

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

|  |   |                                  |
|--|---|----------------------------------|
|  | ) |                                  |
| In re:   | ) | Chapter 11                       |
|  | ) |                                  |
| AMERICAN SIGNATURE, INC., <i>et al.</i> , <sup>1</sup> | ) | Case No. 25-12105 (JKS)          |
|  | ) |                                  |
| Debtors.   | ) | (Joint Administration Requested) |
|  | ) |                                  |

**DECLARATION OF RUDOLPH MORANDO IN SUPPORT OF THE  
DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY RELIEF**

I, Rudolph Morando, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information, and belief:

1. I am a Managing Director with Berkeley Research Group, LLC (“BRG”) and have more than 20 years in management consulting and financial restructuring experience. BRG is a professional services firm with an office located at 2200 Powell Street, Suite 1200, Emeryville, California 94608. My responsibilities at BRG primarily involve consulting with corporate clients, specifically with regard to financial and strategic management, liquidity management, and implementation of financial strategies for corporate turnarounds and restructuring. In this capacity, I have advised debtors and creditors in and out of chapter 11. I have worked in a variety of industries, including retail. I have previously served as interim chief executive officer or chief restructuring officer of certain of these companies.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: American Signature, Inc. (6162); American Signature Home Inc. (8573); American Signature USA Inc. (6162); ASI Pure Promise Insurance LLC (6162); ASI Elston LLC (7520); ASI – Laporte LLC (6162); ASI Polaris LLC (6162); ASI Thomasville LLC (6162); and American Signature Woodbridge LLC (6162). The Debtors’ business address is 4300 E. 5th Avenue, Columbus, OH 43235.



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2. I am the co-chief restructuring officer (“Co-CRO”) of the above-captioned debtors and debtors in possession (the “Debtors”). I became the Debtors’ Co-CRO along with Stephen Coulombe of BRG on or about November 8, 2025. Since that time, and in such capacity, I have become familiar with the business, financial affairs, and day-to-day operations.

3. I am authorized to submit this declaration on behalf of the Debtors. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge of the Debtors’ operations and finances, information learned from my review of relevant documents, and information I have received from other members of the Debtors’ management or the Debtors’ advisors. If I were called upon to testify, I could and would testify competently to the facts set forth herein on that basis.

4. On November 22, 2025 (the “Petition Date”), the Debtors each commenced a case (together, the “Chapter 11 Cases”) by filing a petition for relief under chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the “Court”).

5. I submit this declaration to provide an overview of the Debtors’ business, the events leading to the commencement of these Chapter 11 Cases and in support of the relief requested in the Debtors’ “first day” applications and motions (collectively, the “First Day Pleadings”).

### **PRELIMINARY STATEMENT**

6. Debtor American Signature, Inc. (together with its subsidiaries, the “Company”) is a family-founded residential furniture company operating across its Value City Furniture and American Signature Furniture brands and serving as a furniture destination consumers can rely on

for style, quality, and value. The Company operates more than 120 stores across 17 states. The Company employs approximately 3,000 team members.

7. Although the Company experienced a period of opportunistic growth during COVID, like many peers in the industry, it has since faced significantly decreased sales volume over the past year, resulting from one of the most severe housing market declines in recent history, alongside other macroeconomic factors and heightened cost pressures due to rising inflation, elevated interest rates, newly established tariffs, and a post-pandemic slowdown in consumer demand for furniture. These macroeconomic headwinds, combined with operational challenges across the business, have impacted the Company's ability to execute and drive top- and bottom-line performance.

8. In the face of these challenges, the Company executed on various initiatives to create the financial and operational space needed to improve its market position, including taking efforts to increase liquidity. Despite the best efforts of the Company and its advisors to cut costs and secure the capital necessary to preserve the business as a going concern, and notwithstanding continued financial support from the Debtors' equity holders, the Company has been unable to meet its financial obligations.

