

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

AGDP HOLDING INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-11446 (MFW)

(Jointly Administered)

Ref: Docket Nos. 5 & 36

**SUPPLEMENT TO DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL
ORDERS (I) AUTHORIZING DEBTORS TO PAY CERTAIN TAXES AND FEES AND
(II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) respectfully state as follows in this supplement to the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief* [Docket No. 5] (the “Taxes Motion”² and this supplement thereto, the “Supplement”).

1. On August 4, 2025, the Debtors filed the Taxes Motion, which requested, among other things, authority to satisfy Taxes and Fees that arose prior to the Petition Date in the interim amount of up to \$500,000 and in an unlimited amount on a final basis.

2. On August 5, 2025, the Court entered the *Interim Order (I) Authorizing Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief* [Docket No. 36], which authorized the Debtors to pay up to \$500,000 on account of Taxes and Fees.

3. The Taxes Motion indicates that the Debtors remit payment to the State of New York in the amount of \$40,000 per month with respect to certain past due sales taxes (the

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² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Taxes Motion.



“New York Arrangement”). Taxes Motion ¶ 3. The Debtors hereby submit this Supplement to explain in more detail the New York Arrangement, and request relief from the Court with respect to honoring their obligations under the New York Arrangement.³

4. In the years preceding the Petition Date, the Debtors did not timely remit payment of sales taxes owed to the State of New York. As a result, the Debtors owe the State of New York approximately \$2.5 million for past due sales taxes for the second and third quarters of 2023. Through the Taxes Motion and subject to entry of the Final Order, the Debtors seek to continue to honor their obligations under the New York Arrangement throughout the course of these chapter 11 cases.

5. Maintenance of the New York Arrangement will enable the Debtors to preserve the informal negotiated agreement reached between the Debtors and the State of New York and preserve goodwill on a go-forward basis. Moreover, pursuant to section 507(a)(8)(C) of the Bankruptcy Code, these taxes may be entitled to priority treatment requiring payment in full to confirm a chapter 11 plan, and thus continuing the New York Arrangement provides accelerated timing to the State of New York’s recovery rather than an enhanced recovery on the tax claims. Finally, the State of New York may assert that the Taxes and Fees subject to the New York Arrangement are so-called “trust fund” taxes that the Debtors are required to collect from third parties and hold in trust for the benefit of the State of New York, and therefore, such Taxes and Fees may not constitute property of the Debtors’ estates.

³ The budget, attached as Exhibit C to the Court’s *Interim Order Pursuant to Sections 105, 361, 362, 363, 364, 503 and 507 of the Bankruptcy Code (I) Authorizing the Debtors to Obtain Senior Secured Superpriority Postpetition Financing; (II) Granting (A) Liens and Superpriority Administrative Expense Claims and (B) Adequate Protection to Certain Prepetition Lenders; (III) Authorizing Use of Cash Collateral; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* [Docket No. 46] provides for payment of these obligations.

6. For the reasons herein, the Debtors have revised the Proposed Final Order to the Taxes Motion (the “Revised Proposed Final Order”), which is attached hereto as **Exhibit A**, seeking authority to continue the New York Arrangement during these chapter 11 cases, and proposing a final cap of \$800,000 to account for payments under the New York Arrangement and other Taxes and Fees that may become payable in the ordinary course.

7. For the convenience of the Court and other interested parties, a blackline comparing the Revised Proposed Final Order to the Proposed Final Order is attached hereto as **Exhibit B**.

NOTICE

8. Notice of this Supplement to the Taxes Motion has been provided to: (a) the Office of the United States Trustee for the District of Delaware; (b) the holders of the thirty (30) largest unsecured claims against the Debtors; (c) Alter Domus (US) LLC, in its capacity as administrative agent and collateral agent under the Prepetition Financing Agreement and the DIP Facility; (d) counsel to the DIP Lenders and Prepetition Term Loan Lender; (e) counsel to LiveStyle; (f) the United States Attorney’s Office for the District of Delaware; (g) the Internal Revenue Service; (h) the Taxing Authorities; and (i) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank.]

