

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

In re:)	CASE NUMBER: 11-68463
)	
LEE'S FAMOUS RECIPES, INC.,)	JUDGE ELLIS-MONRO
)	
Debtor.)	CHAPTER 11
_____)	

**LIQUIDATING TRUSTEE'S SECOND QUARTERLY
REPORT TO THE COURT**

COMES NOW, S. Gregory Hays, the duly authorized and acting Trustee for the LFR Liquidating Trust (the "Trust") and in accordance with Section 8.12 of the Second Amended Joint Plan of Reorganization Proposed by Debtor and Official Committee of Unsecured Creditors (Docket No. 336) (the "Plan") which was confirmed by this Court on April 8, 2013 (Docket No. 398) and hereby makes and files his second Quarterly Report and shows as follows:

Introduction

1. The duties and obligations of the Trustee are set forth in the Plan and the agreements entered in connection therewith including the Liquidating Trust Agreement. Copies of the Plan and the plan documents have been previously circulated to creditors and are available at haysconsulting.net/lees-famous-recipes/.

The Effective Date of the Plan was April 22, 2013 and this is the date which will be used to calculate quarterly payments, obligations and filings required under the Plan.

Assets of the Trust

2. Since the First Report, the Trust has received cash distributions totaling \$310,766.02 from Famous Recipe Group LLC ("FRG"), the entity which acquired the Debtor's assets and liabilities, which consist of the following:

a. The second quarterly payment of \$108,721.02 due pursuant to the **New Lee's Note**, as defined in the Plan, paid on October 22, 2013. The remaining principal balance due on the Promissory Note is \$1,082,558.00.

b. A payment of \$202,045.00 paid on October 22, 2013 on account of the **New Lee's Contingent Obligation**, as defined in the Plan. Pursuant to the terms of the Plan, the amount of the New Lee's Contingent Obligation, to be paid each quarter, is to be determined based upon the cash flow of FRG. The Trustee has reviewed FRG's calculation of the amount paid by FRG for the quarter ending October 22, 2013 and agrees that the amount paid is the correct amount due.

3. Through the quarter ending October 22, 2013, FRG timely paid all amounts due and payable to the Trust as required under the Plan.

4. The Trust continues to hold all of the other assets of the Trust delivered to the Trust pursuant to the terms of the Plan including the New Lee's Note and the Trust's equity interests in FRG.

QUARTERLY DISTRIBUTIONS TO CREDITORS

5. Pursuant to the terms of the Plan, holders of allowed claims in Classes 1 through 7 of the Plan must be paid pursuant to the terms of the Plan before any distributions can be made on a pro-rata basis to holders of Class 8 Claims (general unsecured creditors). All allowed claims of creditors holding Class 1 through Class 4 Claims were satisfied and/or paid on the Effective Date and the Trust has no further liability for such claims.

6. Class 5 consists of the allowed secured claim of LFR Nevada in the amount of \$400,000. The Trustee paid the remaining balance due of \$175,000 on this claim during the Second Quarter and the secured claim of LFR Nevada has now been satisfied in full.

7. Class 6 consists of the allowed secured claim of Sysco in the amount of \$40,000. The Trustee paid the remaining balance on this claim during the Second Quarter and the secured claim of Sysco has now been satisfied in full.

8. Class 7 consists of other Secured Claims not otherwise classified under the Plan. The Trustee is informed and advised that there are no allowed claims in Class 7.

9. Class 8 consists of the general unsecured claims. Since all secured claims have been satisfied in full, the Trustee made a distribution of available funds in the amount of 1% to this class. The Trustee anticipates that future quarterly distributions will be solely to holders of allowed Class 8 Claims on a pro-rata basis.

FEES AND EXPENSES OF THE TRUST

10. There were no professional fees or expenses paid by the Trust during the Second Quarter, although the Trustee expects to both pay Trustee fees and expenses and attorney fees and expenses during the Third Quarter. All Trustee fees and expenses and attorney fees and expenses are subject to approval of the Beneficiaries Committee appointed under the Plan.

**SUMMARY OF RECEIPTS AND DISBURSEMENTS AND ENDING
BALANCE**

11. The following is a summary of all receipts and disbursements from the date of the Trustee's appointment on April 22, 2013 through October 31, 2013:

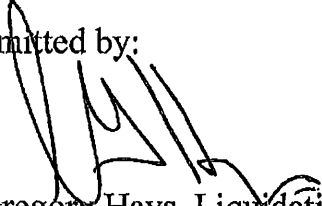
Receipts	
Initial Reserve	25,000.00
Note Payments	217,442.04
Contingent Obligation Payments	338,045.00
Total	<u>580,487.04</u>
Disbursements	
Payments to Secured Creditors	(440,000.00)
Payments to Priority Creditors	(1,049.04)
Payments to Unsecured Creditors	(99,477.04)
Miscellaneous Expenses	(60.00)
Total	<u>(540,586.08)</u>
Ending Cash Balance Held by Trustee as of 10/31/13	<u><u>39,900.96</u></u>

GENERAL REPORT

12. All Claims Objections have now been resolved. The total amount of allowed unsecured claims in this matter is \$9,947,703.95.

13. As of the filing of this Report, FRG is current in all of its obligations to the Trust and the good working relationship existing between the Trust and FRG continues with FRG providing the Trustee with all of the information the Trustee requires to discharge his duties herein.

Submitted by:



S. Gregory Hays, Liquidating Trustee

ATLANTA 5503844.1

CERTIFICATE OF SERVICE

This is to certify that on February 21, 2014, I caused to be served a copy of the within and foregoing LIQUIDATING TRUSTEE'S SECOND QUARTERLY REPORT TO THE COURT, upon the United States Trustee and Debtor's counsel through the United States Mail with sufficient First Class postage prepaid affixed thereon to assure delivery, addressed as follow:

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