9. Prepetition, the Company began the process of optimizing its retail footprint and has commenced liquidation sales to be followed by store closures at thirty-three stores. The Company has commenced these chapter 11 cases to maximize value for the Debtors' stakeholders through the identification and selection of a purchaser for the business and/or assets of the Company. To that end, the Company anticipates very shortly entering into a stalking horse asset purchase agreement

and agency agreement with an affiliate of the Company's current equity holders (the "Stalking Horse Bidder"), subject to an auction process and any higher and better bids. The Company has worked in concert with its secured lenders and its proposed debtor-in-possession financing lenders to develop an appropriate budget to facilitate an expedited sale that will maximize value and recoveries for stakeholders in these cases.

10. To familiarize the Court with the Debtors and the relief it seeks on the first day of these Chapter 11 Cases, this declaration is organized in three sections. The first section provides background information with respect to the Debtors' business and corporate history, as well as its prepetition capital structure. The second section describes the circumstances surrounding the commencement of these Chapter 11 Cases and the Debtors' plan of action in these Chapter 11 Cases. The last section sets forth the relevant facts in support of each of the First Day Pleadings.

## **GENERAL BACKGROUND**

### **I. THE DEBTORS' BUSINESSES**

#### **A. Corporate History**

11. The Company is a retail furniture business focused on delivering the core mission on which the Company was based: to provide a furniture destination its customers can rely on for style, quality and value.

12. In 1995, the Company's proprietary furniture brand American Signature was formed and sold in Value City Furniture stores. Following the addition of the proprietary American Signature brand, and the overall expansion of Value City Furniture, in 2002, American Signature, Inc. was formed and became the parent company of the retail brand Value City Furniture and the

manufacturer brand, American Signature. In 2003, the Company announced the launch of the American Signature Furniture retail brand, with their first store opening in Nashville, Tennessee. In 2019, the Company debuted Designer Looks, which focused on designer furniture without the designer prices.

**B. Operations**

13. As a leading national home furnishings retailer offering a wide variety of furniture, including living room sets, dining room sets, mattresses, and décor, the Company sources its products primarily from Asia, while also relying on domestic vendor sources. The Company sells its products through its retail brick-and-mortar locations as well as an e-commerce channel. The Company generally fulfills its customers' in-store or online orders through its distribution facilities.

14. The Company has a broad base of suppliers, supported by an IT system that allows for end-to-end inventory tracking supporting available inventory, review responses and delivery management. The Company sources globally, primarily from Viet Nam and Malaysia, as well as from domestic vendor sources. The Company has over one million square feet of distribution centers to hold inventory. As of the Petition Date, the Company operates from the following locations:

- **Value City Furniture Store Locations:** IL, IN, KY, MD, MI, MO, NC, NY, OH, PA, SC, VA, WV
- **American Signature Furniture Store Locations:** DE, FL, GA, TN
- **Distribution Centers:** Alum Creek, OH (leased); Thomasville, GA (owned); Laporte, IN (owned); Ruther Glen, CA (leased)

15. As of the Petition Date, the Debtors employed approximately 3,000 individuals (28% of whom are full-time employees and the balance are hourly employees) in the areas of

corporate, operations, customer service, IT, marketing and sales, warehouses, stores/outlet, accounting, human resources and deliveries. None of the Debtors' employees are represented by a labor union or covered by a collective bargaining agreement.

**C. Financial Condition**

16. For the 2023, 2024, and 2025 fiscal years, the Company had total sales of approximately \$1.1 billion, \$950 million, and \$803 million respectively. For the 2023, 2024, and 2025 fiscal years, the Company reported net operating losses of \$18 million, \$18 million, and \$70 million, respectively. During that same period, the Company could not reduce sales, general and administrative ("SG&A") expenses quickly enough to offset falling sales.

17. The Company had \$1,995,310.20 in cash on hand as of the Petition Date.

**D. Corporate Structure**

18. An organizational chart for the Company is attached hereto as **Exhibit A**. Debtor American Signature, Inc. ("ASI") is wholly owned by Schottenstein Stores Corporation, a holding company which is wholly owned by the Schottenstein family, including through various trusts. Each other Debtor is a wholly-owned, direct subsidiary of ASI.

