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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In re:	Chapter 11
SAM ASH MUSIC CORPORATION, *et al.*	Case No. 24 –14727 (SLM)
Debtors.[1]	(Joint Administration Requested)

DECLARATION OF JORDAN MEYERS, CHIEF RESTRUCTURING OFFICER OF THE DEBTORS, IN SUPPORT OF DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Jordan Meyers, make this declaration (the "Declaration") pursuant to 28 U.S.C. § 1746:

1. I am a Managing Director at SierraConstellation Partners LLC ("SCP"), an interim management and advisory firm serving middle-market companies.

2. SCP was first retained by Sam Ash Music Corporation and its affiliates, the debtors and debtors in possession in the above-captioned chapter 11 cases (each a "Debtor" and together,

[1] The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Sam Ash Music Corporation (3915); Samson Technologies Corp. (4062); Sam Ash Megastores, LLC (9955); Sam Ash California Megastores, LLC (3598); Sam Ash Florida Megastores, LLC (7276); Sam Ash Illinois Megastores, LLC (8966); Sam Ash Nevada Megastores, LLC (6399); Sam Ash New York Megastores, LLC (7753); Sam Ash New Jersey Megastores, LLC (8788); Sam Ash CT, LLC (5932); Sam Ash Music Marketing, LLC (2024); and Sam Ash Quikship Corp. (7410). The location of debtor Sam Ash Music Corporation's principal place of business is 278 Duffy Avenue, P.O. Box 9047, Hicksville, NY 11802.

the "Debtors"), to serve as financial advisors on or about November 3, 2023. In mid-December, 2023, SCP's engagement was expanded to include advisory services in connection with a refinancing and/or sale process. Subsequently, on or about April 4, 2024, I was appointed as Chief Restructuring Officer ("CRO") to the Debtors. In connection with providing financial advisory and CRO services, I have become familiar with the Debtors' day-to-day operations, business and financial affairs, books and records, and the circumstances leading to the commencement of the Debtors' above-captioned chapter 11 cases (the "Chapter 11 Cases").

3. I have over 15 years of experience providing transformation services, fiduciary services, restructuring advisory services, interim management services and litigation support services to distressed companies. I have previously worked at three other restructuring firms, two international accounting firms, and as an investment banker. I have provided guidance to financially challenged entities maneuvering through both out-of-court and court-supervised restructurings. I have also been involved in several M&A transactions and have experience servicing both debtors and senior secured lenders. I earned my Bachelor of Science degree in Accounting from Binghamton University and my Master of Business Administration degree in Finance from the Goizueta Business School at Emory University. I am a Certified Public Accountant and Certified Insolvency and Restructuring Advisor.

4. On the date hereof (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (11 U.S.C. § 101 *et seq.*, the "Bankruptcy Code") in the United States Bankruptcy Court for the District of New Jersey (the "Court"). The Debtors continue to operate their business and manage their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. To enable the Debtors to operate effectively and minimize potential adverse effects in the Chapter 11 Cases, the Debtors have requested certain relief in "first day" motions and applications filed with the Court (collectively, the "First Day Motions") concurrently herewith. The First Day Motions, summarized below, seek, among other things, to: (a) ensure the continuation of the Debtors' cash management system and other business operations without interruption, (b) allow the Debtors to continue using cash collateral and the proceeds of a debtor-in-possession financing facility, (c) preserve the Debtors' valuable relationships with vendors, customers, and other interested parties, (d) permit the Debtors to continue to sell their inventory in the ordinary course of business and through store closing sales that commenced prior to the Petition Date, (e) maintain employee morale and confidence, and (f) implement certain administrative procedures that will promote a seamless transition into chapter 11. This relief is critical to the Debtors' efforts to maximize value for the benefit of their creditors.

6. This Declaration is submitted in support of the First Day Motions. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by the Debtors' employees or professionals, or my opinion based upon my experience, knowledge, and information concerning the Debtors' operations and the retail industry. I am authorized to submit this Declaration on the Debtors' behalf. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

7. Section I of this Declaration is a preliminary statement. Section II provides a brief overview of the Debtors and their business and organizational structure while Section III describes the Debtors' capital structure. Section IV describes the Debtors' recent performance and events leading to the filing of these Chapter 11 Cases. Section V briefly describes the First Day Motions

and finally, **Exhibit A** to this Declaration sets forth the relevant facts in support of the First Day Motions.

I. PRELIMINARY STATEMENT

8. The Debtors are "The World's Favorite Music Store®" having served thousands of musicians since 1924. The Debtors' motto, "Come in and Play®," demonstrates their unwavering commitment to support musicians. The Debtors' passion and reason for their success over the last century has been to enrich the musicians' journey with unparalleled service and a personal touch, ensuring every artist feels supported, inspired, and celebrated. Furthermore, their workforce has always carried a reputation to be erudite but also amiable, which has provided the "mom and pop" feeling that is typically lacking at retail chains.

9. The Debtors market and distribute musical instruments, accessories, and stage and recording equipment through a chain of 42 retail locations throughout the United States. The Debtors also operate an ecommerce business that primarily conducts sales domestically. Further, the Debtors operate a wholesale business, Samson Technologies Corp. ("Samson"), which designs, markets, and distributes products to musical instrument and consumer electronic retailers, distributors, and sound contractors both domestically and internationally.

10. The Debtors' business operations, like those of many of their peers in the retail industry, have been negatively impacted by adverse market conditions, including, most notably, the COVID-19 pandemic. The Debtors lost significant market share when customers converted to online shopping, and they could not regain that share post-pandemic. Despite strong in-store promotional activity and several merchandising variations, the Debtors' sales continued to trail pre-pandemic numbers throughout 2021 and started to plummet in late 2022.

11. After the 2023 holiday season came in weaker than expected, the Debtors' existing lender at that time recommended the Debtors seek alternative financing on a go-forward basis.

The Debtors, therefore, engaged SCP as an advisor in furtherance of a comprehensive and exhaustive process to recapitalize their balance sheet, including, but not limited to, refinancing their debt. That process culminated in a refinancing of the Debtors' asset-based loan with Tiger Finance, LLC ("Tiger Finance") on February 21, 2024.

12. Subsequently, in light of the sustained, soft business performance, the Debtors and SCP worked diligently to solicit and develop strategic alternatives to maximize the Debtors' value for the benefit of all of their stakeholders and to facilitate discussions with the Debtors' capital structure constituents. At the same time, the Debtors also retained the services of SCP to conduct a targeted search for potential partners to execute a strategic transaction with the Debtors.

