.

By: /s/ Claire L. Rootjes
Alex I. Poust, WSBA #22660
Claire L. Rootjes, WSBA #42178
Attorneys for Oswego Group LLC,
General Receiver

RECEIVER'S SIXTH MONTHLY REPORT OF
OPERATIONS AND FINANCIAL AFFAIRS PURSUANT
TO RCW 7.60.100

SCHWABE, WILLIAMSON & WYATT, P.C.
Attorneys at Law
U.S. Bank Centre
1420 5th Avenue, Suite 3400
Seattle, WA 98101-4010
Telephone: 206.622.1711

 ONLINESHOES
EST. 1996

 SHOES.COM

Case No. 17-2-02462-7 SEA
Superior Court - Washington



Shoes.com, Inc.

Onlineshoes.com Inc.

Inverness Group, as Receiver
Case No. 17-2-02462-7 SEA

Receiver's Report
Order Date February 2, 2017
Through July 31, 2017

August 31, 2017

Inverness Group, as Receiver
jdavidson@inverness.us
<http://inverness.us/receivership-shoes-com-onlineshoes-com>

Contents

Case No. 17-2-02462-7 SEA
Superior Court - Washington

- A. Overview
- B. RCW 7.60.100 Receiver's reports:
 - a) Balance sheet;
 - b) Statement of income and expenses;
 - c) Statement of cash receipts and disbursements;
 - d) Statement of accrued accounts receivable (post-filing) of the receiver. The statement shall disclose amounts considered to be uncollectible;
 - e) A statement of accounts payable of the receiver, including professional fees. The statement shall list the name of each creditor and the amounts owing and remaining unpaid over thirty days; and
 - f) A tax disclosure statement, which shall list post-filing taxes due or tax deposits required, the name of the taxing agency, the amount due, the date due, and an explanation for any failure to make payments or deposits.
- C. Significant Events – The sale of substantially all of the tangible assets of the receivership Debtors (Shoes.com, Inc. and Onlineshoes.com Inc.), excluding books and records, A/R, and certain claims per the sale documents, was completed following competitive bidding and an auction among bidders held per the Court's orders on March 28, 2017. The sale was approved by the Court on April 3, 2017, and closed on April 21, 2017. The sale amount was \$7,050,000 (in excess of projected sale proceeds of \$4,527,000), and is subject to a maximum downward only adjustment of \$419,503 (including \$210,000 escrowed), subject to final inventory count and reconciliation. The Receiver is in the process of making demand against open A/R debtors, and is unable to determine the value of this remaining A/R asset at this time. In addition, the Receiver has not determined the potential net value to the estate of its prior claim in pending litigation in New York. An Order approving a Stipulated Discontinuance, without prejudice and with tolling to allow for re-filing of the claim by March 16, 2018, was entered in the case on June 8, 2017. Of a \$116,000 deposit held by the Defendant, \$95,000 was recovered in July, following retention of litigation counsel by the Receiver in June (Receiver counsel conflict).
- D. Per the Court's June 12, 2017 Order, the Receiver made an initial distribution against the Wells Fargo secured claim in the amount of \$4,222,092.09, subject to adjustment and recovery of unfunded standby L/C obligation. The payment to Wells Fargo represented a preliminary distribution, and the Receiver collected \$249,237.65 from Wells Fargo in July, following the final reconciliation of standby L/C liability and legal fees.