**II. THE DEBTORS' CAPITAL STRUCTURE**

**A. Secured Debt**

19. As of the Petition Date, the Debtors have approximately \$93 million in total funded debt obligations. Substantially all of the Debtors' assets constitute collateral for the funded debt obligations. The relative amounts and priorities of each debt obligation set forth herein are as follows:

| <b>Funded Debt</b>                    | <b>Maturity</b>        | <b>Approximate Outstanding Principal Amount</b> |
|---------------------------------------|------------------------|---|
| Prepetition ABL Facility              | Prior to Petition Date | \$39 million                                    |
| Prepetition Letter of Credit Facility |                        | \$24 million                                    |
| Prepetition Term Loan Facility        | July 14, 2032          | \$54 million                                    |
| <b>Total Funded Debt</b>              |                        | <b>\$117 million</b>                            |

Prepetition ABL Facility

20. ASI, certain of the other Debtors (together with the guarantors of the Prepetition ABL Facility (as defined herein), collectively, the “Prepetition ABL Obligors”) and Second Avenue Capital Partners LLP (“SACP”),<sup>2</sup> as administrative agent, for its own benefit and the benefit of the lenders and letter of credit issuers from time to time party under the Prepetition ABL Facility (the “Prepetition ABL Lenders”), are party to that certain *Credit Agreement* dated as of December 3, 2024 (as amended, restated, supplemented, replaced, or otherwise modified from time to time, the “Prepetition ABL Credit Agreement,” and together with the Loan Documents (as defined therein), collectively, the “Prepetition ABL Documents,” and the revolving facility thereunder, the “Prepetition ABL Facility”). Pursuant to the Prepetition ABL Documents, the Prepetition ABL Lenders provided revolving credit, certain banking products, and other financial accommodations to, and issued letters of credit for the account of, the Prepetition ABL Obligors. Under the Prepetition ABL Documents, the Prepetition ABL Lenders provided the Prepetition ABL Obligors

<sup>2</sup> SACP is affiliated with the Debtors. The Debtors are owned, indirectly, by the Schottenstein family, through various trusts. SACP is a subsidiary of SB360 Holdings (“Holdings”), which is sixty-percent owned by the Schottenstein family through various trusts; the balance of Holdings’ equity is owned by non-Schottenstein family interests. SACP SPV, LLC (“SACP SPV”), an entity members of which include officers and employees of SB360 Capital Partners, LLC (“SB360”) (a subsidiary of Holdings) and SACP, among others, participates in loans made by SACP. Eric Jackson (CFO of the Debtors) and Jeffrey Swanson (a member of the Board of Directors of the Debtors) are members of SACP SPV. The aforementioned loan participations are no more than 7.5% per loan and no one person holds an interest in SACP SPV greater than 10%. Lender Service Parties (as defined in the Debtor-in-Possession Credit Agreement, the “DIP Credit Agreement”) include, without limitation, Tower Hill Advisory Services, LLC, which is owned by Holdings.

with, among other things, up to \$50,000,000 in Aggregate Revolving Commitments (as defined in the Prepetition ABL Credit Agreement). As of the Petition Date, there were approximately:

(a) \$39,247,739.43 in outstanding Committed Revolving Loans (as defined in the Prepetition ABL Credit Agreement); and (b) other outstanding obligations under the Prepetition ABL Documents, including, without limitation, the Termination Fee (as defined in the Prepetition ABL Credit Agreement), reimbursement obligations (contingent or otherwise) in respect of letters of credit, any fees, expenses, and disbursements (including, without limitation, attorneys' fees, accountants' fees, auditor fees, appraisers' fees, and financial advisors' fees, and related expenses and disbursements, in each case, solely to the extent chargeable or reimbursable under the Prepetition ABL Credit Agreement), treasury, cash management, bank product and derivative obligations, indemnification obligations, guarantee obligations, and other charges, amounts and costs of whatever nature owing, whether or not contingent, whenever arising, accrued, arising, due, owing, or chargeable in respect of any of the Prepetition ABL Obligors' obligations pursuant to, or secured by, the Prepetition ABL Documents, in each case payable pursuant to the terms and conditions of the Prepetition ABL Credit Agreement (collectively, the "Prepetition ABL Obligations"). The accelerated Maturity Date of the Prepetition ABL Obligations occurred prior to the Petition Date. The Prepetition ABL Obligations are secured by first priority security interests in and liens on the Collateral (as defined in the Prepetition ABL Credit Agreement, the "Prepetition ABL Collateral"). The Prepetition ABL Collateral does not include the Prepetition Term Collateral or the Prepetition LOC Collateral.

