

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION**

In re:

AFH AIR PROS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

**SUPPLEMENTAL DECLARATION OF ANDREW D.J. HEDE IN SUPPORT OF
CONFIRMATION OF THE SECOND AMENDED CHAPTER 11 PLAN OF
LIQUIDATION OF AFH AIR PROS, LLC AND ITS DEBTOR AFFILIATES**

I, Andrew D.J. Hede, pursuant to 28 U.S.C. § 1746 and under penalty of perjury, declare the following to the best of my knowledge, information, and belief:

1. I am a Senior Managing Director of Accordion Partners, LLC (“Accordion”) and Head of Accordion’s Turnaround & Restructuring Practice. I have over 30 years of financial and operational transformation and restructuring experience in both the United States and Australia. I specialize in advising companies, creditors, and equity sponsors in distressed and non-distressed situations, focusing on financial and operational reviews, liquidity management, performance improvement, business and asset divestment, business plan preparation and review, recapitalization strategies, and negotiation of reorganization plans. I have regularly served in an interim management capacity, including as Chief Executive Officer, President, Chief Restructuring Officer, and Chief Transformation Officer. My experience covers a broad range of

¹ The last four digits of AFH Air Pros, LLC’s tax identification number are 1228. Due to the large number of debtor entities in these chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the claims and noticing agent at <https://www.veritaglobal.net/AirPros>. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 150 S. Pine Island Road, Suite 200, Plantation, Florida 33324.



sectors with extensive experience in consumer products and retail, real estate and construction, media and telecom, and transportation and distribution.

2. Accordion has been retained by the above-captioned debtors and debtors in possession (collectively, “Air Pros”, the “Company” or the “Debtors”) as financial advisors since March 2024.² In addition, I have been retained to serve as the Chief Restructuring Officer (“CRO”) of the Debtors in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) beginning in September 2024.

3. I submit this declaration to supplement the *Declaration of Andrew D.J. Hede in Support of Confirmation of the Second Amended Chapter 11 Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates* [Docket No. 611] (the “Initial Confirmation Declaration”) in further support of confirmation of the *Second Amended Chapter 11 Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates* [Docket No. 478] (as modified, amended, or supplemented, the “Plan”)³ and in conjunction with the *Debtors’ Supplemental Brief in Support of Confirmation of Second Amended Chapter 11 Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates* (the “Supplemental Brief”) filed contemporaneously herewith.

4. References to the Bankruptcy Code, the chapter 11 process, and related legal matters are based on my understanding of such matters and on the explanation provided by counsel. If called upon to testify, I would testify competently to the facts set forth in this declaration.

5. I am generally familiar with the terms and provisions of the Plan, the Plan Supplement, the Disclosure Statement, and the various exhibits, schedules, and ancillary

² On April 17, 2025, the Court entered an order approving the retention of Accordion to provide a CRO and other additional personnel to the Debtors [Docket No. 219].

³ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

documents related thereto, including, but not limited to, the Liquidation Analysis. I was personally involved in the development of, and negotiations regarding, the terms of the Plan and the settlements embodied therein.

6. All facts set forth in this declaration are based upon my personal knowledge, belief and understanding upon my review of applicable books and records and other information available to me; discussions with the Debtors' management, advisors and agents; my familiarity and experience with, and knowledge of, the Debtors' businesses, operations, financial affairs, and these Chapter 11 Cases; or my opinion based upon my experience, knowledge, and information concerning distressed situations. If called upon to testify, I would testify competently to the facts set forth in this declaration.

A. The Third-Party Release is Consensual and Justified Under the Circumstances of These Cases

7. I believe that creditors affected by the Third-Party Release are receiving adequate consideration in exchange for the Third-Party Release. I understand that the Court identified four considerations that are important to the Court's analysis of whether creditors affected by the Third-Party Release are receiving substantial consideration in exchange for the Third-Party Release, including:

- The nature, extent, validity and collectability of the Litigation Trust Claims (the proceeds of which General Unsecured Claims share in pursuant to the Plan);
- The nature, extent, validity and collectability of any known or suspected claims or causes of action against the Released Parties that would be released through the Release;
- The analysis pursuant to which the Committee determined that the settlement embodied in the Creditors' Committee Settlement, including the Release, is in the best interests of the Holders of General Unsecured Claims; and
- The current unpaid amount of the DIP Credit Facility, the amount of same that it is anticipated will remain unpaid on the Effective Date, and the expected ultimate treatment under the Plan of any such remaining unpaid amount.