WHEREFORE, the Debtors respectfully request entry of the Revised Proposed Final Order, substantially in the forms attached hereto as **Exhibit A**, granting the relief requested in the Taxes Motion, as supplemented herein, and granting such other relief as is just and proper.

Dated: August 14, 2025
Wilmington, Delaware

**YOUNG CONAWAY STARGATT & TAYLOR,
LLP**

/s/ Sarah Gawrysiak

Edmon L. Morton (No. 3856)
Sean M. Beach (No. 4070)
Kenneth J. Enos (No. 4544)
S. Alexander Faris (No. 6278)
Sarah Gawrysiak (No. 7403)
Evan S. Saruk (No. 7452)
1000 North King Street
Rodney Square
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Email: emorton@ycst.com
sbeach@ycst.com
kenos@ycst.com
afaris@ycst.com
sgawrysiak@ycst.com
esaruk@ycst.com

*Proposed Counsel to the Debtors and Debtors in
Possession*

Exhibit A

Revised Proposed Final Order

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AGDP HOLDING INC., *et al.*,¹

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**FINAL ORDER (I) AUTHORIZING DEBTORS TO PAY
CERTAIN TAXES AND FEES AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of AGDP Holding Inc., and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”), for entry of a final order (this “Final Order”) (i) authorizing the Debtors to remit and pay certain accrued and outstanding prepetition taxes, including sales and use tax, real and personal property tax, income tax, franchise tax, foreign withholding taxes, and similar taxes and fees, and (ii) granting related relief, each as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and this Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of this proceeding and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and appropriate notice of and opportunity for a hearing

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on the Motion having been given; and the relief requested in the Motion being in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The relief requested in the Motion is GRANTED on a final basis as set forth herein.
2. The Debtors are authorized, but not directed, to negotiate, pay, and remit, or otherwise satisfy the Taxes and Fees accrued prior to the Petition Date that will become due and owing in the ordinary course of business during the pendency of these chapter 11 cases, at such time when the Taxes and Fees are payable, in an amount not to exceed \$800,000.00.
3. The Debtors are authorized, but not directed, to timely remit payment to the State of New York pursuant to the New York Arrangement, including any payment that may have come due and owing prior to entry of this Final Order.
4. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.
5. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of the relief set forth herein, and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored as a result of the commencement of these chapter 11 cases.

6. Nothing in this Final Order constitutes (a) an admission as to the validity of any claim against the Debtors; (b) a waiver of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim or interest under applicable law or nonbankruptcy law; (c) a promise or requirement to pay any claim; (d) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; (e) a request for or granting of approval for assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code; or (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates. Any payment made pursuant to this Final Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' or any party in interest's rights to subsequently dispute such claim.

7. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

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

Exhibit B

Blackline

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opportunity for a hearing on the Motion having been given; and the relief requested in the Motion being in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The relief requested in the Motion is GRANTED on a final basis as set forth herein.

2. The Debtors are authorized, but not directed, to negotiate, pay, and remit, or otherwise satisfy the Taxes and Fees accrued prior to the Petition Date that will become due and owing in the ordinary course of business during the pendency of these chapter 11 cases, at such time when the Taxes and Fees are payable. ~~Nothing in this Final Order shall authorize the payment of any past-due Taxes and Fees, in an amount not to exceed \$800,000.00.~~

3. The Debtors are authorized, but not directed, to timely remit payment to the State of New York pursuant to the New York Arrangement, including any payment that may have come due and owing prior to entry of this Final Order.

4. ~~3.~~ The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.

5. ~~4.~~ The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of the relief set forth herein, and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored as a result of the commencement of these chapter 11 cases.

6. ~~5.~~ Nothing in this Final Order constitutes (a) an admission as to the validity of any claim against the Debtors; (b) a waiver of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim or interest under applicable law or nonbankruptcy law; (c) a promise or requirement to pay any claim; (d) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; (e) a request for or granting of approval for assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code; or (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates. Any payment made pursuant to this Final Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' or any party in interest's rights to subsequently dispute such claim.

7. ~~6.~~ Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

8. ~~7.~~ The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

9. ~~8.~~ This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation and enforcement of this Final Order.