*Prepetition Letter of Credit Facility*

21. ASI and PNC Bank, National Association (“PNC”) are party to that certain *Amended and Restated Letter Agreement, Letter of Credit Facility* dated as of December 26, 2014, among PNC, ASI, and Schottenstein Stores Corporation (and, together with the Facility Documents (as defined in the Prepetition LOC Agreement) the “Prepetition LOC Documents”). As of the Petition Date, PNC had issued certain letters of credit on behalf of ASI in the aggregate amount of approximately \$24,025,000, which letters of credit are cash collateralized by funds deposited at PNC in the amount of \$24,347,995, the letters of credit, together with all indebtedness or obligations under the Prepetition LOC Documents as of the Petition Date, including, without limitation, all “Obligations” (as defined in the that certain *Pledge Agreement (Bank Deposits)* dated as of December 19, 2024, by ASI in favor of PNC, as amended, modified and supplemented from time to time (the “Prepetition LOC Pledge Agreement”)), and all fees, costs, interest, and expenses as and when due and payable pursuant to the Prepetition LOC Documents, plus (b) all allowable 506(b) Amounts (the “Prepetition LOC Obligations”). The Prepetition LOC Obligations are secured by all of the “Collateral” (as that term is defined in the Prepetition LOC Pledge Agreement) existing as of the Petition Date, and all proceeds, rents, issues, profits and products thereof (the “Prepetition LOC Collateral”).

*Prepetition Term Loan Facility*

22. ASI, certain of the other Debtors (together with the guarantors of the Prepetition Term Loan Facility, collectively, the “Prepetition Term Loan Obligors”), PNC, as administrative agent, for its own benefit and the benefit of the lenders from time to time party thereto (the

“Prepetition Term Loan Lenders”) are party to that certain *Credit Agreement*, dated as of July 14, 2022, among PNC, ASI - LAPORTE LLC, an Ohio limited liability company, and ASI THOMASVILLE LLC, a Delaware limited liability company (as amended, restated, amended and restated, supplemented, replaced, or otherwise modified from time to time prior to the filing of the Petitions, the “Prepetition Term Loan Credit Agreement”, and together with the Loan Documents (as defined therein), the “Prepetition Term Loan Documents”, and the term loan facility thereunder, the “Prepetition Term Loan Facility”). As of the Petition Date, the Prepetition Term Loan Obligors were obligated under the Prepetition Term Loan Credit Agreement to the Prepetition Term Loan Lenders in the aggregate outstanding principal amount of not less than approximately [\$54,078,921.69], including, without limitation, all "Obligations" (as defined in the Prepetition Term Loan Credit Agreement), and all fees, costs, interest, and expenses as and when due and payable pursuant to the Prepetition Term Loan Documents, plus (b) all allowable 506(b) amounts (the “Prepetition Term Loan Obligations”). The Prepetition Term Loan Obligations are secured by first priority security interests in and liens on all of the "Collateral" (as that term is defined in the Prepetition Term Loan Credit Agreement existing as of the Petition Date, and all proceeds, rents, issues, profits and products thereof, the “Prepetition Term Collateral”). The Prepetition Term Collateral does not include the Prepetition ABL Collateral.

**B. Unsecured Debt**

23. As of the Petition Date, the Debtors’ unsecured debt liabilities include lease liabilities, accounts payable, customer deposits, accrued liabilities, and intercompany claims. The

Debtors estimate that they owe approximately \$236 million in respect of such unsecured claims (other than lease liabilities).