8. I will address each one of these considerations in turn below.

1. The Litigation Trust Claims

9. I am generally familiar with the Debtors' books and records and the Debtors operations prior to and since the Petition Date, having worked with the Debtors as a financial advisor since March 2024 and as Chief Restructuring Officer since September 2024. Based on my familiarity with the Debtors in those capacities, I am not aware of any specific, colorable claims or Causes of Action against the Non-Released Debtor D&Os or any other parties, nor am I aware of any particular facts that give rise to such claims or Causes of Action.

10. In addition, with respect to potential Avoidance Actions, I am familiar with the statements of financial affairs for each Debtor that were filed with the Court on April 13, 2025, in each Debtor's respective chapter 11 case. Part two of each of the statements of financial affairs include the required disclosures of certain transfers made by the Debtors before filing for bankruptcy, including certain payments or transfers made to creditors within 90 days before filing the cases (SOFA item 3), payments or other transfers of property made within one year before filing the cases that benefited any insider (SOFA item 4), repossessions, foreclosures, and returns (SOFA item 5), and setoffs (SOFA item 6). In the aggregate, the Debtors' statements of financial affairs reflect approximately \$41,596,112 of prepetition transfers (collectively, the "Prepetition Transfers"), including approximately \$38.7 million of payments and transfers in the 90 days prior to the Petition Date and \$2.4 million of payments or transfers to insiders of the Debtors (excluding any ordinary course payments to Released Debtor D&Os). I understand that the disclosure of a Prepetition Transfer in the Debtors' statements of financial affairs does not mean that such Prepetition Transfer is avoidable or recoverable.

11. Although I am not aware of any specific Causes of Action, including any Avoidance Actions, the Plan and Creditors' Committee Settlement provide for the establishment

of the Litigation Trust and appointment of a Litigation Trustee selected by the Creditors' Committee. I understand that if the Plan is confirmed, the Litigation Trust Claims will be controlled by the Litigation Trustee, who will be empowered to investigate and pursue any Litigation Trust Claims, and the Litigation Trust and its agents and representatives will have access to the Debtors' books and records, as well as \$1 million of initial funding, to investigate and further analyze whether there are colorable claims, including whether any Prepetition Transfers are avoidable and recoverable for the benefit of General Unsecured Creditors.

2. Known or Suspected Claims or Causes of Action Against Released Parties

12. I am not aware of any claim or Cause of Action by any creditors or parties in interest against any of the Released Parties. I believe that the scope of the Released Parties is narrowly tailored to only those parties who have contributed to the Debtors' restructuring and sale efforts or are otherwise contributing value under the Plan, including the DIP Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Lenders,⁴ and the three Released Debtor D&Os (Lawrence Hirsh, the Debtors' independent manager; Andrew Hede, the Debtors' Chief Restructuring Officer; and Brian Smith, the Debtors' Chief Operating Officer). Based on my 30 years of financial and operational transformation and restructuring experience, I am not aware of any facts or circumstances or any acts of any of the Released Parties that would give rise to a colorable claim by any creditor or party in interest against any Released Party. To the extent that any Releasing Party would potentially have a claim against any of these Released Parties, I believe that such a claim would be a derivative claim that is otherwise settled and released by the Debtors or exculpated pursuant to the Debtor Release and the exculpation, respectively. Accordingly, I

⁴ The DIP Agent, DIP Lenders, Prepetition Agent, and Prepetition Lenders are referred to herein collectively as the "Senior Secured Parties".

believe that any additional value of claims or Causes of Action released by the Third-Party Release is minimal, if anything.

13. I further understand and believe that the Third-Party Release provides finality and increased certainty to the Released Parties. I believe that the Released Debtor D&Os and the Debtors' Professionals have contributed substantially to the Debtors' prepetition and postpetition restructuring and sale efforts, and that those efforts resulted in the successful sale of the Debtors' operating businesses as going concerns, thereby preserving hundreds of jobs. Additionally, pursuant to the Plan and the Creditors' Committee Settlement, the Senior Secured Parties have agreed, *inter alia*, to fund the Litigation Trust and the Wind Down of the Debtors' Estates, for the benefit of all stakeholders. I understand that the Senior Secured Parties have no legal obligations to provide such additional funding but have agreed to do so in connection with the Creditors' Committee Settlement.

