

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

In re:

WELLMAD FLOOR COVERINGS  
INTERNATIONAL, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-58764-sms

(Jointly Administered)

**Related to Docket No. 194**

**NOTICE OF FILING DECLARATION OF TERI STRATTON  
IN SUPPORT OF THE DEBTORS' PRIVATE SALE MOTION**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file this *Declaration of Teri Stratton in Support of the Debtors' Private Sale Motion* (the “Stratton Sale Declaration”). In support hereof, the Debtors respectfully represent as follows:

1. On August 4, 2025 (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the “Court”).

2. On August 8, 2025, the Debtors filed their *Motion of the Debtors for Entry of Orders (I)(A) Establishing Bidding Procedures Relating to the Sale of the Debtors' Assets, (B) Approving the Debtors' Entry into the Stalking Horse Purchase Agreement and Related Bid Protections, (C) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Lease, (D) Approving Form and Manner of Notices Relating Thereto, (C) Scheduling a Hearing to Consider the Proposed Sale, and (F) Granting Related Relief; and (II)(A) Approving*

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.



*the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Lease, and (C) Granting Related Relief* [D.I. 38] (the "Bid Procedures Motion").

3. August 21, 2025, the Court approved the Bid Procedures Motion [D.I. 99] (the "Bidding Procedures Order"), granting certain of the relief sought in the Bid Procedures Motion, including, among other things, approving the Bidding Procedures and the Assumption and Assignment Procedures.

4. On August 26, 2025, the Debtors filed a *Notice of Proposed Sale, Bidding Procedures, Auction, and Sale Hearing* [D.I. 101] (the "Auction and Sale Notice").

5. On September 17, 2025, the Debtors filed a *Notice of Cancellation of Auction* [D.I. 177], indicating that the Debtors are no longer soliciting bids for their assets, but instead intending to seek Court approval of a private sale to AHF IC, LLC in the near future.

6. On September 26, 2025, the Debtors filed a *Motion of the Debtors for Entry of an Order (A) Approving Private Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [D.I. 194] (the "Private Sale Motion").

7. Attached hereto as **Exhibit A** is the Stratton Sale Declaration in support of the Private Sale Motion.

(Signature page immediately follows)

Dated: September 26, 2025

Respectfully submitted,

**GREENBERG TRAURIG, LLP**

/s/ John D. Elrod

John D. Elrod, GA Bar No. 246604

Allison J. McGregor, GA Bar No. 860865

3333 Piedmont Road NE, Suite 2500

Atlanta, GA 30305

Telephone: 678-553-2259

Facsimile: 678-553-2269

Email: elrodj@gtlaw.com

Allison.McGregor@gtlaw.com

*Counsel for the Debtors in Possession*

**EXHIBIT A**

**Stratton Sale Declaration**

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

In re:

WELLMADE FLOOR COVERINGS  
INTERNATIONAL, INC., *et al.*,<sup>2</sup>

Debtors.

Chapter 11

Case No. 25-58764

(Jointly Administered)

**DECLARATION OF TERI STRATTON IN  
SUPPORT OF THE DEBTORS' PRIVATE SALE MOTION**

Pursuant to 28 U.S.C. § 1746, Teri Stratton, declares as follows under the penalty of perjury:

1. I am a Senior Managing Director and the National Practice Leader for Restructuring and Special Situations at Hilco Corporate Finance, LLC ("Hilco"), an investment banking and financial advisory firm with an office located at 401 North Michigan, Suite 1630, Chicago, Illinois 60611. I am over the age of 18 years and duly authorized to execute this Declaration on behalf of Hilco. I am not being specifically compensated for this testimony. Hilco, as a professional retained by the Debtors, will receive payments in its capacity as investment banker to the Debtors. The Debtors have authorized me to submit this Declaration.

2. Unless otherwise stated, the facts set forth in this Declaration are based on my personal knowledge, information provided to me by other employees of Hilco and records kept in the ordinary course of business by Hilco, information provided to me by or on behalf of the Debtors, including directors, officers, and other advisors to the Debtors, and records kept in the

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<sup>2</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

ordinary course of business by the Debtors and provided by Debtors or their representatives to Hilco, or my views and beliefs, including as based upon my experience and knowledge of the Debtors' business and financial condition. If I were called to testify, I would testify competently to the facts discussed herein on that basis.