**EVENTS LEADING TO THE COMMENCEMENT  
OF THE CHAPTER 11 CASE**

**A. The Company Faces Significant Post-COVID Challenges.**

24. A convergence of factors contributed to the Debtors' need to commence these Chapter 11 Cases. The COVID-19 pandemic (from March 2020 onward) and its aftermath have driven significant effects on the Company and its businesses and operations. Specifically, shifts in consumer spending, particularly with respect to furniture and other discretionary purchases, along with macroeconomic factors, including increased costs of capital, goods, wages, and services, among other factors have posed challenges to the Debtors. By the end of 2024 and beginning of 2025, these macro and industry-specific economic trends resulted in significant liquidity constraints for the Debtors, which were further exacerbated and accelerated by the introduction of new tariff policies in 2025. Although the Company has explored potential alternatives to address its liquidity needs and benefitted from equity holders who, through affiliates, provided substantial additional liquidity during this time, none of those alternatives provides a path for the Company to restructure its business and develop an actionable turnaround strategy.

**1. Post-COVID Changes in Consumer Behavior**

25. During the pandemic, the Company initially experienced a period of strong growth and financial performance, due in part to consumer trends, including strong home sales, nesting and de-urbanization, high demand for home décor products, and governmental stimulus support

provided to customers. Buoyed by COVID-19 economic stimulus programs in the approximate aggregate amount of \$5 trillion into the economy and consumers with excess funds due to physical lockdowns limiting the ability to consume services at pre-pandemic levels, demand for discretionary goods such as housewares, electronics and most products for the home increased to unprecedented levels as people sought to make purchases to improve their homes where they were now spending a significant portion of their time. This shift in consumer spending pulled-forward demand for a number of purchases that would have otherwise been made over an extended period of time, artificially inflating demand in the short term to unsustainable levels. Notably, the Company's sales increased by 37% in 2021.

26. This period of growth slowed in the emerging aftereffects of the COVID-19 pandemic. As stay-at-home orders began lifting across the country, followed by the waning of the federal stimulus measures, consumers began to refocus their time and money on services versus goods and discretionary spending steadily decreased. The increase in spending on consumer goods during the height of the pandemic resulted in a lull in the following period industry-wide.

## **2. Macroeconomic Pressures**

27. The Company has also been met by the same challenging macroeconomic factors faced by other retailers and large commercial businesses in recent years. At the same time that industry-wide demand for furniture decreased following the initial period of strong growth during the COVID-19 pandemic, the housing market decline, a steady increase of inflationary pressures, and interest rates have had a substantial impact on consumer discretionary spending. Consumers had less

spending power as inflationary pressure on goods, coupled with increases in prevailing interest rates, took hold.

28. The result of the foregoing, in combination with the change in consumer behavior discussed above, was a sharp decline in demand for the Company's products. The Debtors' sales followed industrywide trends and the Company faced a sales decline relative to prior years. For the 2023, 2024, and 2025 fiscal years, the Company had total sales of approximately \$1.1 billion, \$950 million, and \$803 million respectively.

### **3. Operational Challenges**

29. The impacts of the post-COVID-19 landscape and new tariff environment resulted in a variety of operational challenges, including the rising cost of materials, labor, and fuel which has led to increased expenses and further reduced margins for the Company. Further, the Company increased its SG&A expenses when sales increased in 2021, but was unable to quickly cut such expenses when its sales fell after 2022. These issues have particularly impacted the Company given its global sourcing and supply chain and have put significant downward pressure on the Company's business, and resulted in net operating losses of \$18 million, \$18 million, and \$70 million in fiscal years 2023, 2024, and 2025, respectively.

#### **B. The Debtors' Attempts to Improve Liquidity.**

30. Although the Company's financial situation had suffered a downturn in its operating performance by the end of its 2024 fiscal year, the Company's equity holders provided substantial assistance to the Company in recent years. First, the Debtors' equity holders provided unsecured loans in excess of approximately \$51 million during the approximately two years preceding the

Petition Date, approximately \$24 million of which remains outstanding as of the Petition Date. In addition, SACP, an affiliate of the Debtors, entered into the Prepetition ABL Facility in December 2024, which provided approximately \$50 million in additional liquidity. Unfortunately, this additional support was not enough to overcome industry headwinds and the resulting liquidity challenges.