Inverness Group, as Receiver

jdavidson@inverness.us

<http://inverness.us/receivership-shoes-com-onlineshoes-com>

Receiver's Report per RCW 7.60.100 - Order dtd. 2/2/17

August 31, 2017

Overview

1. The Receiver was appointed by the Court per the Stipulated Order Appointing General Receiver - Order entered 2/2/17 (the "Order"), following the shutdown of the Companies by ownership and management on 1/27/17. The Receiver directed the preparations for the sale of the Assets (substantially all assets of Shoes.com, Inc. and Onlineshoes.com Inc. (collectively, the "Debtors"), excluding accounts receivable) and completed the competitive sale process per the Court's Order approving sale procedures, entered on 3/8/17. The sale was completed, and the net result (\$7,050,000, subject to a maximum potential downward adjustment of \$419,503 or approx. 6%) was approved by the Court on 4/3/17, and closed and funded on 4/21/17.
2. The pre-receivership operations of the receivership Debtors were suspended, and all employees were terminated, by Debtors' management on 1/27/17, prior to the Order. Based on the analysis by the Receiver, the determination was made not to restart operations of the Debtors, but to initiate the immediate sale of the Debtor's businesses and/or assets under a competitive process to ensure best value to estate creditors.
3. The Receiver timely filed Schedules in the case, and prepared and developed its initial budget providing for estimated costs of the sale process and other administrative requirements through 5/5/17. Through the course of the budget, net (pre-add'l value of the inventory adjustment) sale proceeds and favorable cost variance in the case exceeded the net cash recovery estimate per the budget by approx. \$2.4mm (Sch B (b) page 2), after adjustment to 7/31/17, and before recovery of merchant services CC A/R, as adjusted for refunds and returns against vendor reserves.
4. A claims procedure was established in the case, and the Orders, POC instructions, and other information materials were posted to the Receiver's Creditor Information Page (<http://inverness.us/receivership-shoes-com-onlineshoes-com>) for access by creditors and other parties.
5. The Receiver completed the sale process (Auction among Qualified Bidders on 3/28/17), and completed the final sale and Closing pursuant to orders entered in the case by the Court. The Receiver will continue collection efforts to complete the disposition of the Accounts Receivable, and will reflect the results of these efforts, in subsequent reporting to the Court.
6. Per the Court's June 12, 2017 Order, the Receiver made an initial distribution against the Wells Fargo secured claim in the amount of \$4,222,092.09, subject to adjustment and recovery of unfunded standby L/C obligation. The payment to Wells Fargo represented a preliminary distribution, and the Receiver collected \$249,237.65 from Wells Fargo in July, following the final reconciliation of standby L/C liability and legal fees.

Case No. 17-2-02462-7 SEA
Superior Court - Washington

Inverness Group, as Receiver

jdavidson@inverness.us

<http://inverness.us/receivership-shoes-com-onlineshoes-com>

Receiver's Report per RCW 7.60.100 - Order dtd. 2/2/17

August 31, 2017

Overview

7. A pre-receivership litigation matter filed by Onlineshoes.com Inc. against Wells Fargo Merchant Services, Inc., a credit card processing provider, was pending in the NY court, and a stay was in effect through June 8, 2017. The Receiver sought and received extensions of the stay since February, 2017, and on June 8, 2017, the Court approved a stipulated discontinuance of the litigation, without prejudice or costs to neither party. The Court's Order provides for tolling through 3/30/18, preserving the claim by allowing the holder of the Plaintiffs (Onlineshoes.com, Inc.) claims to prosecute a new action based on the original allegations. The Receiver recovered a substantial portion (approx. \$95,000) in July, of the reserves balance held by the Defendant at 6/30 (\$116,000), subject to final reconciliation of returns chargebacks.
8. Reconciliation of claims filed in the case is continuing, and an extension of the Automatic Stay (to 9/22/17) was approved by the Court on 6/29/17. Various actions regarding secured claims and claims objections have been presented by the claimants and the Receiver, and are pending as of 8/30/17. A hearing is scheduled for September 14, 2017 on the issues.
9. The Bar date for claims to be filed by state agencies was 8/25/17.

Case No. 17-2-02462-7 SEA
Superior Court - Washington

Inverness Group, as Receiver

jdavidson@inverness.us

<http://inverness.us/receivership-shoes-com-onlineshoes-com>

Receiver's Report per RCW 7.60.100 - Order dtd. 2/2/17

August 31, 2017

RCW 7.60.100 Report Items

Schedules provided per RCW 7.60.100 (Receiver's Reports) are attached and include the following:

Sch B(a)	-	Balance sheet
Sch B(b)	-	Statement of income and expenses; Estimated Recovery Variance Recap – Actuals to Budget
Sch B(c)	-	Statement of cash receipts and disbursements
Sch B(d)	-	Statement of accrued accounts receivable of the Receiver
Sch B(d-1)	-	Supplemental Schedule – Pre-Receivership A/R
Sch B(e)	-	Statement of accounts payable of the Receiver, including professional fees. The statement shall list the name of each creditor and the amounts owing and remaining unpaid over thirty days
Sch B(f)	-	A tax disclosure statement, which shall list post filing taxes due or tax deposits required