13. Beginning in late February 2024, SCP initiated a process that ultimately resulted in it contacting nine (9) prospective financial and/or strategic partners to gauge interest in a strategic transaction with the Debtors. A number of parties executed non-disclosure agreements and began conducting varying levels of diligence at that time.

14. As the Debtors search for a strategic partner unfolded, the Debtors engaged Tiger Capital Group, LLC ("Tiger Capital"), an affiliate of Tiger Finance, to conduct an inventory monetization and store closing plan at eighteen (18) underperforming stores. That liquidation process commenced on March 1, 2024, was expanded to the Debtors remaining retail locations on May 2, 2024, and is still ongoing as of the Petition Date. Even in the event that a strategic transaction is to be consummated, the Debtors anticipate that such a transaction may be conditioned on them shrinking their retail footprint by closing a select number or all retail stores and liquidating the Debtors' related inventory and other assets.

15. In addition, leading up to the Petition Date, the Debtors worked diligently to maintain their operations in the face of declining liquidity and increasing financing challenges. In

January 2024, the Debtors retained the services of A&G Real Estate Partners, LLC ("A&G") to negotiate consensual exits in connection with the store closings as well as rent concessions from the Debtors' landlords in retail locations where the Debtors' leases were no longer aligned with the commercial real estate market. A&G and the Debtors' other advisors also interfaced with landlords who threatened to exercise rights and remedies in response to the Debtors' inability to pay rents. In addition, the Debtors worked tirelessly with their vendors to maintain the Debtors' access to their domestic and international supply chain of musical products while preserving much needed liquidity and to maintain the Debtors' workforce in the face of ongoing store closings and necessary reductions in force.

16. On or about March 25, 2024, the Debtors engaged Cole Schotz P.C. ("Cole Schotz") as restructuring counsel. In addition, as set forth above, the Debtors, in consultation with Tiger Finance, elected to appoint me as CRO on or about April 4, 2024. Given the increased role I, along with SCP, was taking on, the Debtors decided to engage an alternative investment banker. On April 5, 2024, Capstone Partners ("Capstone")[2] essentially took over the SCP strategic process that was underway and continued to gauge market interest in acquiring a portion of the Debtors' stores as well as their e-commerce and Samson businesses.

17. Further, consistent with their fiduciary duties to maximize value, shortly before the Petition Date, the Debtors entered into a stalking horse asset purchase agreement (the "Stalking Horse APA") pursuant to which an affiliate or designee of Tiger Finance (such affiliate or designee, the "Stalking Horse Bidder") proposes to purchase a material portion of the Debtors' business under section 363 of the Bankruptcy Code. Under the Stalking Horse APA, the Stalking Horse Bidder proposes to acquire existing inventory, intellectual property and other assets of the

[2] SCP, Cole Schotz and Capstone shall be referred to herein collectively as, the "Advisors."

Debtors (other than in stores that are the subject of store closing sales), assume certain liabilities of the Debtors and to fund certain wind-down expenses (collectively, the "Sale Transaction"). As described in the Stalking Horse APA and the Debtor's motion seeking entry of an order establishing bidding and related procedures to effectuate the Sale Transaction, the Sale Transaction will serve as a stalking horse bid that will be subject to higher or otherwise better offers at an auction (to the extent that other qualified bids are submitted in accordance with bidding procedures approved by this Court).

18. In addition, and integral to the Stalking Horse APA, Tiger Finance and the Debtors entered into a DIP Loan Credit Agreement (the "DIP Credit Agreement") pursuant to which Tiger Finance agreed to provide a debtor-in-possession loan to the Debtors in the maximum amount of up to $20 million. The financing (the "DIP Financing") proposed under the DIP Credit Agreement is critical to the Debtors' ability to continue to operate in the ordinary course of business pending the auction and consummation of the Sale Transaction or another transaction that may result from the competitive bidding process proposed by the Debtors. Thus, together, the terms and conditions of the Stalking Horse APA and the DIP Financing provide the Debtors with a transaction that appears to be in the best interests of the Debtors' estates, subject only to any higher or otherwise better bids that may be presented at the auction.

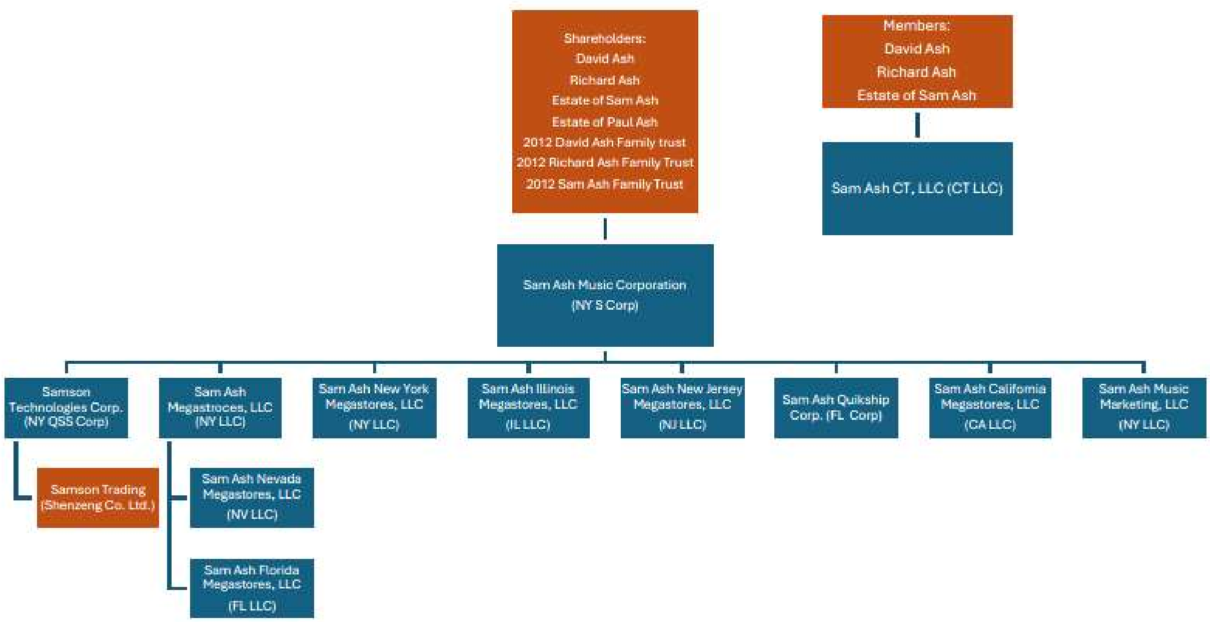
19. The Debtors commenced these Chapter 11 Cases to consummate a sale of their assets to the Stalking Horse Bidder and thereby maximize the value of their estates for the benefit of their stakeholders. The Debtors determined that filing for Chapter 11 protection, utilizing cash collateral (with the consent of Tiger Finance) and seeking approval of the DIP Financing and a sale to the Stalking Horse Bidder (subject to higher and better offers) while pursuing an orderly liquidation of their assets is their best available option. The Debtors believe that the Chapter 11

process described in this Declaration will lead to the greatest recovery for their creditors, under the circumstances.