31. In September 2025, the Company retained SB360 to act as a consultant in connection with conducting store closing sales at, and closing, five stores. In November 2025, the Company entered into an amendment of its consulting agreement with SB360, increasing the number of stores to be liquidated and closed from five to thirty-three. In addition to planning to close certain of its stores, the Company implemented other cost and liquidity management initiatives.

**C. Constitution of Conflicts Committee.**

32. On November 11, 2025, the Board of Directors of ASI appointed Adam Zalev as an independent director (the “Independent Director”). Mr. Zalev is the founder, and a managing director, of Reflect Advisors, LLC (“Reflect”). Reflect is a boutique financial advisory and restructuring practice whose professionals have been involved in numerous formal and informal restructuring mandates, including many in the retail industry.

33. On November 19, 2025, the Board of Directors of ASI constituted a conflicts committee (the “Conflicts Committee”) comprised of the Independent Director, as sole member, and delegated to the Conflicts Committee, among other things, the full power and authority to negotiate, review, approve, and ratify all related party transactions.

34. In turn, the Conflicts Committee engaged independent legal counsel, Goodwin Procter LLP, to provide it and the Independent Director with assistance in respect of their respective obligations and duties.

35. The Conflicts Committee was constituted in order to, among other things, avoid any potential conflict of interest as a result of the relationship between the Debtors and its affiliated transaction counterparties. Several parties involved in these Chapter 11 Cases are affiliates of the Schottenstein family who indirectly own the Debtors, through various trusts, including the following:

- ASI Purchaser, LLC (the Stalking Horse Bidder), and SEI, Inc. (the Stalking Horse Bidder's guarantor) are, directly or indirectly, wholly owned by the Schottenstein family;
- SB360, the Debtors' consultant with respect to its current liquidation of thirty-three stores (and which is also expected to be delegated responsibility for conducting additional liquidation sales if the Stalking Horse Bid is successful), is wholly-owned by Holdings, which is sixty-percent owned by the Schottenstein family through various trusts and the balance is owned by non-Schottenstein family interests;
- SACP (Prepetition ABL Agent and lender to the Company in connection with its Prepetition ABL Facility) is owned by Holdings; SACP is also the proposed debtor-in-possession lender;
- Certain of the Debtors' leased stores and distribution centers are owned by entities affiliated with the Schottenstein family;
- Additional transaction counterparties with the Debtors are beneficially owned by, or affiliated with, the Schottenstein family.

**D. Retention of Advisors and Development of Strategic Plan.**

36. In late October 2025, the Company retained BRG to help develop strategies to manage its cash position and assess liquidity needs in the future.

37. Together with its advisors, the Debtors determined that preservation of value for stakeholders would be best accomplished by (1) continuing to liquidate the Debtors' inventory and close certain underperforming stores, which process commenced in September 2025, and (2) selling its remaining businesses and / or assets. In November 2025, the Company retained A&G Real Estate Partners to evaluate rent reductions and concessions with landlords.

38. On November 10, 2025, Debtors retained SSG Capital Advisors, LLC ("SSG") to serve as their investment bankers to develop a sale and marketing plan to maximize the value of the Debtors' assets for the benefit of their estates and their creditors and obtain post-petition debtor-in-possession financing to fund these Cases. SSG also conducted a marketing effort for alternative financing sources for the Debtors.

39. The Debtors anticipate that they will shortly enter into agreements, subject to higher and better bids, with the Stalking Horse Bidder, an affiliate of the Debtors, to (1) grant the Stalking Horse Bidder designation rights on substantially all of the Debtors' leases and sell to the Stalking Horse Bidder certain of the Debtors' assets, including the Debtors' owned real estate assets, the Debtors' intellectual property, certain of the Debtors' claims and causes of action and certain other assets, and (2) to grant the Stalking Horse Bidder the right to act as the Debtors' agent for purposes of liquidating their inventory, furniture, fixtures and equipment at certain locations. The Debtors intend to file a bidding procedures motion and motion to approve an asset purchase agreement and agency agreement representing the stalking horse bid shortly after such agreements are finalized.

