

**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)

Related to Docket Nos. 12, 262, 309, 310, 311, 312

**REPLY OF AG ACQUISITION 1 LLC TO THE OBJECTIONS OF THE TVT PARTIES
TO (1) THE DIP MOTION AND (2) THE GLOBAL SETTLEMENT**

AG Acquisition 1 LLC, in its capacities as Prepetition Secured Party, DIP Lender and stalking horse purchaser (“AG Acquisition”), by and through its undersigned counsel, hereby submits this reply to the objections² (collectively, the “TVT Objections”) filed by (a) TVT Capital Source, LLC, Insta Funding, LLC, Pinnacle Business Funding LLC (collectively, the “MCA Funders”) and (b) White Star Funding Inc. d/b/a TVT Cap (“TVT Cap” and together with the MCA Funders, collectively, “TVT”) to the Debtors’ requests for entry of orders (1) granting final approval of the DIP Motion³ and (2) approving the Global Settlement.⁴ In further support of entry

¹ The Debtors in these chapter 11 cases, together with the last four digits of the Debtors’ federal tax identification number, are AGDP Holding Inc. (6504); Avant Gardner, LLC (6504); AG Management Pool LLC (9962); EZ Festivals, LLC (8854); Made Event, LLC (6272); and Reynard Productions, LLC (5431). The Debtors’ service address is 140 Stewart Ave, Brooklyn, NY 11237, Attn: General Counsel.

² See MCA Funders Objection to the Settlement Motion [Docket No. 309] (the “MCA Settlement Objection”); MCA Funders Objection to the DIP Motion [Docket No. 310] (the “MCA DIP Objection”); TVT Cap Objection to the Settlement Motion [Docket No. 311] (the “TVT Cap Settlement Objection”); and TVT Cap Joinder to MCA DIP Objection [Docket No. 312] (the “TVT Cap DIP Objection Joinder”).

³ *Debtors’ Motion for Entry of Interim and Final Orders 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 Providing Superpriority Administrative Expense Claims and (B) Adequate Protection to Certain Prepetition Lenders; (III) Authorizing the Use of Cash Collateral; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* [Docket No. 12] (the “DIP Motion”).

⁴ *Debtors’ Motion Pursuant to Sections 105 and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019 for an Order Approving and Authorizing Settlement by and among the Debtors, Axar Capital Management LP, and the Official Committee of Unsecured Creditors* [Docket No. 262] (the “Settlement Motion” and the settlement attached thereto, the “Global Settlement”).



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of the Proposed Final DIP Order⁵ and Global Settlement Approval Order⁶, AG Acquisition respectfully states as follows:

REPLY

1. The Global Settlement represents the tireless efforts of the Debtors,⁷ the Committee, and affiliates of AG Acquisition to resolve the complicated puzzle of issues in these cases. The Global Settlement (subject to Court approval) positions these Debtors for a successful resolution of plethora of issues that caused these Debtors to seek protection under the provisions of the Bankruptcy Code through confirmation of a liquidating plan that provides for (among other things) (a) payment of all administrative expense claims, (b) payment of all State and Federal priority tax claims, (c) payment of all cure costs associated with assumed contracts and leases, (d) payment of \$3,300,000 to the GUC Trust (of which \$1,050,000 will be funded at closing), (e) delivery of a contingent value right to the GUC Trust allowing creditors to participate in the future value of the Purchaser, and (f) the funding of a \$3,250,000 wind down budget. All of these funds are to be provided by the Purchaser pursuant to the Settlement, the Asset Purchase Agreement and ultimately the liquidating plan.

2. In the meantime, pending closing, the Purchaser continues to provide the Debtors with loans under the DIP Facility to fund continuing operations and the administrative costs of the Chapter 11 cases. As the Court certainly recognizes, the Proposed Final DIP Order is an integral piece of that puzzle by providing the necessary funding to the Debtors so the Sale can be

⁵ Notice of Filing of Proposed Final DIP Order [Docket No. 316] (the “Proposed Final DIP Order”).

⁶ Exhibit A to the Settlement Motion (the “Global Settlement Approval Order”).

⁷ Capitalized terms used but not elsewhere defined herein shall having the meaning ascribed to them in the Global Settlement.

consummated, the Debtors can conclude these Chapter 11 cases, and all of the Debtors' creditors can receive the benefits of the negotiated bargain under the Settlement.⁸

3. TVT's Objections fail to appreciate just how fragile this puzzle truly is, and what the risks of litigation would be. When we unpack the TVT Objections, it is clear the TVT Objections represent nothing more than a last-ditch attempt by a disgruntled unsecured creditor to hold up the Court's approval of all of the integral pieces to this puzzle in an effort to exert leverage relative to the pending Adversary Proceeding.⁹ It comes as no surprise that TVT proposes no alternative to the DIP Facility and Settlement that would result in greater recoveries for creditors and the Debtors' estates. Rather, its suggested alternative is protracted litigation with an extraordinarily high likelihood of failure.¹⁰