II. THE DEBTORS' BUSINESS

A. Corporate Structure

20. Sam Ash Music Corporation, which is owned by individuals, trusts or estates affiliated with the Ash family, is the parent holding company which holds interests in various operating companies that are formed within the state in which they operate (with the exception of Sam Ash CT, LLC). A chart illustrating the Debtors' organizational structure is below.



*Debtors designated in blue

B. The Debtors' Business Operations

21. The Debtors divide their business into three segments: (a) brick and mortar retail sales of musical instruments, which generated more than $145 million of revenue in fiscal year 2023; (b) e-commerce retail sales of musical instruments, which generated more than $42 million of revenue in fiscal year 2023; and (c) Samson, which designs, markets, distributes, and sells products to musical instrument and consumer electronic retailers, distributors, and sound

contractors both domestically and internationally, the Debtors' fastest growing segment in recent years, which generated more than $33 million of revenue in fiscal year 2023.[3] As of the Petition Date, the Debtors operate 42 retail stores, with their largest concentrations of stores located in Florida (5), California (4), Texas (3) and New York (3).

22. The Debtors' stores are primarily located in shopping centers and stand-alone storefronts. The Debtors do not own any real estate. The Debtors' rental expenses total approximately $16 million per year, which amount includes rental costs for their corporate headquarters in Hicksville, New York, as well as their four warehouse and distribution centers located in Hicksville, New York, Tampa, Florida, Las Vegas, Nevada and Indianapolis, Indiana.

23. The Debtors maintain a supply chain comprised of more than 250 vendors that is designed to ensure the uninterrupted flow of new merchandise to their brick-and-mortar locations and to their e-commerce customers. The Debtors' largest expense is its merchandise, which totals approximately $138 million annually. The Debtors' profitability is highly dependent on maintaining strong relationships and favorable trade terms with their key vendors, including many highly regarded musical instrument brands. The Debtors do not manufacture any merchandise, and rely upon their vendors, shippers, and warehousemen to ensure a continuous supply of goods to their customers.

24. As of the Petition Date, the Debtors employed 830 employees consisting of full-time, part-time, and intermittent employees whose hours vary on a seasonal or project-by-project basis. Specifically, the Debtors employ approximately 671 full-time and 159 part-time employees. None of the Debtors' employees are members of a labor union.

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[3] Among others, Samson sells branded products and equipment including Samson, Michael Kelly Guitar Co., and Hartke.

III. CAPITAL STRUCTURE

A. Pre-Petition Secured Debt

25. The Debtors finance their business operations with an asset-based revolving credit facility with Tiger Finance, on which the Debtors traditionally owe approximately $20 million. As described below in greater detail, the Tiger Finance facility is secured by first lien, priority security interest in and lien upon substantially all of the Debtors' assets.

26. The Debtors are parties to that certain the Loan and Security Agreement, dated February 21, 2024 (as amended, restated, supplemented or otherwise modified prior to the Petition Date, the "Prepetition ABL Loan Agreement" and collectively with any other agreements and documents executed or delivered in connection therewith, each as may be amended, restated, supplemented, or otherwise modified in accordance with the terms thereof, the "Prepetition ABL Loan Documents"), by and among the Debtors and Tiger Finance, pursuant to which Tiger Finance made loans, advances and provided other financial accommodations to the Debtors.

27. As of the Petition Date, the Debtors were jointly and severally indebted and liable to Tiger Finance under the Prepetition ABL Loan Documents in an amount not less than (i) approximately $18.2 million, plus (ii) all costs, fees, expenses (including attorneys' fees and legal expenses) and all other Obligations (as defined in the Prepetition ABL Loan Agreement) accrued, accruing or chargeable in respect thereof or in addition thereto (collectively, the "Prepetition ABL Obligations").

28. Pursuant to the Prepetition ABL Loan Agreement, each Debtor granted senior liens upon and security interests in substantially all of such Debtors' assets to Tiger Finance as security for the Prepetition ABL Obligations.

29. Prior to the Petition Date, certain Events of Default occurred under the Prepetition ABL Loan Agreement, including, without limitation, as a result of the Debtors' breach of: (a)

Section 9.24, given the failure by the Debtors to deliver, on or before February 29, 2024, a complete confidential information memorandum outlining the sale/refinancing opportunity and proposed transaction; (b) Section 9.26(a), given the failure by the Debtors to deliver to Tiger Finance, on or before March 29, 2024, either (i) a letter of intent providing for the sale or other disposition of all or substantially all of the Debtors' assets providing for a sale/refinancing, or (ii) an approved restructured business plan demonstrating the Debtors' solvency and ability to operate as a going concern; and (c) Section 9.26(b)(iii), given the failure by the Debtors to enter into, on or before March 29, 2024, an asset purchase or agency agreement with an approved liquidator to be used as a backup bid for the sale/refinancing, in each case constituting an Event of Default under Section 10.1(c) of the Prepetition ABL Loan Agreement.

30. On April 16, 2024, the Debtors and Tiger Finance entered into a Forbearance Agreement to address the ongoing Events of Default ("Forbearance Agreement"). Pursuant to the Forbearance Agreement, Tiger Finance agreed to forbear from exercising certain remedies available to it on account of the occurrence and continuation of the Events of Default under the Prepetition ABL Loan Agreement, subject to the terms and conditions contained in the Forbearance Agreement. The Forbearance Agreement expired on May 8, 2024, at 11:59 p.m. (prevailing Eastern Time).

B. General Unsecured Creditors

31. As of the Petition Date, the Debtors believe that unsecured claims against the Debtors are in excess of $20 million. Unsecured claims against the Debtors include (a) accrued and unpaid trade and other unsecured debt incurred in the ordinary course of the Debtors' business, (b) unpaid amounts owed to the Debtors' vendors, and (c) claims for unpaid rent and other obligations under the Debtors' leases.