40. SSG has engaged in efforts to broadly market the Debtors' assets on a prepetition basis and will continue to do so postpetition with the goal of fostering a robust bidding process and

a competitive auction for the sale of the Debtors' assets. SSG was also retained to conduct lender outreach prior to the petition date to ensure the debtors had competitive DIP financing to support the bankruptcy process.

### **EVIDENCE IN SUPPORT OF FIRST DAY PLEADINGS**

41. Contemporaneously herewith, the Debtors have filed several First Day Pleadings seeking orders that grant various forms of relief intended to stabilize the Debtors' business operations, facilitate the efficient administration of these Chapter 11 Cases, and expedite a swift and smooth sale process.<sup>3</sup> On or around the Petition Date, the Debtors filed the following First Day Pleadings:

- **Cash Management Motion.** *Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to (A) Continue Operating Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, (D) Perform Intercompany Transactions, and (E) Granting Related Relief*
- **Tax Motion.** *Debtors' Motion for Entry of Interim and Final Orders: (I) Authorizing, but not Directing, the Payment of Certain Taxes and Fees; and (II) Granting Related Relief*
- **Utility Motion.** *Motion of Debtors for Entry of Interim and Final Orders (I) Determining Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Services, (III) Approving Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (IV) Granting Related Relief*
- **Wages Motion.** *Debtors' Motion Seeking Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief*
- **Insurance Motion.** *Motion of Debtors for Entry of Interim and Final Order (I) Authorizing the Debtors to (A) Maintain Insurance and Surety Coverage, and Letters of Credit Entered into Prepetition and Satisfy Prepetition*

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<sup>3</sup> Terms in this section not otherwise defined herein have the meanings ascribed to them in the DIP / Cash Collateral Motion.

*Obligations Related Thereto, (B) Renew, Amend, Supplement, Extent, or Purchase Insurance Policies, Surety Bonds, and Letters of Credit, (C) Continue to Pay Broker Fees, and (D) Honor and Renew Their Premium Financing Agreements, and (II) Granting Related Relief*

- **Customer Programs Motion.** *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Honor, Maintain, and Administer Customer Programs and Related Prepetition Business Practices, and (II) Granting Related Relief*
- **Shippers and Custom Representatives Motion.** *Debtors' Motion for Entry of Interim and Final Orders Authorizing Debtors to Pay Prepetition Claims of Shippers and Custom Representatives*
- **DIP / Cash Collateral Motion.** *Motion of the Debtors for Entry of Interim and Final Orders Under Bankruptcy Code Sections 105, 361, 362, 363, 364, 503, 506, 507, and 552, and Bankruptcy Rules 2002, 4001, 6003, 6004, and 9014 (I) Authorizing Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting (A) Liens and Providing Superpriority Administrative Expense Status and (B) Adequate Protection to Prepetition Secured Creditors, (III) Modifying Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief*
- **Store Closure / GOB Motion.** *Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to (A) Assume the Consulting Agreement, (B) Conduct Store Closing Sale, with Such Sales to be Free and Clear of All Liens, Claims, and Encumbrances, and (C) Granting Related Relief*
- **Verita Retention Application.** *Debtors' Application for Authorization to Employ and Retain Kurtzman Carson Consultants, LLC dba Verita Global as Claims and Noticing Agent Effective as of the Petition Date*
- **Joint Administration Motion.** *Motion of Debtors for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief*
- **Creditor Matrix Motion.** *Motion of Debtors for Orders (I) Authorizing the Debtors to (A) File a Consolidated List of the Debtors' Creditors, and (B) Redact Commercially Sensitive or Personally Identifiable Information; (II) Approving the Notice of Commencement and Service Thereof; and (III) Granting Related Relief*

42. Through the DIP / Cash Collateral Motion, the Debtors seek authority to (a) enter into a senior secured asset-based credit facility with the DIP Lenders (who are also the Prepetition

ABL Lenders) in an initial aggregate principal amount, together with the outstanding principal amounts under the Prepetition ABL Credit Agreement, of up to \$50,000,000, with availability thereunder subject to the terms of a “Borrowing Base” under the DIP Credit Agreement, and (b) use Cash Collateral consistent with the Approved Budget and the terms of the proposed DIP Orders with the consent of the DIP Lenders / Prepetition ABL Lenders.

