

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

Ref. Docket No. 418

**ORDER APPROVING THE STIPULATION OF THE IRVINE COMPANY AND THE
DEBTORS FOR AN ORDER GRANTING RELIEF FROM THE AUTOMATIC STAY
TO THE EXTENT APPLICABLE**

Upon the *Certification of Counsel Regarding Stipulation of the Irvine Company and the Debtors for an Order Granting Relief from the Automatic Stay to the Extent Applicable* (the “Certification of Counsel”) and the *Stipulation of the Irvine Company and the Debtor for an Order Granting Relief from the Automatic Stay to the Extent Applicable* (the “Stipulation”)² entered into by, between and among 620 NCD LLC, Fashion Island Retail LLC, and The Irvine Company, LLC (collectively, the “Landlord”) and Lugano Diamonds & Jewelry Inc., as debtor and debtor-in-possession (the “Debtor”, and together with the Landlord, the “Parties”) attached to this order (this “Order”) as **Exhibit A**; and it appearing that this Court has jurisdiction to consider the Stipulation pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and it appearing that venue of the Chapter 11 Cases and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Stipulation.

the Stipulation in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that it may enter a final order consistent with Article III of the United States Constitution; and this Court having reviewed the Certification of Counsel and the Stipulation; and this Court having determined that the legal and factual bases set forth in the Stipulation establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is

HEREBY ORDERED THAT:

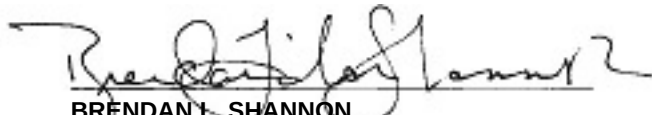
1. The Stipulation is approved.
2. The Stipulation shall be effective immediately upon entry of this Order and the provisions of Federal Rule of Bankruptcy Procedure 4001(a)(4) are waived.
3. The automatic stay, to the extent applicable, is hereby modified pursuant to 11 U.S.C. §362(d) solely to the extent necessary to allow the Landlord to draw down on the Letter of Credit issued by U.S. Bank (the “Draw”) and take steps ancillary or necessary to permit such Draw (including without limitation, the delivery of notice regarding replacement of the Letter of Credit and steps following any non-renewal or non-replacement of the Letter of Credit) and apply any proceeds thereof pending a determination of the treatment of its Leases, which have currently not been assumed or rejected.
4. Except for permitting the Draw and taking steps ancillary or necessary to permit such Draw (including without limitation, the delivery of notice regarding replacement of the Letter of Credit and steps following any non-renewal or non-replacement of the Letter of Credit) and the application of any proceed thereof, the automatic stay remains in full force and effect and the Landlord shall not take any other action without further order of this Court with respect to the Leases as a result of the Debtor not renewing or replacing the Letter of Credit, including, without limitation, any other remedies that may be available for a default under the Leases (whether or not such non-renewal or non-replacement is a default), and (except as set forth herein), the Debtors’

rights under the Leases shall not be affected by any such non-renewal or non-replacement. The rights and remedies of the Debtors with respect to the application of any proceeds are preserved.

5. The Parties are authorized to take the actions necessary to implement this Order.

6. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order and the Stipulation.

Dated: March 4th, 2026
Wilmington, Delaware



BRENDAN L. SHANNON
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Stipulation

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

**STIPULATION OF THE IRVINE COMPANY AND THE DEBTORS FOR AN ORDER
GRANTING RELIEF FROM THE AUTOMATIC STAY TO THE EXTENT
APPLICABLE**

This stipulation (this “Stipulation”) is entered into by, between and among, 620 NCD LLC, Fashion Island Retail LLC, and The Irvine Company, LLC (collectively, the “Landlord”) and Lugano Diamonds & Jewelry Inc., as debtor and debtor-in-possession (the “Debtor” and together with the Landlord, the “Parties”), by and through their respective undersigned counsel.

RECITALS

WHEREAS, the Debtor and Landlord are parties to that certain (i) office lease dated March 31, 2005 for the Debtors’ headquarters and design center located at 620 Newport Center Drive, Suites 100, 700 and 800, Newport Beach, California (as amended, the “Office Lease”) and (ii) lease of retail space dated April 17, 2022 (the “Retail Lease”) for the Debtors’ boutique located at 545 Newport Center Drive, Newport Beach, California in the shopping center commonly known as Fashion Island (the Office Lease and Retail Lease, together, the “Leases”);

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

WHEREAS, as part of the execution of the Leases, a standby letter of credit was issued by U.S. Bank National Association (“U.S. Bank”) in favor of Landlord (the “Letter of Credit”) as additional security for the faithful performance by Debtor of all of the terms, covenants and conditions of the Leases;

WHEREAS, the Letter of Credit automatically renews unless the Landlord is advised to the contrary by U.S. Bank, in which event the Landlord can then make a draw-down prior to expiration and hold the proceeds as a cash security;