C. Equity Interests

32. The Debtors are controlled by one or more members of the Ash family. The board of directors of Sam Ash Music Corporation is responsible for governing the Debtors' business and affairs. The Debtors are privately held, and the members of the board of directors of Sam Ash Music Corporation are the following members of the Ash family: David Ash, Richard Ash, and Ben Ash.

IV. THE NEED FOR CHAPTER 11 RELIEF AND THE EVENTS COMPELLING THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. Weakened Operating Performance

33. The Debtors, like many other retail companies, have faced a challenging commercial environment over the past several years. The Debtors' challenges were exacerbated by the COVID-19 pandemic and a shift in customer preferences away from physical retail stores and toward online-only stores. Given the Debtors' substantial brick-and-mortar retail presence, their business has been heavily dependent on in-store traffic, which was eliminated during the pandemic and has materially declined in recent years. The Debtors' financial condition is weighed down by a store footprint that is disproportionate to market demands. As a result, the Debtors have seen meaningful revenue decline for the past five years.

B. Landlord and Vendor Issues

34. Due to the deterioration of retail operations and insufficient liquidity, the Debtors did not pay any portion of rent on most of their stores for the months of April and May 2024. During this time, the Debtors also significantly curtailed payments to the majority of their vendors. As a result, several vendors held deliveries of merchandise and ultimately conditioned delivery on cash or very short-term payment terms. Moreover, some vendors refused to ship at all until the

Debtors paid for all arrearages. The inability to receive a continuous flow of inventory negatively impacted store sales and e-commerce.

35. Although the Debtors' landlords largely were initially understanding of the Debtors' inability to pay rent, as time passed the Debtors' landlords began taking a more aggressive posture. In some instances, the Debtors and their advisors at A&G were able to negotiate consensual modifications to existing leases. Notwithstanding those efforts, it eventually became clear that the Debtors would require the protections afforded by the Bankruptcy Code to prevent landlords from pursing eviction proceedings to judgment and exercising self-help to terminate the Debtors' leases and/or attempt to seize the Debtors' inventory to satisfy rents due.

36. As of the Petition Date, the Debtors are facing a handful of eviction or similar lawsuits resulting from the non-payment of rent. In addition, one landlord locked the Debtors out from operating in a particular location. Lastly, numerous other threats have persisted from landlords, which the Debtors expect would, without the commencement of these Chapter 11 Cases, result in many more landlords formally pursuing their full exercise of rights and remedies.

C. The Debtors' Attempts to Restructure and Pursuit of Strategic Alternatives

37. In November 2023, SCP was hired to help with a turnaround of the business and pursue other value maximizing alternatives, which was to be focused on closing unprofitable retail locations under the terms of their leases, and growing the Debtors' Samson and e-commerce businesses.

38. Due to the Events of Default under the Tiger Finance facility that followed, the Debtors' continuing lagging retail results and revenue declines, and the lack of additional financial resources to tap into, it became immediately obvious that my appointment as a CRO was necessary and an in-court restructuring was essential to achieve a long-term solution to the Debtors' financial distress.

39. In the weeks leading to the Petition Date, I have worked determinedly with vendors, landlords, and potential strategic partners in the hopes of sustaining the business so that a strategic transaction can be consummated with the protection of the chapter 11 process. I also worked with the Debtors' other advisors and the case stakeholders to secure the Stalking Horse APA and the DIP Credit Agreement, and to plan for these Chapter 11 Cases in order to consummate the proposed Sale Transaction.

D. Proposed Course of the Chapter 11 Cases

40. The Debtors believe, in the exercise of their business judgment, that consummation of the Sale Transaction (subject to any higher or otherwise better offers that result from the auction) will provide the best process under the circumstances to maximize value for their stakeholders. The Debtors will utilize cash collateral and proceeds of the DIP Facility proposed by the DIP Credit Agreement, having obtained the consent of Tiger Finance for each. Consensual use of cash collateral and the proceeds of the DIP Facility will provide the Debtors with sufficient liquidity to operate during the chapter 11 process, with revenue from operations and the store closing sales projected to be sufficient to support continued operations and the administrative expenses of the Chapter 11 Cases, as well as reduce the balance owed to Tiger Finance.

V. FIRST DAY MOTIONS

41. To minimize the adverse effects of the commencement of these Chapter 11 Cases in a way that will allow the Debtors' to maximize value of their estates, the Debtors have filed a number of First Day Motions designed to facilitate their transition into Chapter 11.

42. I anticipate that the Court will conduct a hearing soon after the Petition Date at which the Court will hear and consider many of the First Day Motions. Many of the First Day Motions seek authority to pay certain pre-petition claims. I understand that Rule 6003 of the Federal Rules of Bankruptcy Procedure provides, in relevant part, that the Court shall not consider

motions to pay pre-petition claims during the first twenty-one days following the filing of a chapter 11 petition, except to the extent that the relief requested is necessary to avoid immediate and irreparable harm. In light of this requirement, the Debtors have narrowly tailored their requests for immediate authority to pay pre-petition claims to instances where the failure to pay such claims would cause immediate and irreparable harm to themselves and their estates. Other relief will be deferred for consideration at a later hearing.

43. I have reviewed each of the First Day Motions with the Debtors' counsel and the facts stated therein are true and correct to the best of my knowledge, information, and belief. I believe that the relief sought in each of the First Day Motions is tailored to meet the goals described above, is necessary and critical to the Debtors' liquidation efforts, and is in the best interests of the Debtors' estates and creditors. A detailed discussion of the facts supporting, and the relief requested, in each of the First Day Motions is included in the attached **Exhibit A**. I hereby adopt and affirm the factual representations contained in each of the First Day Motions.

VI. CONCLUSION

44. This declaration describes the factors that have precipitated the commencement of the Chapter 11 Cases and demonstrates the critical need for the Debtors to obtain the relief sought in the First Day Motions.

I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed this 8th day of May, 2024

/s/ Jordan Meyers
JORDAN MEYERS
CHIEF RESTRUCTURING OFFICER

EXHIBIT A

EVIDENTIARY SUPPORT FOR FIRST DAY MOTIONS[1]

Administrative and Procedural First Day Motions

A. Debtors' Application for Expedited Consideration of First Day Matters

1. The Debtors request entry of an Order granting expedited consideration of their First Day Motions. I believe that the relief requested in this application is essential to avoid any disruption the commencement of these Chapter 11 Cases may have on the Debtors, will facilitate the Debtors' orderly transition into Chapter 11, and will preserve the value of the Debtors' assets. Accordingly, I respectfully submit that the Debtors' request for expedited consideration of the First Day Motions be approved.