Inverness Group, as Receiver

ldavidson@inverness.us

<http://inverness.us/receivership-shoes-com-onlineshoes-com>

Receiver's Report per RCW 7.60.100 - Order dtd. 2/2/17

August 31, 2017

Balance Sheet at July 31, 2017

ONLINE SHOES
Shoes.com, Inc. / Onlineshoes.com Inc.
31-Jul-17

Category (Book Value Used Where noted by *)	Book Values at 2/28/17	Book Value at 3/31/17/17	Book Value at 4/30/17	Book Value at 5/31/17	Book Value at 6/30/17	Adjustments - 7/1/17 to 7/31/17	Book Value at 7/31/17	Estimated Value at 7/31/17
Assets								
Cash and Bank accounts:								
Receiver Dist Acct USB 7060	10	218,692	(4,849)	39,340	44,121	58,884	103,005	103,005
Receiver MMA Sale Acct USB 8887	-	1,357,069	6,590,903	6,341,175	1,989,201	249,328	2,238,529	2,238,529
OLS Master Dep Acct - Wells 5678	62,873	870	870	1,586	1,584	-	1,584	1,584
OLS Master Oper Acct - Wells 5686	6,456	122,552	36,000	-	305	55,354	55,659	55,659
OLS Manual P/R - Wells 5567	-	-	-	-	-	-	-	-
Shoes.com, Inc. Oper Acct - Wells 5592	-	-	-	-	-	-	-	-
Other Cash / Accounts	-	-	-	-	-	-	-	-
Total Cash Balance	69,339	1,699,181	6,622,923	6,382,101	2,035,210	363,566	2,398,777	2,398,777
Inventory: Note 1	11,062,346	11,062,346	-	-	-	-	-	-
Inventory: Note 1	417,150	347,806	-	-	-	-	-	-
Inventory: Note 1	595,929	595,929	-	-	-	-	-	-
Amazon / ASE Account Balance - Rec Interest (net of Est Fees) Note 2	-	-	28,662	28,662	54,719	(54,719)	-	(47,817)
Amazon: Post 3/28 Rec Adj per Sale Closing	-	-	(34,219)	(34,219)	(44,961)	(2,856)	(47,817)	(47,817)
Accounts Receivable Notes 3 & 4	1,426,255	1,309,081	1,308,499	1,468,439	1,418,360	(95,000)	1,323,360	-
Sale - Closing Reserve (subject to Inventory Adjustment) Note 1	-	-	419,503	419,503	419,503	-	419,503	90,000
Equipment: (Net of Accumulated Depreciation) Note 3	1,202,782	1,202,782	-	-	-	-	-	-
Goodwill / Other Intangibles IP	200,000	200,000	-	-	-	-	-	-
Prepaid Insurance and Other Expenses: *	83,000	76,083	-	-	-	-	-	-
Deposits *	51,566	48,171	48,171	53,171	53,171	(7,336)	45,835	45,835
Total Assets	15,108,397	16,541,379	8,393,539	8,317,657	3,936,002	203,656	4,139,657	2,486,794

Balance Sheet at July 31, 2017

ONLINESHOES Shoes.com, Inc. / Onlineshoes.com Inc.
31-Jul-17

Category (Book Value Used where noted by ?)	Book Values at 2/28/17	Book Value at 3/31/17/17	Book Value at 4/30/17	Book Value at 5/31/17	Book Value at 6/30/17	Adjustments - 7/1/17 to 7/31/17	Book Value at 7/31/17	Estimated Value at 7/31/17
Liabilities								
Accounts Payable								
A/P - Pre-ReceiverShip (Unsecured)	16,198,921	16,198,921	16,198,921	16,198,921	16,198,921		16,198,921	Subject to Claims Reconciliation
A/P - Post-2/2/17 (Admin)	100	-	-	-	-		-	
Pre-ReceiverShip Unfunded 401k Withholds	19,360	19,360	19,360	19,360	19,360		19,360	Subject to Claims Reconciliation
Pre-ReceiverShip Wages and Employee-Related Payables	172,698	172,698	172,698	172,698	172,698		172,698	Subject to Claims Reconciliation
Pre-ReceiverShip Taxes Payable	2,289,701	2,289,701	2,289,701	2,289,701	2,289,701		2,289,701	Subject to Claims Reconciliation
Accrued Receiver Admin Expense + Deposits								
Accrued Receiver Fees / Expense per Notice	47,749	55,861	70,834	58,964	28,913	(7,350)	21,563	
Accrued Receiver Counsel Fees / Expense - Per Notice	20,818	51,904	77,094	41,356	15,521	(8,084)	7,437	
Advance - Operating Deposit USB 7060 (Rec Disb Acct)		10	10	10	10		10	
Accrued Rec Litigation Counsel - NY Litigation					6,113	(6,113)	-	
Accrued IT / Storage - Server Access (Digital Fortress)	5,676	9,176	849	-	-		-	
Accrued Contractor Fees / Expense - Per Canada Rec	11,474	19,474	24,050	24,899	-		-	
Accrued Admin Exp - Facilities	-	93,000	112,897	40,835	40,835		40,835	
Accrued Admin Exp - Utilities / Other		8,000	13,118	4	4		4	
Sale: Bid Deposits Payable								
SubTotal - Accrued ReceiverShip Admin	85,717	1,749,425	298,852	166,069	91,395	(21,547)	69,849	-
Other Unsecured Claims per Schedules	52,762,844	52,762,844	52,762,844	52,762,844	52,762,844		52,762,844	Subject to Claims Reconciliation

