

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re:	:	Chapter 11
	:	
SEQUENTIAL BRANDS GROUP, INC., <i>et al.</i> , ¹	:	Case No. 21-11194 (JTD)
	:	
Debtors.	:	(Jointly Administered)
	:	
<hr/>		Related to Docket No. 11

**DECLARATION OF JAMES DOAK
IN SUPPORT OF DEBTORS’ MOTION FOR ENTRY OF
INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO
OBTAIN POSTPETITION FINANCING, (II) AUTHORIZING THE DEBTORS
TO USE CASH COLLATERAL, (III) GRANTING LIENS AND PROVIDING
SUPER-PRIORITY ADMINISTRATIVE EXPENSE STATUS, (IV) GRANTING
ADEQUATE PROTECTION, (V) MODIFYING THE AUTOMATIC STAY,
(V) SCHEDULING A FINAL HEARING, AND (VI) GRANTING RELATED RELIEF**

I, James Doak, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am a Managing Director and Co-Head of the advisory and investment banking firm Miller Buckfire & Co., LLC (“Miller Buckfire”), which is a part of Stifel, Nicolaus & Company, Inc. (“Stifel”),² and maintains its principal office at 787 7th Avenue, 5th Floor, New York, NY 10019. Miller Buckfire is the proposed investment bankers to the debtors in the above-captioned chapter 11 cases (collectively, the “Debtors”).

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Sequential Brands Group, Inc. (2789), SQBG, Inc. (9546), Sequential Licensing, Inc. (7108), William Rast Licensing, LLC (4304), Heeling Sports Limited (0479), Brand Matter, LLC (1258), SBG FM, LLC (8013), Galaxy Brands LLC (9583), The Basketball Marketing Company, Inc. (7003), American Sporting Goods Corporation (1696), LNT Brands LLC (3923), Joe’s Holdings LLC (3085), Gaiam Brand Holdco, LLC (1581), Gaiam Americas, Inc. (8894), SBG-Gaiam Holdings, LLC (8923), SBG Universe Brands, LLC (4322), and GBT Promotions LLC (7003). The Debtors’ corporate headquarters and the mailing address for each Debtor is 1407 Broadway, 38th Floor, New York, NY 10018.

² Both Miller Buckfire and Stifel, Nicolaus & Co., Inc are wholly-owned subsidiaries of Stifel Financial Corp.



2. I am over the age of eighteen years and authorized to submit this declaration (this “Declaration”) on behalf of the Debtors. I am not being specifically compensated for this testimony. Miller Buckfire, as a professional proposed to be retained by the Debtors, will receive payments in its capacity as financial advisor to the Debtors; none of those payments are specifically payable on account of this testimony.

3. Except as otherwise indicated, all statements set forth in this Declaration are based on my personal knowledge of the Debtors’ financing process and their operations and finances developed during the course of Miller Buckfire’s engagement with the Debtors, my discussions with the Debtor’s senior management, other members of the Miller Buckfire and Stifel team, and the Debtors’ other advisors, and my review of relevant documents and/or my opinion based upon my experience.

4. I submit this Declaration in support of the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Super-Priority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the “DIP Motion”).³ If called upon to testify, I could and would testify competently to the facts set forth herein.

5. Miller Buckfire is a leading investment bank focused on providing strategic and financial advisory services in financial restructurings, recapitalizations and other complex situations. Miller Buckfire and its professionals have extensive experience working with

³ Capitalized terms used but not defined in this Declaration have the meanings ascribed to such terms in the DIP Motion or the *Declaration of Lorraine DiSanto in Support of Debtors’ Chapter 11 Petitions and First Day Relief* filed contemporaneously herewith, as applicable.

financially-troubled companies in complex financial restructurings both in chapter 11 cases and in out-of-court situations.