B. Debtors' Motion Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief

2. The Debtors request entry of an Order jointly administering these Chapter 11 Cases for procedural purposes only and request that the Court instruct the Clerk of Court to make an entry on each Debtor's docket reflecting the joint administration of these Chapter 11 Cases. Each of the Debtors is "affiliated" with the others as defined by section 101(2) of the Bankruptcy Code. Joint administration of these cases will avoid the unnecessary time and expense of drafting, filing, and serving duplicative motions, applications, orders, and other papers and related notices in each case. Moreover, joint administration will relieve this Court of the burden of entering duplicative orders and maintaining duplicative dockets and files and will ease the burden on the U.S. Trustee in supervising these cases. The Debtors also request authority to file the monthly operating reports in the lead Debtor's case. I respectfully submit that joint administration will save

[1] Capitalized terms used but not defined in this Exhibit A have the meanings ascribed to them in the First Day Declaration and their respective First Day Motions.

considerable time and expense for all parties-in-interest and this Court and the relief requested should be granted.

C. Debtors' Motion for Entry of an Order (I) Establishing Certain Notice, Case Management, and Administrative Procedures and (II) Granting Related Relief

3. The Debtors request entry of an order (a) authorizing, but not directing, the Debtors to designate the Chapter 11 Cases as complex cases pursuant to the Court's *General Order Governing Procedures for Complex Chapter 11 Cases*, dated November 25, 2009 and (b) approving and implementing certain notice, case management, and administrative procedures. There are hundreds of creditors and over one thousand parties in interest in these Chapter 11 Cases. Providing notice of all pleadings and other papers filed in these Chapter 11 Cases to each of these parties would be extremely burdensome and costly to the Debtors' estates. The costs of photocopying, postage, and other expenses associated with such large mailings would be excessive and practically prohibitive. The relief sought in this Motion is tailored to address such concerns while simultaneously ensuring timely notification to those parties actively participating in these cases or those parties whose rights are directly affected by a given matter.

4. These Chapter 11 Cases would be administered most efficiently as complex chapter 11 cases. I believe that the relief requested in the application will enable the Debtors to continue to operate their businesses in a streamlined fashion and allow the U.S. Trustee and other parties-in-interest to monitor these Chapter 11 Cases with greater ease and efficiency. Accordingly, I respectfully submit that relief requested should be granted.

D. Debtors' Motion Seeking Entry of an Order Extending Time to (I) File Schedules and Statements and (II) Granting Related Relief

5. The Debtors request entry of an order granting a 21-day extension of the time to file their Schedules and Statements for a total of 35 days after the Petition Date without prejudice

their right to request additional time. Preparing the Schedules and Statements will require the Debtors' employees and professionals to devote substantial time and effort to analyzing the Debtors' various constituencies on an entity-by-entity basis. Given the size and complexity of their operations, the Debtors anticipate that they will be unable to complete their Schedules in the fourteen days provided under Bankruptcy Rule 1007(c) and that it would be unnecessarily burdensome to attempt to do so during the first fourteen days of these Chapter 11 Cases. I believe that the extension requested is in the best interests of the Debtors' estates, creditors, and all parties-in-interest, and will enable the Debtors to continue to operate their business in chapter 11 without disruption. Accordingly, I respectfully submit that the Court should grant the Debtors' motion seeking an extension of time in which to file their Schedules and Statements.

E. Debtors' Application Pursuant For Entry of an Order (I) Authorizing the Appointment of Epiq Corporate Restructuring, LLC as Claims and Noticing Agent Effective as of the Petition Date and (II) Granting Related Relief

6. The Debtors seek entry of an Order appointing Epiq Corporate Restructuring, LLC ("Epiq") as claims and noticing agent in these Chapter 11 Cases because it has significant experience in both the legal and administrative aspects of large, complex chapter 11 cases and its professionals have experience in noticing, claims administration, solicitation, balloting, and facilitating other administrative aspects of chapter 11 cases and experience in matters of this size and complexity. I believe that Epiq's appointment is the most effective and efficient manner of noticing creditors and parties-in-interest of the filing of and developments in these cases. In addition, Epiq will transmit, receive, docket and maintain proofs of claim filed in connection with these cases. Accordingly, I believe that the appointment of Epiq to act as an agent of this Court is

in the best interests of the Debtors' estates, their creditors, and all parties-in-interest and respectfully submit that the Court should grant the Debtors' motion to appoint Epiq.[2]

F. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) File a Consolidated List of the Debtors' 30 Largest Unsecured Creditors, (B) File a Consolidated List of Creditors in Lieu of Submitting a Separate Mailing Matrix for Each Debtor, and (C) Redact Certain Personally Identifiable Information, and (II) Granting Related Relief

7. The Debtors seek entry of an order (a) authorizing, but not directing, the Debtors to (i) file a consolidated list of the Debtors' thirty (30) largest unsecured creditors in lieu of filing separate creditor lists for each Debtor, (ii) file a consolidated list of creditors in lieu of submitting a separate mailing matrix for each Debtor, and (iii) redact certain personally identifiable information. Requiring the Debtors to segregate and convert their computerized records to a Debtor-specific creditor matrix format would be burdensome, result in duplicate mailings, and could increase the risk of errors in translating the Debtors' computerized information into a .txt mailing matrix. Separately, filing a single consolidated list of the Debtors' combined 30 largest unsecured creditors in these Chapter 11 Cases would be more reflective of the unsecured creditor body than filing separate lists for each of the Debtors. Finally, to alleviate the administrative and economic burdens that these Chapter 11 Cases may impose upon the Court and the Clerk's office, the Debtors propose that Epiq undertake all mailings directed by this Court or the U.S. Trustee or required by the Bankruptcy Code or Bankruptcy Rules. Epiq will, among other things, serve the notice of commencement of these Chapter 11 Cases, thus ensuring that all creditors and parties-in-interest receive timely and proper notice of filing of the Debtors' petitions as well as the date, time, and location for the first meeting of creditors pursuant to section 341 of the Bankruptcy

[2] The Debtors intend to file a subsequent application to retain Epiq to perform certain administrative services under section 327 of the Bankruptcy Code.

Code. In sum, I respectfully submit that the Court should grant the relief requested in this motion in order to alleviate unnecessary administrative burdens during the course of these Chapter 11 Cases.