WHEREAS, Landlord informed Debtor that U.S. Bank issued a notice to Landlord that it would not renew or replace the Letter of Credit after the current expiration date of April 22, 2026;

WHEREAS, Landlord informed Debtor that the Landlord intends to draw down on the Letter of Credit prior to its expiration and retain the proceeds as cash security under the Leases but wishes to ensure that its actions do not violate the automatic stay under section 362 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), to the extent applicable;

WHEREAS, the Landlord has informed the Debtor and its affiliated debtors (collectively, the “Debtors”) that the Landlord has shared this Stipulation with the Office of the United States Trustee (the “U.S. Trustee”), counsel for the Official Committee of Unsecured Creditors (the “Committee”), and counsel for Compass Group Diversified Holdings LLC (collectively, with the U.S. Trustee and the Committee, the “Interested Parties”) and the Interested Parties have confirmed that they do not oppose or object to the relief sought herein;

NOW, THEREFORE, the Parties, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged by both Parties, hereby agree and stipulate as follows:

1. Solely out of an abundance of caution, the Parties agree that cause exists within the meaning of section 362(d)(1) of the Bankruptcy Code to modify the automatic stay, to the extent

applicable, solely to the extent necessary to permit prompt presentment or draw on the Letter of Credit by Landlord consistent with the terms of the Leases.

2. Upon entry of an order approving this Stipulation, the Parties agree that Landlord is authorized to draw on the Letter of Credit (the “Draw”) in accordance with the terms of the Leases and take steps ancillary or necessary to permit such Draw (including without limitation, the delivery of notice regarding replacement of the Letter of Credit and steps following any non-renewal or non-replacement of the Letter of Credit) and apply any proceeds thereof and, upon such draw, may hold any proceeds as cash security pending a determination by the Court regarding assumption or rejection of the Leases pursuant to section 365 of the Bankruptcy Code.

3. Except for permitting the Draw and taking steps ancillary or necessary to permit such Draw (including without limitation, the delivery of notice regarding replacement of the Letter of Credit and steps following any non-renewal or non-replacement of the Letter of Credit) and the application of any proceed thereof, the automatic stay remains in full force and effect and the Landlord shall not take any other action without further order of this Court with respect to the Leases as a result of the Debtor not renewing or replacing the Letter of Credit, including, without limitation, any other remedies that may be available for a default under the Leases (whether or not such non-renewal or non-replacement is a default), and (except as set forth herein), the Debtors’ rights under the Leases shall not be affected by any such non-renewal or non-replacement. The rights and remedies of the Debtors with respect to the application of any proceeds are preserved.

4. Upon entry of an order approving this Stipulation, the provisions of Federal Rule of Bankruptcy Procedure 4001(a)(4) are waived.

5. This Stipulation may be executed in counterparts, and electronic signatures shall be deemed as effective as originals and binding on the Parties.

Dated: March 4, 2026
Wilmington, Delaware

/s/ Leslie C. Heilman

Leslie C. Heilman (DE No. 4716)
Laurel D. Roglen (DE No. 5759)
Margaret A. Vesper (DE No. 6995)
Erin L. Williamson (DE No. 7286)
BALLARD SPAHR LLP
919 N. Market Street, 11th Floor
Wilmington, DE 19801
Telephone: (302) 252-4446
Facsimile: (302) 252-4466
E-mail: heilmanl@ballardspahr.com
roglenl@ballardspahr.com
vesperm@ballardspahr.com
williamsone@ballardspahr.com

-and-

Brian D. Huben
Dustin P. Branch
Nahal Zarnighian (*admitted pro hac vice*)
BALLARD SPAHR LLP
2029 Century Park East, Suite 1400
Los Angeles, CA 90067-2915
Telephone: (424) 204-4354
Facsimile: (424) 204-4350
E-mail: hubenb@ballardspahr.com
branchd@ballardspahr.com
zarnighiann@ballardspahr.com

*Attorneys for 620 NCD LLC, 660 Newport Center
Drive LLC, Fashion Island Retail LLC, Irvine
Management Company, and The Irvine
Company, LLC*

Dated: March 4, 2026
Wilmington, Delaware

/s/ Sheila Borovinskaya

Edmon L. Morton (Del. No. 3856)
Sean M. Beach (Del. No. 4070)
Sheila Borovinskaya (Del. No. 6758)
**YOUNG CONAWAY STARGATT &
TAYLOR, LLP**
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Email: emorton@ycst.com
sbeach@ycst.com
sborovinskaya@ycst.com

-and-

Tobias S. Keller (*admitted pro hac vice*)
Traci L. Shafroth (*admitted pro hac vice*)
Scott Friedman (*admitted pro hac vice*)
KELLER BENVENUTTI KIM LLP
101 Montgomery Street, Suite 1950
San Francisco, California 94104
Telephone: (415) 496-6723
Facsimile: (650) 636-9251
Email: tkeller@kbkllp.com
tshafroth@kbkllp.com
sfriedman@kbkllp.com

Attorneys for Debtors and Debtors-in-Possession