6. As Co-Head of Miller Buckfire, I oversee all aspects of Miller Buckfire's transaction advisory efforts, including mergers and acquisitions, restructurings and financings. In addition, I manage Miller Buckfire's capital raising efforts for clients in many in-court and out-of-court financings, including high yield, private debt, liability management, rescue and DIP financing, and equity capital markets transactions. I have over 20 years of transaction advisory experience and have advised on transactions in a wide range of industries (including retail, distribution, transportation, healthcare, telecom, entertainment, government, industrial, consumer, media, technology, energy, gaming and real estate). Prior to joining Miller Buckfire, I was a member of the financial restructuring group of Dresdner Kleinwort Wasserstein. Prior to my position at Dresdner Kleinwort Wasserstein, I was an investment banker at Goldman, Sachs & Co. With respect to my educational background, I have obtained a Juris Doctorate from Harvard Law School, a Master of Business Administration from Harvard Business School, and a Bachelor of Arts from Harvard University.

MILLER BUCKFIRE'S RETENTION

7. The Debtors initially engaged Stifel to perform a strategic alternatives business review in October 2019, with a mandate that included, at the Company's determination, advice and assistance with the planning, execution, and closing of one or more sales. Specifically, this included exploring the unsolicited offers, as well as initiating and coordinating discussions with potential purchasers and/or participating in the negotiation of possible transactions and advising the Company as to negotiating strategy and other matters in connection therewith.

8. In February 2021, the Company retained Miller Buckfire to expand the scope of the process to services related to any financing or restructuring transaction, including, without limitation, identifying potential investors for any equity, equity-linked or debt securities, and any other financing opportunities. In conjunction therewith, the Company expanded Stifel's mandate to include general advice and assistance in structuring and effecting a sale transaction.

9. During the February 2021 marketing process, the Miller Buckfire team contacted twelve financial parties regarding potential transaction structures; seven of these parties executed NDAs and received materials. Reception was limited overall; while all of the parties reviewed the opportunity in detail, we received only a proposal for an upsized first lien facility, with another party expressing tepid interest in a similar structure. Interest of these parties, as well as an additional institution, was resolicited in April 2021, providing updated information, including 2020 financial results. None of the parties revised their interest or approach to the opportunity.

10. In May 2021, the Miller Buckfire team, under my supervision, identified thirty-four potential financing parties, two of which were involved in the Company's other strategic process at the time and five of which could be potential co-investors in a financing, if one were to be proposed and led by another institution. The Miller Buckfire team contacted the remaining twenty-seven parties that could potentially serve as a lead source of financing, resulting in the execution of eight additional NDAs. These eight parties, along with four parties from the prior financing process, received updated marketing materials, a multi-year financial forecast and access to a dataroom. Reception during this process remained limited and, ultimately, we received only one preliminary financing proposal, subject to diligence. Because the preliminary financing proposal would not fully refinance the obligations under the Prepetition Term B Credit Agreement, it would not sufficiently address the outstanding events of default thereunder. As the Term B Lenders

would not consent to a partial repayment, this rendered the preliminary financing proposal non-actionable from the Company's perspective.

11. Since then, I have worked closely with the Debtors' management team and other advisors in connection with the Debtors' evaluation of various strategic alternatives for refinancing and/or restructuring their debt obligations and improving their liquidity. With those goals in mind, my team sought to identify debt or equity financed transactions that would sufficiently de-lever the Debtors' balance sheet and provide the Debtors with sufficient liquidity to consummate the sale transactions contemplated by the restricting support agreement.

EFFORTS TO OBTAIN POSTPETITION FINANCING

12. More recently, the Miller Buckfire team was asked to advise and assist the Company in obtaining post-petition debtor in possession financing when it became apparent that the Company would need to file for bankruptcy protection due to its highly leveraged capital structure and its financial defaults. The Miller Buckfire team, under my supervision, has worked closely with the Debtors' management and other professionals retained by the Debtors with respect to the Debtors' restructuring efforts and has become well-acquainted with the Debtors' capital structure, liquidity needs, and business operations.

13. Specifically, I have assisted the Debtors in reviewing the terms, conditions, and the potential impact of various proposed transactions, including comparing iterations of the debtor-in-possession financing proposals. Further, I have worked with the rest of the Miller Buckfire team as well as the Debtors' management and other advisors to evaluate the Debtors' DIP financing need and to develop, negotiate and ultimately finalize the proposed DIP Facility described in the DIP Motion.