14. I do not believe that the Released Parties should be punished by the fact that more proceeds were not available in these Chapter 11 Cases for distribution to General Unsecured Claims and other stakeholders. As detailed in the *Declaration of Andrew D.J. Hede in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 8] (the "First Day Declaration"), the Debtors pursued multiple, extensive marketing and sale processes since July 2023. (First Day Declaration ¶¶ 24–29.) The Debtors were supported throughout the process by their Prepetition Lenders, including by providing additional bridge financing prior to the Petition Date as well as providing the DIP Facility to ensure that the Debtors would be able to run a fulsome marketing process that maximizes the value of the Debtors' assets. Notwithstanding the substantial loss that the Senior Secured Parties are facing, the Creditors' Committee Settlement generates potential

value for General Unsecured Claims where they would otherwise have no potential for recovery without the contribution of the Released Parties.

15. Based on the foregoing, I believe that the value provided to the Estates by the Released Parties is commensurate with – or exceeds – the value to be received through the Third-Party Release.

3. The Creditors' Committee Settlement

16. I believe that the settlement embodied in the Creditors' Committee Settlement, including the Third-Party Release, is in the best interests of the Holders of General Unsecured Claims. I believe that the Creditors' Committee Settlement represents the best possible outcome for General Unsecured Creditors in these Chapter 11 Cases. I understand that the Prepetition Lenders and DIP Lenders hold valid, perfected senior liens on substantially all of the Debtors' assets and that as a result, Holders of General Unsecured Claims are not entitled to any distribution or recovery in these Chapter 11 Cases unless the Senior Secured Parties consent. I believe that the Debtors, the Senior Secured Parties, and the Creditors Committee, negotiated the terms of the Creditors' Committee Settlement in good faith and at arms' length.

17. As set forth in the Initial Hede Declaration, the Creditors' Committee Settlement is the product of extensive, arms'-length negotiations among the Debtors, the Creditors' Committee, and the Senior Secured Parties, each of whom is represented by sophisticated counsel. (Initial Hede Declaration ¶¶ 69–71.) Without the Creditors' Committee Settlement, I believe that the Holders of General Unsecured Claims would receive no distribution or recovery. Instead, because of the Creditors' Committee Settlement, Holders of General Unsecured Claims will receive the benefit of the Litigation Trust Claims and \$1 million of funding. I believe that the claims and causes of action released pursuant to the Third-Party Release are of relatively limited value to the Releasing Parties in light of the prospect of a recovery where Holders of General Unsecured Claims are

otherwise not entitled to any recovery. Accordingly, I believe that the Creditors' Committee Settlement, including the Third-Party Release, is in the best interests of stakeholders, including the Holders of General Unsecured Claims.

4. Status and Treatment of the DIP Facility

18. I understand that the outstanding balance under the DIP Facility is approximately \$16.9 million and that the amount outstanding as of the Effective Date is anticipated to be substantially the same, subject to accrual of additional interest. Notably, no interest has been paid under the DIP Facility during these Chapter 11 Cases. I further understand that any unpaid amount of the DIP Facility is entitled to treatment as a superpriority administrative expense claim pursuant to the DIP Order, but the DIP Lenders will agree to reduce the priority of the DIP Lender Claims, including the accrued and unpaid interest, to be treated as a Prepetition Lender Deficiency Claim. Therefore, the Debtors estimate that the unpaid amount of the DIP Facility that will be converted to a Prepetition Lender Deficiency Claim will be more than \$16.9 million. Absent approval of the Plan and the Creditors' Committee Settlement, the unpaid DIP Lender Claims would be entitled to any proceeds of the Estates until paid in full, which will almost certainly result in no recovery for Holders of General Unsecured Claims.

B. CONCLUSION

19. I believe that the creditors affected by the Third-Party Release will receive "substantial consideration" based on the facts and circumstances of these Chapter 11 Cases. Among other things, the consideration includes: (a) contribution of the Litigation Trust Claims to the Litigation Trust for the benefit of General Unsecured Claims; (b) \$1 million of initial funding for the Litigation Trust, which can be used to investigate and pursue Litigation Trust Claims; (c) the right of the Creditors' Committee to select the Litigation Trustee, who will control the investigation and pursuit of Litigation Trust Claims; (d) reduction in priority of any unpaid DIP

Lender Claims and the DIP Liens to be treated *pari passu* with General Unsecured Claims; and (e) the funding of the Wind Down Cash Amount in the amount of \$675,000 to fund the orderly wind down of the Estates.

20. Based on the foregoing, and for additional reasons set forth in the Initial Hede Declaration, I believe that the Third-Party Release is justified under the facts and circumstances of these Chapter 11 Cases and that the creditors affected by the Third-Party Release are receiving fair consideration.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: August 19, 2025

/s/ Andrew D.J. Hede

Andrew D.J. Hede
Chief Restructuring Officer
AFH Air Pros, LLC, *et al.*