3. This Declaration is being submitted in connection with the *Motion of the Debtors for Entry of an Order (A) Approving Private Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [D.I. 194] (the "Private Sale Motion").<sup>3</sup>

#### **Background and Qualifications**

4. Hilco and its senior professionals have extensive experience working with financially troubled companies in complex financial restructurings, both out-of-court and in-court bankruptcy proceedings. Hilco is a boutique investment banking firm affiliated with Hilco Global, a diversified financial services holding company with more than twenty specialized business units and more than 800 professionals throughout the world. Its principals have been involved as advisors to various parties in interest and constituencies in many reorganization cases and asset sales. Hilco's distressed investment banking professionals have served as investment bankers to companies and creditors in numerous restructurings, including acting as the investment banker and/or financial advisor to debtors, creditors, and creditors' committees, including in the following recent cases: *In re CTN Holdings, Inc.* Case No. 25-10603 (Bankr. D. Del. March 30, 2025); *In re OTB Holding LLC*, Case No. 25-52415 (Bankr. N.D. Ga. March 4, 2025); *In re iM3NY LLC*, No.

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<sup>3</sup> Capitalized terms used but not defined otherwise herein shall have the meanings ascribed to them in the Private Sale Motion.

25-10131 (BLS) (Bankr. D. Del. Feb. 21, 2025); *In re TGI Friday's Inc., et al.*, No. 24-80069 (SGJ) (Bankr. N.D. Tex. Dec. 30, 2024); *In re One Table Restaurant Brands LLC*, No. 24-11553 (KBO) (Bankr. D. Del. July 17, 2024); *In re MRRC Hold Co.*, No. 24-11164 (CTG) (Bankr. D. Del. June 5, 2024); *In re Red Lobster Management LLC*, No. 24-02486 (GER) (Bankr. M.D. Fla. May 19, 2024); *In re MusclePharm Corporation*, No. 22- 14422 (NMC) (Bankr. D. Nev. Aug. 28, 2023); *In re Meridian Restaurants Unlimited, LLC*, No. 23- 20731 (JTM) (Bankr. D. Uta. Aug. 1, 2023); *In re CBC Restaurant Corp.*, No. 23-10245 (KBO) (Bankr. D. Del. June 2, 2023); *In re CiCi's Holdings, Inc.*, No. 21-30155 (SGJ) (Bankr. N.D. Tex. Mar. 1, 2021); *In re VIVUS, Inc.*, No. 20-11779 (LSS) (Bankr. D. Del. Jul. 7, 2020); *In re Garden Fresh Restaurant Corporation*, No. 20-02477 (JLS) (Bankr. S.D. Cal. May 14, 2020); *In re The Krystal Company*, No. 20-61065 (PWB) (Bankr. N.D. Ga. Jan. 19, 2020).

5. I have more than twenty years of experience in financial advisory and investment banking services and have been involved in numerous financial and operational restructurings, valuations, solvency analyses and fraudulent transfer disputes, investment banking and corporate finance transactions, including distressed sell-side and buy-side mergers and acquisitions transactions, recapitalizations, and restructuring transactions, and troubled company due diligence investigations.

6. Prior to joining Hilco in 2022, I held investment banking positions at both Piper Sandler and Macquarie Capital Advisors (and its predecessor firms) where I focused on providing debt advisory, equity private placements, capital markets, mergers and acquisitions, and restructuring advisory services to middle market companies across many industries, including consumer products (restaurants, food and agriculture), industrials, and healthcare. I also have experience in corporate banking, serving in both credit administration and special assets.

7. I received a bachelor's degree in economics from the University of California at Los Angeles as well as a Master of Business Administration degree in finance, with honors, from the Anderson School at UCLA. I am a Certified Insolvency and Restructuring Advisor and a member of the Turnaround Management Association, the Association of Insolvency and Restructuring Advisors, and the American Bankruptcy Institute.

**Debtors' Retention of Hilco and the Prepetition Marketing Process**

8. Hilco has been advising the Debtors for approximately four (4) months. In May 2025, the Debtors retained Hilco as their investment banker to conduct an extensive and comprehensive marketing process to sell the business or substantially all of the assets of the Debtors. In advising the Debtors in connection with the marketing process, I was assisted by other members of the Hilco team who have considerable mergers and acquisition and restructuring experience.