Per Companies' Records
Not Adjusted to Estimated Value

Balance Sheet at July 31, 2017

Shoes.com, Inc. / Onlineshoes.com Inc.
No. 17-2-02462-7 SEA
Preliminary - Subject to Reconciliation

ONLINESHOES Shoes.com, Inc. / Onlineshoes.com Inc.
31-Jul-17

Category (Book Value Used where noted by *)	Book Values at 2/28/17	Book Value at 3/31/17/17	Book Value at 4/30/17	Book Value at 5/31/17	Book Value at 6/30/17	Adjustments - 7/1/17 to 7/31/17	Book Value at 7/31/17	Estimated Value at 7/31/17
Secured Liabilities								
Wells Fargo Bank	4,150,000	4,157,118	4,195,771	4,222,092	-	-	-	-
Wells Fargo Bank (Adjustment of standy liability and legal fees - received in July)						(249,328)	249,328	0
Dan Gerber, an Individual	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000		3,000,000	Subject to Claims Reconciliation
Deans Knight Capital Management Ltd.	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000		7,500,000	Subject to Claims Reconciliation
Cateres Investment Company, Inc.	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000		7,500,000	Subject to Claims Reconciliation
Geodis (formerly Ozburn-Hessey Logistics, LLC)	700,000	700,000	700,000	827,537	827,537		827,537	Subject to Claims Priority - Per 6/12/17 Order
Other								
SubTotal - Secured Liabilities	22,850,000	22,857,118	22,895,771	23,049,629	18,578,209		249,328	18,827,537
Total Liabilities	94,379,341	96,050,068	94,638,147	94,659,222	90,113,128		227,782	90,340,910
Equity	(79,270,944)	(79,508,688)	(86,244,608)	(86,341,564)	(86,177,127)		(24,126)	(86,201,253)
Total Liabilities & Equity	15,108,397	16,541,379	8,393,539	8,317,657	3,936,002		203,656	4,139,657

Note 1: Inventory Adjustment per PSA, subject to final count (Escrow acct \$210,000 held separately by Bush Strout Seattle)

Note 2: ASE account balance, offset by Amazon payments for post-sale inventory liquidations (post-3/28 payments due to Buyer) - Adjustments to eliminate credit balances at 6/30/17

Note 3: The Wells Fargo Merchant Services Credit Card Reserve balance is estimated at 2/2/17 and 5/31/17. Litigation is pending at 6/30/17/17, and an Order was entered in the case on 6/8/17 providing for the discontinuance of the litigation without prejudice and without costs to any party. Tolling through 3/30/18 is also provided by the Order, preserving the claim by allowing the holder of the Plaintiff's (Onlineshoes.com, Inc.) claims to prosecute a new action based on the original allegations. In July, the Receiver recovered \$95,000 of the reserves balance held at 6/30/17.

Note 4: Book balance of merchant services reserves before adjustment for returns, etc. Subject to reconciliation - estimated value - 0

**Income Statement
through July 31, 2017**

Shoes.com, Inc. / Onlineshoes.com Inc.
No. 172-024627 SEA
Preliminary - Subject to Reconciliation