14. During our DIP financing marketing process beginning in August 2021, the Miller Buckfire team, under my supervision, worked with third parties expressing interest in providing a first priority priming DIP to the Debtors. However, no potential lender indicated interest in providing a DIP on an unsecured basis or secured solely by liens on already encumbered collateral or liens that were junior to the liens of the Prepetition Secured Parties.

15. Miller Buckfire and the Debtors' other advisors engaged in discussions over a period of several weeks with representatives of the Prepetition BAML Lenders and the Prepetition Term B Lenders about their interest in providing postpetition financing or their willingness to consent to third-party postpetition financing. The Prepetition BAML Lenders were not willing to provide postpetition financing and indicated that they would not consent to any priming of their security interests as part of a debtor in possession financing.

16. In light of the market feedback elicited through the prepetition marketing processes along with the Prepetition BAML Lenders' refusal to provide financing or be primed, the Miller Buckfire team and myself determined, that it is very unlikely that any third-party lenders would be willing to provide DIP financing. First, a third party would be highly unlikely to lend on a non-priming basis, because there are insufficient unencumbered assets to secure postpetition financing of the size needed to permit the Debtors to successfully administer the Chapter 11 Cases and consummate the sale transactions pursuant to the restructuring support agreement. Second, a third party would be highly unlikely to finance a nonconsensual, priming postpetition financing (as would be required here given the Prepetition BAML Lenders' unwillingness to consent to priming), as such an attempt would require time and resources by the lender, would be expensive to litigate, and would be unlikely to succeed.

17. As a result, in parallel with overall restructuring negotiations, Miller Buckfire and the Debtors' other advisors continued to engage with the Prepetition Term B Lenders for postpetition financing because they were the most likely group to consummate such a transaction with the Debtors. The resulting DIP Facility (including the proposed refinancing of the Prepetition BAML Obligations) is a material component of the restructuring contemplated by the Debtors' restructuring support agreement that will allow for a smooth entrance into the Chapter 11 Cases and create a path towards the consummation of the sale transactions.

18. Based upon my understanding of the Debtors' liquidity needs and desire to consummate the multiple sale processes in an efficient manner, I do not believe alternative sources of financing are readily available to the Debtors on better terms than the DIP Facility. Even if the Debtors were able to win a priming fight with the Prepetition Lenders, such litigation would be costly and time-consuming, the antithesis of the Debtors' goal to conduct the sale processes in an efficient and value-maximizing manner. In my opinion, the DIP Facility is therefore, at a minimum, cost-neutral to the Debtors' estates as it obviates the need for a value-destructive priming fight with the Prepetition BAML Lenders. At best, the DIP Facility may deliver positive value to the Debtors. Based on Miller Buckfire's analysis of different DIP facility scenarios, in refinancing the Prepetition BAML Lenders upon the Interim Order, the proposed DIP Facility will provide approximately \$20,000 in savings to the Debtors' estates.

THE PROPOSED DIP FACILITY

19. I believe that the DIP Facility provides the Debtors with much-needed immediate access to liquidity. The amounts borrowed under the DIP Facility will be used to (i) refinance all outstanding obligations and terminate all commitments under the Prepetition BAML Facility (as defined below) upon entry of the Interim Order and (ii) provide working capital for, and other

general corporate purposes of, the Debtors, including payment portions of the Adequate Protection Package and reasonable and documented transaction costs, fees, and expenses incurred in connection with any transaction to be implemented through the Chapter 11 Cases, including the sale transactions contemplated by the restructuring support agreement.

20. Without the DIP Facility, I believe that the Debtors would be unable to operate their business as a going concern, a vital requirement in preserving asset value for consummation of the sale transactions. Finally, I believe that the total cost of the DIP Facility, taking into account both its interest rate and associated fees, is consistent with the cost of recent DIP facilities incurred by other debtors.

21. Accordingly, I believe that the Debtors' entry into the DIP Facility is the only viable option to provide the Debtors with critical liquidity and working capital to fund the Chapter 11 Cases so they can pursue a value-maximizing sale process, and I believe the DIP Facility is in the best interests of the Debtors' stakeholders and estates.

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22. 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 31, 2021

James Doak

James Doak
Miller Buckfire & Co.