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by BY JIM SUHR, AP BUSINESS WRITER – 3 DAYS AGO

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ST. LOUIS (AP) — A financially struggling operator of more than 2,000 U.S. portrait studios in locations such as Wal-Mart and Sears stores has abruptly shuttered those outlets, leaving some laid-off workers scrambling — without pay — to make good on customers' orders.

St. Louis-based CPI Corp., called Thursday's announcement "sad" in a two-paragraph statement on its website, insisted it was trying to fulfill as many orders as possible and urged customers with questions to contact their local store.

It was not immediately clear how many employees were affected. CPI's website as of Friday was purged of everything but the statement. Calls by The Associated Press to the company, in business for more than 60 years, were not answered Friday.

As the popularity of digital photography cut into its sales, CPI revealed last month in a Securities and Exchange Commission filing it had received a fourth forbearance agreement from its lenders and that it had until Saturday to meet its loan obligations. CPI said in mid-March that it owed \$98.5 million, including unpaid principal of \$76.1 million.

CPI had warned in earlier SEC filings that failing to buy more time from lenders could force it to liquidate, and the company last year hired an investment bank to explore a possible selloff. Last month, CPI's chief marketing officer and executive vice president resigned after a 7-year tenure.

Sears Holding Corp. said in an emailed statement Friday that it was working with CPI "to ensure that it fulfills its outstanding orders and provides ordered pictures to our members and customers." CPI managed and operated Sears Portrait Studios as a licensed business, Sears said.

"We are currently exploring all options to potentially provide these services to our members and customers as soon as possible," Sears said, expressing regret about any inconvenience.

But some suddenly displaced CPI employees, believing the company could wrongly foist the responsibility of filling outstanding customers' orders onto Wal-Mart and Sears, were hustling Friday trying to make good with the clients while absorbing the shock of losing their jobs and related benefits, including insurance coverage.

"There's almost no word to describe this. It's devastating," said Jennifer McDowell, a three-year CPI employee who until Thursday managed a four-employee studio in a Wal-Mart in St. Charles, a St. Louis suburb. "We gave so much for this company and worked so hard."

McDowell, 34, hastily burned as many undelivered portrait packages as she could onto compact discs on Thursday. By Friday, she tried to spread the word to those customers that she'd be at a nearby pet store's parking lot Saturday with those CDs.

"There's a chance (CPI) was not going to make good on their promises to customers, and if they don't they make us look like liars," McDowell, of Alton, Ill., said. "Leaving the clients in the lurch is not right. My dad always told me that evil persists when good men stand by and do nothing. So we're trying to do our best to take care of our customers even now. That's where our loyalty lies."

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