Onlineshoes.com Inc. / Onlineshoes.com Inc.
to July 31, 2017

	February 2, 2017 (Order Date) to February 28, 2017	March 1 - 31, 2017	April 1 - 30, 2017	May 1 - 31, 2017	June 1 - 30, 2017	July 1 - 31, 2017	Total - to July 31, 2017
Revenues / Invoicing (Incl. Interest Inc)	-	69	114	272	153	91	699
Subject to Reconciliation of Amazon Location Inv Sales							
Expenses							
Expense (Cash / Accrued)							
50000 - Expenses							
Contractor Services (Canadian Receiver / Shared - US Rec Portion (est - subject to Invoice))	11,474	24,050	6,390	-	-	-	41,914
Computer Services - Digital Fortress Co-Lo / Shared / Storage - US Rec Portion	5,676	849	5,614	-	-	-	12,139
51000 - Receivership Admin Exp							
51100 - Rec - Fees per Fee Ap	46,350	33,113	68,438	54,450	28,913	21,563	231,263
51200 - Rec - Expenses per Fee Ap	1,399	-	2,396	4,514	-	-	8,310
51300 - Receivers Bond	100	-	-	-	-	-	100
51400 - Rec - Legal Fees/Exp per Fee Ap	20,818	51,904	77,094	41,356	15,521	7,437	206,693
51600 - Rec - Litigation Counsel - NY Litigation Fees/Exp					6,113	-	6,113
Total 51000 - Receivership Admin Exp	68,667	85,017	147,928	100,321	50,546	28,999	452,478
Bank Service Charges	3,095	1,082	1,133	1,168	37	305	6,516
Facilities Leases		93,000	19,897	-	-	-	112,897
Utilities / Records Storage		8,000	5,118	-	-	333	13,118
Other - GEODIS Sale / Inventory Related Exp		2,400	5,441	-	-	-	7,841
Total 50000 - Expenses	88,912	214,398	191,521	101,488	50,583	29,637	646,903
Total Pre-Tax Income (Expense)	(88,912)	(214,329)	(191,408)	(101,216)	(50,430)	(29,547)	(646,205)

**Income Statement
through July 31, 2017**

Shoesh.com, Inc. / OnlineShoes.com Inc.
No. 17-2-02462-7 SEA
Preliminary - Subject to Reconciliation

Preliminary Liquidation Recap / Variance Reporting
to 7/31/17

	Cash Recovery per Budget Recovery (Prelim to 7/31/17) Actual Cash Recovery (Prelim to 7/31/17) Variance + (-)		
Inventory	4,526,604	5,010,223	
Estimated Inv Adj. (subject to Final Reconciliation and add'l recovery)		(329,503)	
Total Inventory (subj to Adj)	4,526,604	4,680,720	154,116
ASE Inv (pre-3/28)	34,000	160,700	126,700
Total Inventory (Net - est.)	4,560,604	4,841,420	280,816
IP	-	2,000,000	2,000,000
Fixed Assets	100,000	Incl.	(100,000)
Other Cash Receipts	16,687	31,633	14,946
Total Cash Recoveries (Excl CC A/R - Subject to Reconciliation)	4,677,291	6,873,053	2,195,762
Liquidation Costs:			
Operating			
per Budget to 5/5/17	353,524	193,220	(160,303)
Actual 5/5 to 7/31/17	1,510	1,510	-
SubTotal Operating Disb	355,034	194,730	(160,303)
Administrative			
per Budget to 5/5/17	305,775	301,611	(4,164)
Actual 5/5 to 7/31/17	179,866	179,866	-
SubTotal - Administrative Disb	485,641	481,477	(4,164)
Total Disb to 7/31/17	840,675	676,208	(164,467)
	18%	10%	
Net Cash Recovery (Prelim to 7/31/17)	3,836,616	6,196,845	2,360,229
	82%	90%	
CC Receivables	749,376	162,970	(586,406)

SHOES-AUG 31
Sch B(b) Inc Stmt

Preliminary - Subject to Final Reconciliation

Schedule B(b)
Income Statement
through 7/31/17

Cash Receipts & Disbursements July 1 - 31, 2017

Shoes.com, Inc. / Onlineshoes.com Inc.
No. 17-2-02462-7 SEA
Preliminary - Subject to Reconciliation



Shoes.com, Inc. / Onlineshoes.com Inc.
July 1 - 31, 2017

	Date	Number	Name	Memo	Amount	Balance
Wells Fargo - OLS Master Deposit Acct 5678						
Opening Balance						1,584.05
Deposits						
Debits						
Balance						1,584.05
 Wells Fargo - OLS Master Oper Acct 5686						
Opening Balance						304.65
Deposits						
	27-Jul		Affiliated Group ACH	Affiliated Group ACH 17062 Rols	55,658.61	
Debits						
	31-Jul		Wells Fargo	Service Charges - Acct Analysis	(304.65)	
Balance						55,658.61
 Receiver Disbursement-USB 7060						
Opening Balance						44,120.71
Deposits						
	5-Jul		Wells Merchant Service	Refund - Reserve	95,000.00	
	5-Jul		Premera	Refund	764.03	
	5-Jul		ADP	Refund	13,999.23	
					109,763.26	
Debits						
	13-Jun 11047		Seattle Vault Self Storage	Seattle Vault - Records Storage 491 July / Aug	(333.00)	
	13-Jun 11048		Leonard Law Group, LLC	Special Counsel - NY Lit - Inv 7226 7/3/17	(6,112.50)	
	13-Jun 11048		Oswego Group LLC	Inv 014 - 017 Apr 30 - May 27 Fee Notice 6/28/17	(28,912.50)	
	13-Jun 11049		Schwabe, Williamson & Wyatt, PC	Inv #1476718 Fee Notice 6/18/17	(15,521.15)	
					(50,879.15)	
Balance						103,004.82
 Receiver Sale MMA-USB 8887						
Opening Balance						1,989,200.84
Deposits						
	14-Jul		Wells Fargo	Refund - Unfunded L/C liability / net of final costs	249,237.65	
	31-Jul		Wells Fargo	Interest	90.62	
					249,328.27	
Debits						
Balance						2,238,529.11
Total Cash Balance at 7/31/17/17						2,398,776.59