4. Of course, there are other reasons why the TVT Objections should be overruled. ***First***, TVT seeks to invoke unsubstantiated allegations raised by the Committee and alleges it will be harmed by entry of the Proposed Final DIP Order and the Global Settlement Approval Order unless such allegations are further investigated. But, TVT adopts the Committee's allegations (which the Committee has now agreed to settle) without its own further research into the allegations, diligence or additional evidence. Further, TVT fails to appreciate that AG Acquisition and its affiliates deny all of the allegations made by the Committee (and adopted by TVT) and

⁸ Ironically, the largest beneficiaries of the Prepetition Secured Parties' prepetition funding since May 1, 2025 and the DIP financing are the TVT Parties. While the Prepetition Secured Parties (and now DIP Lenders) have been funding all of the costs of the Debtors' operations, the TVT Parties have been siphoning all of the food and beverage revenue generated from those operations. Prepetition, this resulted in the TVT Parties recovery of approximately \$3,700,000, and post-petition the establishment of a segregated account now holding more than \$2,000,000.

⁹ *AGDP Holding Inc. v. TVT Capital Source LLC*, Adv. P. No. 25-51803 (MFW) (the "Adversary Proceeding").

¹⁰ TVT shrugs off this risk of litigation saying that the facts relating to Axar's conduct are so clear that equitable subordination is a foregone conclusion. That assertion, however, is admittedly based not on facts but rather simply bootstraps on allegations made by the Committee which the Committee has since concluded could present significant risk in litigation.

would vigorously defend themselves in any litigation. TVT also lacks a clear appreciation for the exigencies of these cases and the need for the Debtors to pursue an expedited sale of their assets in order to maximize value for all parties in interest. The Settlement Parties were keenly aware of the facts of these cases and made informed judgments, after conducting their own diligence, consistent with their fiduciary duties (where applicable), about the merits and likelihood of success of litigation (the first and third *Martin* factors). TVT apparently wants this Court to accept its uninformed judgment for the informed judgment of the Debtors and the Committee (thus implicitly chiding the Committee for not properly exercising its fiduciary duties to all creditors).

5. ***Second***, the TVT Objections completely mischaracterize the true value of the Settlement. As indicated above, not only does the Settlement provide a recovery for unsecured creditors that they would not likely receive under any other scenario, but also provides for payments to a vast array of constituents throughout the Debtors' capital structure, including administrative claimants, taxing authorities, and other claimants such as those with valid and enforceable mechanics liens and cure claims. Thus, the true value of the Settlement is exponentially higher than as portrayed by TVT.

6. ***Third***, TVT's call for delay pending resolution of the Adversary Proceeding and further investigation fail to take account of the material business risks attendant to staying in chapter 11 any longer than absolutely necessary. In order to maximize the value of the Debtors assets (which in turn supports the payments Purchaser has agreed to make to fund creditor distributions and pay other costs), the Sale must be approved so that the Purchaser can proceed with the extensive remediation necessary to rebuild the Mirage in a manner consistent with Department of Buildings requirements and obtain related licenses (including from the State Liquor

Authority). Any delay in approval of the Sale will adversely affect the fundamental assumptions underlying the Purchaser business plan and realization of value.

7. ***Lastly***, as noted above, if the Settlement, the DIP Facility and the Sale are not approved, in response to TVT's allegations of misconduct on the part of Axar, AG Acquisition and its affiliates (including Axar) will vigorously defend and contest any challenge brought by any claimant (including TVT). The Committee concluded that proving its case would be sufficiently difficult and that settlement on the terms of the Settlement was in the best interests of the estates and creditors. The Debtors, through their Special Committee, reached the same conclusion. TVT's attempt to advance their parochial interests to the detriment of all other creditors of these estates should not be countenanced.

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8. Based upon the foregoing, AG Acquisition believes that the Proposed Final DIP Order and the Global Settlement should be approved. None of the issues raised by the TVT justify denial of the requested relief.

Dated: October 17, 2025
Wilmington, Delaware

MCDERMOTT WILL & SCHULTE LLP

/s/ David R. Hurst

David R. Hurst (I.D. No. 3743)
Andrew A. Mark (I.D. No. 6861)
The Brandywine Building
1000 N. West Street, Suite 1400
Wilmington, Delaware 19801
Telephone: (302) 485-3900
Fax: (302) 351-8711
Email: dhurst@mwe.com
amark@mwe.com

-and-

Adam C. Harris (admitted *pro hac vice*)
Reuben E. Dizengoff (admitted *pro hac vice*)
919 Third Avenue
New York, New York 10022
Telephone: (212) 756-2000
Fax: (212) 593-5955
Email: adam.harris@srz.com
reuben.dizengoff@srz.com

Counsel for AG Acquisition I LLC