Operational First Day Pleadings

A. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, (II) Granting Administrative Expense Status to Postpetition Intercompany Claims, and (III) Granting Related Relief (the "Cash Management Motion")

8. In the Cash Management Motion, the Debtors seek entry of interim and final orders: (a) authorizing the Debtors to (i) continue to operate their Cash Management System, (ii) honor certain prepetition obligations related thereto, (iii) maintain existing business forms, and (iv) continue to perform Intercompany Transactions consistent with historical practice; (b) granting administrative expense status to postpetition Intercompany Claims; and (c) granting related relief.

9. In the ordinary course of business, the Debtors maintain an integrated network of bank accounts that provides well-established mechanisms for the collection, concentration, management, and disbursement of funds used in the Debtors' businesses which collectively is the Cash Management System. The Cash Management System is comparable to the cash management systems used by other similarly-sized companies to manage cash flow in a cost effective, efficient manner. The Debtors make and receive thousands of payments per week and millions of dollars in cash flows through the Cash Management System annually. The Debtors generally record collections, transfers, and disbursements as they are made in the ordinary course. The Cash Management System facilitates the Debtors' cash monitoring, forecasting, and reporting and enables the Debtors to maintain control and daily oversight over their bank accounts.

10. The Debtors request authority to continue their Cash Management System as requiring the Debtors to adopt a new, segmented cash management system during these Chapter 11 Cases would be expensive, burdensome, and unnecessarily disruptive to the Debtors' operations. Importantly, the Cash Management System provides significant benefits to the Debtors, including, among other things, the ability to (a) track and control corporate funds, (b) ensure the maximum availability of funds when and where necessary, and (c) reduce administrative expenses by facilitating the movement of funds and the development of more timely and accurate account balance information. Any disruption of the Cash Management System could have a negative effect on the Debtors' efforts to maximize value during these cases.

11. Maintaining the current Cash Management System will facilitate the Debtors' transition into chapter 11 by, among other things, minimizing delays in paying post-petition debts and eliminating administrative inefficiencies. Maintaining the current Cash Management System will also allow the Debtors' Treasury and accounting employees to focus on their daily responsibilities.

12. Accordingly, for the reasons set forth herein and in the Cash Management Motion, I respectfully submit that the relief requested in the Cash Management Motion is in the best interests of the Debtors, their estates, and all parties-in-interest and will enable the Debtors to continue to operate their businesses and preserve the value of their estates. Absent the relief requested, the Debtors and their estates would suffer immediate and irreparable harm.

B. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Payment of Certain Prepetition Taxes and Fees and (II) Granting Related Relief (the "Tax Motion")

13. In the Tax Motion, the Debtors request entry of interim and final orders authorizing, but not directing, the payment of certain taxes and fees, including, sales and use taxes,

franchise and other business taxes, property taxes, regulatory taxes and fees, and U.S. customs duties in the ordinary course of business and without regard to whether such obligations accrued or arose before or after the Petition Date.

14. In the ordinary course of business, the Debtors (a) incur and/or collect taxes, including sales, use, property, business, income, and miscellaneous taxes, in the operation of their businesses (collectively, the "Taxes"),[3] (b) incur customs and import duties, business and licensing fees, permit fees and other assessments, fees and charges (collectively, the "Fees") necessary to operate their businesses, and (c) pay and remit such Taxes and Fees to various federal, state, and local taxing, licensing, administrative, and governmental or similar authorities (collectively, the "Authorities"). The Debtors pay and remit the Taxes and Fees at various intervals throughout the year, including monthly, quarterly, semi-annually, or annually, in each case as required by applicable laws, rules, or regulations. The Debtors estimate that approximately $1,105,000 in Taxes and Fees is outstanding as of the Petition Date

15. Any failure by the Debtors to pay the Taxes and Fees could materially disrupt the efficient administration of these chapter 11 cases in several ways, including (but not limited to): (a) the Authorities may initiate audits of the Debtors, which would unnecessarily divert the Debtors' attention from these chapter 11 cases; (b) may result in increased tax liability for the Debtors if interest and penalties accrue on the unpaid Taxes and Fees; (c) the Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay, and/or pursue other remedies that would harm the estates; and (d) in certain instances, the Debtors' directors and

[3] For purposes of this motion, the term Taxes does not include state and federal employee withholding taxes. The Debtors are seeking authority to pay such taxes as part of the *Debtors' Motion For Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* filed concurrently herewith.

officers could be subject to claims of personal liability, which would likely distract those key individuals from their duties related to the Debtors' chapter 11 cases. Additionally, failure to pay Taxes and Fees when due may result in fines and penalties, the accrual of interest, or in addition, nonpayment of the Taxes and Fees may give rise to priority claims under section 507(a)(8) of the Bankruptcy Code.

16. The Debtors' timely payment of the Taxes and Fees is critical to maintaining the value of the Debtors' estates. For the reasons set forth herein and in the Tax Motion, I respectfully submit that the relief requested in the Tax Motion is in the best interest of the Debtors' estates and creditors. Absent the relief requested in the Tax Motion, the Debtors and their estates could suffer immediate and irreparable harm.

C. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief (the "Wages Motion")

17. In the Wages Motion, the Debtors seek entry of interim and final orders: (i) authorizing the Debtors to (a) pay prepetition employee wages, salaries, other compensation, and reimbursable employee expenses, and (b) continue employee benefits programs; and (ii) granting related relief.

18. In the course of their business, the Debtors employ approximately 830 Employees consisting of full-time, part-time, and intermittent Employees whose hours vary on a seasonal or project-by-project basis. Specifically, the Debtors employ approximately 671 full-time and 159 part-time Employees. The Debtors estimate that $900,000 of Employee Wage Obligations have accrued and remain unpaid as of the Petition Date, in addition to any other outstanding obligations under the Employee Wages and Benefits Programs and described in the Wages Motion.

19. In order to ensure that the Debtors can continue to provide their customers with the highest levels of service, maintain high Employee morale and low attrition rates, and minimize the personal hardship to Employees, the Debtors in the Wages Motion seek to continue to pay and honor prepetition Employee Wages and Benefits Programs. In addition, to ensure the Debtors can continue to provide the highest level of service to their customers during these chapter 11 cases, the Debtors seek authority to continue to pay and honor prepetition obligations owing to certain staffing companies.

20. Payment of the Employee Obligations is warranted in these chapter 11 cases. The majority of the Employees rely exclusively on payment of the Employee Obligations to satisfy their daily living expenses. Consequently, Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor unpaid Employee Obligations. Additionally, continuing ordinary course benefits will help maintain Employee morale and minimize the adverse effect of the commencement of these chapter 11 cases on the Debtors' business operations.