43. The Debtors have limited liquidity to continue business in the ordinary course and satisfy accruing administrative expenses. The Debtors require debtor-in-possession financing and use of Cash Collateral to fund their proposed sale process and ensure the administrative solvency of these estates. Absent the funding available under the DIP Facility and immediate access to Cash Collateral, the Debtors would be unable to sustain operations, pay their employees or vendors, or achieve a successful restructuring through the chapter 11 process. Accordingly, the Debtors have an urgent and immediate need for entry of the Interim Order as requested in the DIP / Cash Collateral Motion.

44. Against that backdrop, the Debtors, with the assistance and under the supervision of the Conflicts Committee—which was appointed to, among other things, act on behalf of the Debtors in connection with any related party transaction—negotiated with the DIP Lenders and Prepetition ABL Lenders to develop an Approved Budget and a sale timeline that would induce the DIP Lenders to commit to the DIP Facility and the Prepetition ABL Lenders to consent to the use of Cash Collateral in light of the Debtors’ circumstances. After good faith and arms’ length negotiations, the Debtors, with the approval of the Conflicts Committee, and the DIP Lenders /

Prepetition ABL Lenders ultimately agreed on the terms of the DIP Facility and consensual use of Cash Collateral.

45. The Debtors believe that the financing available under DIP Facility, along with consensual access to Cash Collateral, all in accordance with the projections in the Approved Budget, will allow the Debtors to have adequate liquidity to satisfy their accruing administrative expenses during the course of these chapter 11 cases while they pursue a value-maximizing sale of their assets, and that the terms of the proposed financing are reasonable, appropriate, and consistent with market.

46. Further, as confirmed by the Declaration of J. Scott Victor of SSG in support of the DIP / Cash Collateral Motion, the proposed DIP Facility and the authorization to use Cash Collateral as offered by the DIP Lenders / Prepetition ABL Lenders are the best financing option that the Debtors could obtain under the circumstances. Fully unsecured postpetition financing was not available to the Debtors. Other potential sources of debtor in possession financing for the Debtors, including on a junior secured basis, were also nonexistent. As noted above, however, the Debtors were able to obtain (i) financing from the DIP Lenders on the terms of the proposed DIP Facility and (ii) the consent of the Prepetition ABL Lenders to use Cash Collateral, all on the terms set forth in the DIP / Cash Collateral Motion.

47. In sum, the Debtors, in consultation with the Conflicts Committee, believe that it is essential to the success of their chapter 11 cases, and the culmination of their sale process, that the Debtors receive immediate access to the DIP Facility and authority to use Cash Collateral.

48. Certain of the First Day Pleadings request authority to pay certain prepetition claims.

I understand that Federal Rule of Bankruptcy Procedure 6003 provides, in relevant part, that the Court shall not consider motions to pay prepetition claims during the first twenty-one days following the filing of a chapter 11 petition, “except to the extent relief is necessary to avoid immediate and irreparable harm.” In light of this requirement, the Debtors have narrowly tailored its requests for immediate authority to pay certain prepetition claims to those circumstances where the failure to pay such claims would cause immediate and irreparable harm to the Debtors and their estates. Other relief will be deferred for consideration at a later hearing.

49. I am familiar with the information contained in each First Day Pleading and believe that the factual averments contained therein are true and correct to the best of my knowledge and that the relief sought in each such motion (a) is necessary to enable the Debtors to undertake certain postpetition activities in connection with its restructuring efforts, (b) constitutes a critical element for the Debtors to successfully implement the foregoing chapter 11 objectives, and (c) best serves the Debtors’ estates and creditors’ interests.

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

Dated: November 23, 2025

/s/ Rudolph Morando  
Rudolph Morando

## **EXHIBIT A**

American Signature, Inc.  
All Subsidiaries