**Accounts Receivable
Estimated at 7/31/17**

Shoes.com, Inc. / Onlineshoes.com Inc.
No. 17-2-02462-7 SEA
Preliminary - Subject to Reconciliation

Shoes.com, Inc. / Onlineshoes.com Inc.
31-Jul-17

Customer Name	A/R at 2/2/17	Collections 2/2 - 2/28/17	Collections 3/1 - 3/31/17	Collections 4/1 - 4/30/17	Collections 5/1 - 5/31/17	Collections 6/1 - 6/30/17	Collections 7/1 - 7/31/17	Est A/R at 7/31/17	Est Uncollectible - subj to Reconciliation
1 Borderfree - Amex - 07-1057	1,604	(25,161)						(Note 2)	
2 Borderfree - MC - 21-1057	(3,184)	(19,064)						(Note 2)	
3 Paypal - 08-1057 / 20-1057	141,413								141,413
4 Ebay - 09-1057	16,409								16,409
5 Klarna - OLS - 08-1057	420,383								420,383
6 Klarna - Shoes.com - 20-1057	279,540								279,540
7 Amazon - OLS - 05-1057	527,177	(9,292)							517,885
8 Amazon - Shoes.com - 22-1057									517,885
9 Bluefly - 20-1057	27,689	(16,687)							11,002
10 Rakuten (buy.com) - 08-1057	1,670	(222)							1,448
11 Jet.com - 10-1057	10,708	(1,650)							9,057
12 Sears - 08-1057	2,187	(1,080)							222
Balance / Reserve - Wells Fargo Merchant Services Credit Card Processing	116,000							(95,000)	21,000
Affiliate - Amazon location inventories (est)	89,389		(116,000)	(36,000)				(Note 2)	
Other A/R Collections (to be Reconciled)						(305)		(Note 2)	
Total (subj to Reconciliation and Demand) at 6/31/17	1,630,985	(73,157)	(116,000)	(36,000)	(885)	(305)	(95,000)	1,418,360	1,418,360

Preliminary - Subject to Reconciliation

Note 1: The Wells Fargo Merchant Services Credit Card Reserve balance is estimated at 2/2/17 and 5/31/17. Litigation is pending at 5/31/17, and an Order was entered in the case on 6/8/17 providing for the discontinuance of the litigation without prejudice and without costs to any party. Tolling through 3/30/18 is also provided by the Order, preserving the claim by allowing the holder of the Plaintiff's (Onlineshoes.com, Inc.) claims to prosecute a new action based on the original allegations. In July, the Receiver recovered \$95,000 of the reserves balance held at 6/30/17.

Note 2: Credit balances (collections exceed book A/R) were eliminated at 6/30/17

**Schedules B(d-f)
A/R, A/P, Tax Liabilities
Post-Filing**

Shoes.com, Inc. / Onlineshoes.com Inc.
No. 17-2-02462-7 SEA
Preliminary - Subject to Reconciliation



Shoes.com, Inc. / Onlineshoes.com Inc.
31-Jul-17

Schedule B(d)

Statement of Accrued Accounts Receivable of the Receiver (2/2/17 Forward)

Name	Amount	Estimated Uncollectible Amount
None	N/A	N/A
* Pre-filing A/R per Supplemental Schedule B(d-1) Subject to Adjustments / Final Reconciliation		
** Inventory Adjustment Reserve - Sale Closing	419,503	TBD; \$210,000 in escrow

Schedule B(e)

Statement of Accounts Payable of the Receiver (from 2/2/17 Forward), including professional fees