21. The Employees provide the Debtors with services necessary to conduct the Debtors' business, and the Debtors believe that, absent the Debtors timely honoring the Employee Obligations, the Debtors may experience turnover and instability at this critical time in these chapter 11 cases. Without timely honoring the Employee Obligations, the Employees may become demoralized and unproductive because of the potential significant financial strain and other hardships these Employees face. Such Employees may then elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtors' business is tied to their workforce, which cannot be replaced without significant efforts—efforts that might not be successful given the overhang of these chapter 11 cases. Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario. Honoring the prepetition

obligations with respect to the Employee Obligations, including making timely payments as applicable on account thereof, is a necessary and critical element of the Debtors' efforts to preserve value and will give the Debtors the greatest likelihood of retention of their Employees as the Debtors seek to operate their business in these chapter 11 cases.

22. Accordingly, for the reasons set forth herein and in the Wages Motion, I respectfully submit that the relief requested in the Wages Motion is in the best interests of the Debtors, their estates, and all parties-in-interest and will enable the Debtors to continue to operate their businesses and preserve the value of their estates. Absent the relief requested, the Debtors and their estates would suffer immediate and irreparable harm.

D. Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to (I) Maintain Insurance and Surety Coverage Entered Into Prepetition and Pay Related Prepetition Obligations, (II) Continue to Pay Certain Brokerage Fees, and (III) Renew, Supplement, Modify or Purchase Insurance and Surety Coverage in the Ordinary Course of Business (the "Insurance Motion")

23. In the Insurance Motion, the Debtors seek entry of interim and final orders: (a) authorizing the Debtors to (i) pay their obligations under insurance programs entered into prepetition, (ii) continue to pay brokerage fees, (iii) renew, supplement, modify, or purchase insurance coverage, and (iv) maintain the Surety Bond Program, and (b) granting related relief.

24. With the assistance of their Insurance Broker, the Debtors procured twenty (20) insurance programs and related insurance policies that are administered by several third-party insurance carriers. The Insurance Programs provide coverage for, among other things, general liability, directors' and officers' liability, employment practices liability, fiduciary liability, commercial general liability, property liability, earthquake, specialty crime, cyber, employers' liability, workers' compensation, auto, cargo, and an umbrella or excess liability insurance programs. On an annual basis, the Debtors pay approximately $1.3 million on account of Insurance

Premiums. The Debtors generally pay the Insurance Premiums, as a combination of full payments and/or down payment with monthly payments. While the Debtors believe they are current on their obligations, it is anticipated that certain Insurance Premiums will become due and owing during these Chapter 11 Cases. In addition, in the ordinary course of business, the Debtors provide Surety Bonds to certain third parties, often government customs agencies, to secure the Debtors' payment or performance of certain obligations related to the operation of their businesses. The Debtors currently maintain ten (10) Surety Bonds. As of the Petition Date, the Debtors do not owe any amounts on account of the Surety Bond Program.

25. The nature of the Debtors' business and these chapter 11 cases render it essential for the Debtors to maintain their Insurance Programs and Surety Bond Program, as applicable, on an ongoing and uninterrupted basis. The non-payment of any premiums, the Self-Funded Obligations, or related fees under the Insurance Programs and Surety Bond Program, as applicable, could result in one or more of the Insurance Carriers or the Sureties terminating or declining to renew the Insurance Programs or Surety Bond Program or refusing to enter into new insurance policies or surety bonds with the Debtors. If any of the Insurance Programs or the Surety Bond Program lapse, the Debtors could be exposed to substantial liability or property damages, to the detriment of all parties in interest.

26. In addition, the risk that eligible claimants under the Workers' Compensation Program will not receive timely payments for prepetition employment-related injuries could have a negative impact on the financial well-being and morale of the Debtors' employees and lead to the departure of certain employees. Such departures by employees at this critical time may result in the disruption of the Debtors' business with a substantially adverse impact on the Debtors, the value of their assets, and these chapter 11 cases. Moreover, in many instances, the coverage

provided under the Insurance Programs is required by the regulations, laws, and contracts that govern the Debtors' commercial activities, including the operating guidelines issued by the Office of the United States Trustee for the District of New Jersey.

27. Accordingly, for the reasons set forth herein and in the Insurance Motion, I respectfully submit that the relief requested in the Insurance Motion is in the best interests of the Debtors, their estates, and all parties-in-interest and will enable the Debtors to continue to operate their businesses and preserve the value of their estates. Absent the relief requested, the Debtors and their estates would suffer immediate and irreparable harm.

E. Debtors' Motion or Entry of Interim and Final Orders (I) Approving the Debtors' Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Services, (III) Approving the Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (IV) Granting Related Relief ("Utility Motion")

28. Pursuant to the Utility Motion, the Debtors seek entry of interim and final orders (i) approving the Debtors' proposed form of adequate assurance of payment to utility providers, (ii) establishing procedures for determining adequate assurance of payment for future utility services, and (iii) prohibiting utility providers from altering or discontinuing utility service on account of an outstanding prepetition invoice.

29. In the ordinary course of their business, the Debtors receive utility services from various Utility Providers for, among other things, electricity, natural gas, water, and telecommunications services. The Utility Providers include, without limitation, the entities set forth on the Utility Service List, a copy of which is attached as Exhibit A to the Utility Motion. On average, the Debtors spend approximately $352,000 each month on utility costs. The Debtors intend to pay post-petition obligations owed to the Utility Providers in a timely manner. The Debtors expect that cash flows from operations will be sufficient to pay post-petition utility

obligations in the ordinary course of business. Nevertheless, the Debtors propose to deposit in the Adequate Assurance Account, within twenty (20) days following entry of an interim order granting the Utility Motion, an Adequate Assurance Deposit for each Utility Provider that the Debtors pay directly (less any amounts already on deposit with any such Utility Provider that have not been applied to outstanding prepetition amounts), based on the Debtors' average usage for the twelve-month period ending March 31, 2024. As of the Petition Date, the Debtors estimate that the Adequate Assurance Deposit will total approximately $161,024.49 and believe such deposit provides adequate assurance of payment as required by section 366 of the Bankruptcy Code.

30. Through the Utility Motion, the Debtors also seek orders approving the Proposed Adequate Assurance Procedures in connection therewith. These procedures will allow Utility Providers to request additional adequate assurance for unpaid utility services if they believe the proposed amount is insufficient.