9. The Debtors, together with Hilco, launched the sale process in June 2025 and contacted over one hundred (100) potential buyers, which included a broad range of potential strategic and financial buyers. Approximately forty five (45) prospective buyers executed confidentiality agreements and received significant financial and business diligence information. In addition, potential buyers were offered the opportunity to participate in meetings with the Debtors' management team as well as to request additional due diligence items. The Debtors received several non-binding initial indications of interest and, after inviting prospective buyers to a second round of the process, ultimately executed a stalking horse purchase agreement for a sale of substantially all of their assets.

**Appointment of Stalking Horse Bidder and the Postpetition Marketing Process**

10. AHF IC, LLC (the "Buyer") is an affiliate of a significant customer of the Debtors, who, on or about May 20, 2025, acquired the prepetition secured debt from the Debtors' bank



lender in an amount not less than \$18 million. Both prior to, and since, its acquisition of the prepetition debt, the Buyer or its affiliates have expressed interest in acquiring the Debtors' assets and negotiating a sale.

11. To that end, the Debtors and the Buyer negotiated a stalking horse bid, whereby the Buyer proposed to purchase substantially all of the Assets for a purchase price of \$40,000,000, subject to higher or otherwise better offers made through a bidding procedures process.

12. In August, the Debtors proposed, and the Court approved, certain bidding procedures (as provided in the Bidding Procedures Order, the "Bidding Procedures"), including authorizing the Buyer as the Stalking Horse Bidder.

13. Following approval of the Bidding Procedures, additional Confidentiality Agreements were signed by potential bidders and some of the prospective buyers who had previously executed Confidentiality Agreement continued conducting due diligence. Hilco fielded and responded to numerous questions from potential bidders regarding information contained in the Debtors' data room in an effort to continue driving the sale process. Additionally, Hilco made all potential bidders aware of the deadlines and requirements imposed by the approved Bid Procedures, including the initial deadline of September 19, 2025 at 4:00 p.m. (prevailing Eastern Time), for the submission of bids (the "Bid Deadline").

14. To the best of my knowledge, information, and belief, the sale process was broadly marketed. All entities that would potentially be interested in submitting a bid were offered access to diligence materials contained and were given numerous opportunities to convey their interest in the Debtors and some or all their Assets.

15. Several days prior to the Bid Deadline, the Debtors received a revised offer from the Buyer, which included increasing the purchase price to \$58,500,000 (an almost 50% increase

from its original offer) in exchange for the Debtors agreeing to proceed with a private sale.

16. Based on the conversations that Hilco had with other potential bidders at the time the Buyer made their revised offer, I do not believe that there would be any qualified bid better than the Buyer's offer. Therefore, based on the material increase to the Purchase Price, and faced with the potential that an auction would not yield a superior price, the Debtors determined that it was in the best interests of the estates and their creditors to proceed with a private sale and entered into the revised Stalking Horse Purchase Agreement with the Buyer (the "Purchase Agreement").

**Entry into the Purchase Agreement is the Best Available Option for the Debtors**

17. The Debtors are entering into the Purchase Agreement on an arm's-length basis and in good faith. The Purchase Agreement is the result of extensive negotiations by the parties and their respective advisors and reflects the highest or otherwise best bid received for the Debtors' Assets.

18. I believe that entering into the Purchase Agreement and consummating the transactions contemplated thereby are sound exercises of the Debtors' business judgment. The proposed transactions will almost certainly allow the Debtors to receive the highest and best available consideration for the Debtors' Assets, maintain many of their customer, vendor, and employee relationships, including by preserving many jobs, and continue business as a going concern. Throughout the sales process, the Debtors were in communication with the Consultation Parties, each of which was ultimately supportive of the Debtors' entry into the Purchase Agreements.

**Conclusion**

19. Based on my experience, I believe that the Purchase Price represents a fair price for the Debtors' Assets in the current circumstances and is the result of extensive, good faith, arm's

length negotiations between the Debtors and the Buyer. Further, in my professional judgment, for the reasons summarized herein and upon which I can elaborate if called to testify, I submit that the proposed Purchase Agreement and the transactions contemplated thereby maximize value for the Debtors' bankruptcy estates, creditors and other stakeholders.

20. Accordingly, it is my opinion that the sale of the Debtors' Assets to the Buyer is in the best interests of the Debtors' bankruptcy estates, creditors and other stakeholders and should be approved in all respects.

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

Dated: September 26, 2025

/s/ Teri Stratton  
Teri Stratton, Senior Managing Director,  
Hilco Corporate Finance