Name	Amount	Aged > 30 Days
A/P - Trade	None	None
A/P - Other	None	None
Accrued (Billed) Receiver Admin (subject to Fee Ap)		
Receiver Fees and Expenses per Fee Notice through 5/31/17	21,563	
Receiver Legal Fees and Expenses per Fee Notice through 4/30/17	7,437	
A/P - Advance - Opening debtsit (USB 7060)	10	
Court Bonds (Rec Bond Premium per Order)		
Accrued Rec Litigation Counsel - NY Litigation	-	
Accrued IT / Storage - Server Access (Digital Fortress)	-	
Accrued Contractor Fees / Expense - Per Canada Rec (Note 2)	-	
Accrued Lease Exp - Groveport (Note 1)	40,835	
Accrued Utilities - Other	4	
Total Admin Expense Due 7/31/17	69,849	-

Note 1: Balance of \$40,835 subject to disposition of pre-receivership lease deposit

Note 2: Final Payment of Shared contract services - Canadian Receiver Reimbursement - Paid 6/13/17

Note 3: Rec Litigation Counsel - Paid 7/7/17; \$95k recovery from Deposit held by Defendant in July

Schedule B(f)

Tax disclosure statement - list of postfiling taxes due or tax deposits

Name of Taxing Agency	Amount Due	Date Due
None	None	N/A
Pre-Receiver'ship Property taxes / Sales taxes - est. per Schedules & POC / reconciliations		

1 **CERTIFICATE OF SERVICE**

2 The undersigned declares under penalty of perjury, under the laws of the State of
3 Washington, that the following is true and correct:

4 That on the 31st day of August, 2017, I arranged for service of the foregoing
5 **RECEIVER'S SIXTH REPORT OF OPERATIONS AND FINANCIAL AFFAIRS**
6 **PURSUANT TO RCW 7.60.100** to the parties to this action as follows:

7 8 9 10 11 12 13	Bruce W. Leaverton, Esq., WSBA #15329 leavertonb@lanepowell.com Greg Fox, Esq., WSBA #30559 foxg@lanepowell.com Lane Powell, P.C. 1420 Fifth Avenue, Suite 4100 Seattle, WA 98101-2338 Telephone: 206.223.7000 Facsimile: 206.223.7107 <i>Counsel for Wells Fargo Bank National Association</i> <i>Via email and U.S. Mail</i>	John R. Rizzardi, Esq., WSBA #9388 jrizzardi@cairncross.com Jennifer K. Faubion, Esq., WSBA #39880 jfaubion@cairncross.com Cairncross & Hempelmann P.S. 524 Second Avenue, Suite 500 Seattle, WA 98104-2323 Telephone: 206.587.0700 Facsimile: 206.587.2308 <i>Counsel for Onlineshoes.com, Inc. and Shoes.com, Inc.</i> <i>Via email and U.S. Mail</i>
14 15 16 17 18 19	George S. Treperinas, Esq., WSBA #15434 gtreperinas@karrtuttle.com Karr Tuttle Campbell 701 Fifth Avenue, Suite 3300 Seattle, WA 98104 Telephone: 206.223.1313 Facsimile: 206.682.7100 <i>Counsel for Caleres Investments Co.,</i> <i>An interested party</i> <i>Via email and U.S. Mail</i>	Lorne W. Segal, Esq. lorne.segal@gowlingwlg.com Gowling WLG (Canada) LLP 160 Elgin Street, Suite 2600 Ottawa, ON K1P 1C3 CANADA Telephone: 613.233.1781 Facsimile: 613.563.9869 <i>Counsel for Caleres Investments Co., an interested party</i> <i>Via email and U.S. Mail</i>
20 21 22 23 24	Bradley R. Duncan, Esq., WSBA #36436 brad.duncan@hcmp.com Amit D. Ranade, WSBA #34878 amit.ranade@hcmp.com Hillis Clark Martin & Peterson, P.S. 999 Third Avenue, Suite 4600 Seattle, WA 98104 Telephone: 206.623.1745 Facsimile: 206.623.7789 <i>Counsel for Secured Creditor Daniel Gerler</i> <i>Via email and U.S. Mail</i>	Alan J. Wenokur, Esq., WSBA #13679 alan@wrlawgroup.com Wenokur Riordan PLLC 600 Stewart Street, Suite 1300 Seattle, WA 98101 Telephone: 206.682.6224 <i>Counsel for Creditor GEODIS</i> <i>Via email</i>
25 26	Paul Jennings, Esq. pjennings@bassberry.com Bass, Berry & Sims, PLC	Tevia Jeffries, Esq. tevia.jeffries@dentons.com Dentons Canada LLP

CERTIFICATE OF SERVICE - 1

SCHWABE, WILLIAMSON & WYATT, P.C.
Attorneys at Law
U.S. Bank Centre
1420 5th Avenue, Suite 3400
Seattle, WA 98101-4010
Telephone 206-622-1711