31. Preserving utility services on an uninterrupted basis is essential to the Debtors' operations. Any interruption in utility services, however brief, would seriously disrupt the Debtors' ability to continue operations and service their customers. This disruption would adversely impact customer relationships and would result in a decline in the Debtors' revenues. Such a result could jeopardize the Debtors' efforts to maximize value for the benefit of their creditors. Therefore, it is critical that utility services continue uninterrupted during these Chapter 11 Cases. I am advised that if the Adequate Assurance Procedures are not approved, the Debtors may be (and I believe likely will be) confronted with and forced to address numerous requests by their Utility Providers at a critical point in their Chapter 11 Cases. Moreover, the Debtors could be blindsided by a Utility Provider unilaterally deciding—on or after the 30th day following the Petition Date—that it is not adequately protected and either making an exorbitant demand for payment to continue service or

electing to discontinue service to the Debtors altogether. Such an outcome could seriously jeopardize the Debtors' operations, asset values, and ability to maximize recoveries to their stakeholders.

32. Accordingly, for the reasons set forth herein and in the Utilities Motion, I respectfully submit that the relief requested in the Utilities Motion is necessary and in the best interests of the Debtors' estates, their creditors, and all parties-in-interest and will enable the Debtors to continue to operate their business and to safeguard the value of their estates.

F. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto, and (II) Granting Related Relief (the "Customer Programs Motion")

33. In the Customer Programs Motion, the Debtors seek entry of interim and final orders: (a) authorizing the Debtors to maintain and administer their Customer Programs as described in the Customer Programs Motion and to honor certain prepetition obligations related thereto; and (b) granting related relief.

34. In the ordinary course of business, the Debtors engage in certain marketing and sales practices that are, among other things, targeted to develop and sustain the Debtors' positive reputation for their manufacturing and retailing of musical instruments and related equipment, and designed to attract new customers and reward and provide incentives to existing customers. The Customer Programs include (a) coupons and sales promotions, (b) a rental program, (c) a gift card/store credit program, (d) a return, refund, and exchange program, (e) third-party purchase programs, (f) Sam Ash Music extended service programs, (g) Samson warranty program, and (h) credit card processing programs.

35. Customer programs, similar to those described in the Customer Programs Motion, are standard in the retail and wholesale industries and, specifically, in the musical instrument and

equipment industry. Without the ability to continue the Customer Programs and to satisfy prepetition obligations in connection therewith, the Debtors risk losing customer loyalty, goodwill, and market share. The Debtors' ability to continue the Customer Programs and honor prepetition obligations related thereto during the pendency of the Chapter 11 Cases is necessary to keep the Debtors' reputation intact, meet competitive market pressures, ensure customer satisfaction and, ultimately, maximize value for the Debtors' estates and their stakeholders. Simply put, the Debtors' customers and their loyal support are essential to the Debtor's businesses.

36. Accordingly, for the reasons set forth herein and in the Customer Programs Motion, I respectfully submit that the relief requested in the Customer Programs Motion is in the best interests of the Debtors, their estates, and all parties-in-interest and will enable the Debtors to continue to operate their businesses and preserve the value of their estates. Absent the relief requested, the Debtors and their estates would suffer immediate and irreparable harm.

G. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Assume and Perform Under the Consulting Agreement, (II) Approving Procedures for the Sale of Inventory, (III) Approving Modifications to Certain Customer Programs, and (IV) Granting Related Relief (the "Sale Procedures Motion")

37. In the Sale Procedures Motion, the Debtors seek entry of Interim and Final Orders: (I) authorizing the Debtors to (a) assume the Consulting Agreement with Tiger Capital Group LLC ("Tiger") entered into prepetition, (b) continue conducting closings or similarly themed sales at stores with such Sales to be free and clear of all Encumbrances, and (c) abandon certain personal property, (II) approving (a) proposed Dispute Resolution Procedures to resolve any disputes with governmental units regarding certain applicable non-bankruptcy laws and (b) modifications to certain customer programs, and (III) waiver of Applicable Sale Laws and lease restrictions. Prior to the Petition Date, the Debtors in consultation with their advisors entered into a Consulting

Agreement[4] with Tiger to conduct liquidation sales at certain underperforming retails stores beginning in March 2024. That process was expanded to the Debtors' remaining retail stores on May 2, 2024. The Debtors filed these Chapter 11 Cases with the intent to conduct a going concern sale process for all or some of their assets on an expedited basis while simultaneously continuing the liquidation in their retail stores to monetize their inventory. This dual path process is necessary to maintain optionality, conserve liquidity, and maximize the value of the Debtors' assets.

38. I believe the assumption of the Consultant Agreement is in the best interests of the Debtors' estates, their creditors, and all parties-in-interest in light of the Consultant's knowledge of the Debtors' assets as well as its experience running similar store closing sales. I believe the Consultant will be able to maximize the value of the Store Closure Assets and expeditiously conduct the Store Closing Sales so that the Debtors may assume, assume and assign, or reject their underlying leases as they see fit in the exercise of their business judgment.

39. In addition, I believe the Debtors designed their Sale Procedures in connection with the Sales in a way that will provide the most efficient and organized means of selling the Debtor's inventory to maximize their value, reflect industry standards, and are customary in other retail cases. Similarly, the Debtors seek a waiver of any applicable lease restrictions and certain Applicable Sale Laws, including Liquidation Sale Laws and Fast Pay Laws. The Debtors' ability to conduct the Sales in accordance with the Sale Procedures and without complying with lease restrictions and Applicable State Laws is critical to the Sales' success, in order to avoid time, delay and expense associated with the administrative procedures necessary to comply with such laws or restrictions and to maximize the value of the Sales. Further, compliance with Fast Pay Laws would

[4] A copy of the Consultant Agreement, as amended, is annexed as Exhibit 1 to the proposed interim order granting the Store Closing Motion and the salient terms thereof are summarized in the Store Closing Motion.

require the Debtors to pay terminated employees within a timeframe that would be detrimental to the conduct of these Chapter 11 Cases, if not impossible.

40. The Debtors further seek modification to certain of their customer programs, namely, the gift card and store credit policy and approval of "as is" and "final" sales consistent with the Customer Programs Motion. While I believe it is prudent to continue to honor these policies for a limited period of time, unless a prospective buyer seeks to purchase the Debtors' businesses as a going concern, the Debtors will be required to cease operations and liquidate all remaining assets for the benefit of all stakeholders. Lastly, the Debtors request authority to abandon any burdensome property at the conclusion of their Sales as the costs associated with holding or selling certain property exceeds the proceeds that will be realized upon its sale, or such property is not sellable.

41. In light of the foregoing, and for the reasons set forth in the Sale Procedures Motion, I respectfully submit that the Sale Procedures Motion is in the best interests of the Debtors' estates, their creditors, and all parties-in-interest and should be granted.