<p>1 150 Third Avenue South, Suite 2800 2 Nashville, TN 37201 3 Telephone: 615.742.6200 4 Facsimile: 615.742.6293 5 <i>Counsel for Creditor GEODIS</i> 6 <i>Via email and U.S. Mail</i></p>	<p>250 Howe Street, 20th Floor Vancouver, BC V6C 3R8 CANADA Telephone: 604.691.6427 <i>Counsel for Deans Knight Capital Mgmt.</i> <i>Via email and U.S. Mail</i></p>
<p>5 Robert G. Hanseman, Esq. 6 rhanseman@ssdlaw.com 7 Sebaly Shillito + Dyer 8 1900 Kettering Tower 9 40 N. Main Street 10 Dayton, OH 45423-1013 11 Telephone: 937.222.2500 12 <i>Counsel for Crown Credit Corp.</i> 13 <i>Via email and U.S. Mail</i></p>	<p>Todd M. Martin, Esq. tmartin@alvarezandmarsal.com Tom Powell, Esq. tpowell@alvarezandmarsal.com Alvarez & Marsal Canada Inc. Commerce Place 400 Burrard Street, Suite 1680 Vancouver, BC V6C 3A6 CANADA Telephone: 604.638.7440 Facsimile: 604.638.7441 <i>Canadian Receiver</i> <i>Via email and U.S. Mail</i></p>
<p>11 Mark J. Kalla, Esq. 12 mkalla@lapplibra.com 13 Lapp, Libra, Thomson, Stoebner & Pusch, 14 Chartered 15 120 South 6th Street, Suite 2500 16 Minneapolis, MN 55402 17 Direct: 612.343.4964 18 Facsimile: 612.338.6651 19 <i>Counsel for Red Wing Brands of America, Inc.</i> 20 <i>Via email and U.S. Mail</i></p>	<p>Karen Ruby karen.ruby@nordstrom.com <i>Via email only</i></p>
<p>16 Magnus C. Verbrugge, Esq. 17 mverbrugge@blg.com 18 Bordon Ladner Gervais LLP 19 1200 Waterfront Centre 20 200 Burrard Street 21 P. O. Box 48600 22 Vancouver, BC V7X 1T2 23 CANADA 24 Telephone: 604.640.4198 25 Facsimile: 604.622.5898 26 <i>Counsel for the Canadian Receiver</i> <i>Via email and U.S. Mail</i></p>	<p>Katriana L. Samiljan, Esq., WSBA #28672 ksamiljan@bskd.com Bush Kornfeld, LLP 601 Union Street, Suite 5000 Seattle, WA 98101-2373 Telephone: 206.292.2110 Facsimile: 206.292.2104 <i>Counsel for Wolverine Outdoors, Inc. and Tiger Capital Group, LLC</i> <i>Via email and U.S. Mail</i></p>

CERTIFICATE OF SERVICE - 2

SCHWABE, WILLIAMSON & WYATT, P.C.
Attorneys at Law
U.S. Bank Centre
1420 5th Avenue, Suite 3400
Seattle, WA 98101-4010
Telephone 206-622-1711

PDX\119661\221130\AP\21401509.1

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

<p>Kara C. Herschkowitz, Esq., WSBA #40569 Nordstrom, Inc. 1700 7th Avenue, Suite 700 Seattle, WA 98101-4404 Telephone: 206.303.2546 <i>Counsel for Nordstrom, Inc. Via U.S. Mail only</i></p>	<p>ROBERT W. FERGUSON Attorney General Zachary Mosner, Esq., WSBA #9566 zacharym@atg.wa.gov Assistant Attorney General Bankruptcy & Collections Unit 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 Telephone: 206.389.2187 Facsimile: 206.587.5150 <i>Counsel for State of Washington, Departments of Revenue and Labor & Industries Via email and U.S. Mail</i></p>
<p>Mark D. Northrup, Esq., WSBA #16947 mark.northrup@millernash.com Miller Nash Graham & Dunn 2801 Alaskan Way, Suite 300 Seattle, WA 98121 Telephone: 206.777.7536 <i>Counsel for Wal-Mart Stores, Inc. Via email and U.S. Mail</i></p>	<p>Anthony DiTirro, Esq. TDiTirro@rosenthalinc.com Rosenthal & Rosenthal, Inc. 1370 Broadway New York, NY 10018 Telephone: 212.366.1464 <i>Counsel for Rosenthal & Rosenthal Via email and U.S. Mail</i></p>


Rayanne Sherwood, Legal Assistant