

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

ANAGRAM HOLDINGS LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 23-90901 (MI)
)
) (Jointly Administered)
)

**COMPUTERSHARE TRUST COMPANY, N.A.'S PRELIMINARY STATEMENT
IN CONNECTION WITH DEBTORS' BIDDING PROCEDURES MOTION AND
RESERVATION OF RIGHTS TO SILVER POINT CAPITAL'S LIMITED OBJECTION
[Relates to Docket Nos. 26 & 153]**

Computershare Trust Company, National Association ("Computershare" or the "First Lien Notes Trustee"), in its capacity as trustee and collateral trustee for the First Lien Notes² under the Prepetition 1L Notes Documents, by and through its undersigned counsel ArentFox Schiff LLP, hereby files this preliminary statement (the "Statement") in connection with the Debtors' Bidding Procedures Motion³ and reservation of rights with respect to *Silver Point Capital's Limited*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Anagram Holdings, LLC (8535); Anagram International, Inc. (2523) and Anagram International Holdings, Inc. (5837). The location of the Debtors' service address for purposes of these chapter 11 cases is: 7700 Anagram Drive, Eden Prairie, MN 55344. Any reference herein to the Debtors does not include the debtor-entities that were administered in the Party City chapter 11 cases.

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the *Declaration of Adrian Frankum in Support of Debtors' Chapter 11 Petitions and First Day Motions* [Docket No. 19] (the "First Day Declaration"); the *Interim Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Liens and Superpriority Administrative Expense Claims, (II) Granting Adequate Protection to Certain Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, AND (V) Granting Relief* [Docket No. 128] (the "Interim DIP Order"); or the Motion (defined herein), as applicable.

³ *Emergency Motion of Debtors for Entry of An Order (I)(A) Approving the Bidding Procedures for Sale of Debtors' Assets, (B) Approving Stalking Horse Bid Protections, (C) Scheduling Certain Dates with Respect Thereto, (D) Approving Form and Manner of the Assignment Procedures and (E) Approving Contract Assumption and Assignment Procedures, (II)(A) Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances and (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases and (III) Granting Related Relief* [Docket No. 26] (the "Bidding Procedures Motion").



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Objection to the Bidding Procedures Motion [Docket No. 153] (the “Limited Objection”), and respectfully states as follows:

STATEMENT AND RESERVATION OF RIGHTS

1. Computershare is indenture trustee and collateral trustee for the First Lien Notes, which constitute prepetition first priority secured claims against the Debtors in aggregate principal amount outstanding of more than \$125 million (as of the Petition Date). As the First Lien Notes Trustee, Computershare among other things, represents the collective interests and is provided certain rights and powers on behalf of all First Lien Noteholders arising from the Prepetition 1L Notes Documents, including but not limited to the First Lien Notes Indenture and its related security documents. Computershare is also party to certain intercreditor agreements, including the First Lien/Second Lien Intercreditor Agreement dated as of July 30, 2020, between the First Lien Notes Trustee and the Second Lien Notes Trustee (the “1L/2L Notes Intercreditor Agreement”).

2. Silver Point Capital’s Limited Objection, and the arguments raised therein, appear to violate the 1L/2L Intercreditor Agreement and should be voluntarily withdrawn and, if not withdrawn, should not be considered. Under the 1L/2L Notes Intercreditor Agreement Second Lien Noteholders are prohibited from opposing a sale of collateral—including any related bidding procedures motion—if (i) First Lien Noteholders support the sale; (ii) the junior lien attaches to the net proceeds; and (iii) the net proceeds are applied in accordance with the remainder of the 1L/2L Notes Intercreditor Agreement. *See* 1L/2L Notes Intercreditor Agreement § 7.01.⁴ All of

⁴ Holders of the Second Lien Notes “(iv) **will not oppose or object to (and will not otherwise contest or support any party objecting to) any sale, transfer or other disposition of any Collateral free and clear of the Second Priority Liens or other claims under Section 363 of the Bankruptcy Code** or any comparable provision of any other Bankruptcy Law (**including**, for the avoidance of doubt, **the approval of bidding procedures** in connection therewith or any other related or ancillary matters) (a ‘**363 Sale**’), **if the First Priority Secured Parties, or a representative authorized by the requisite First Priority Secured Parties, shall consent to such sale or other disposition**; provided, that, (a) pursuant to a court order, the Second Priority Liens attach to the Net Proceeds of such sale or disposition with the same priority and validity as the Second Priority Liens in such Collateral and (b) the Net Proceeds of the 363 Sale are applied to the Debt Obligations in accordance with Section 4.01.” (emphasis added).

those conditions are satisfied here. All holders of Second Lien Notes therefore unambiguously contractually waived any right to object to the Bidding Procedures Motion, and thus should not be permitted to be heard, submit evidence, or make any arguments in opposition to the Bidding Procedures Motion.

3. Silver Point's arguments concerning standing and its troubled interpretation of the 1L/2L Intercreditor Agreement, including the comparative rights of beneficial holders versus registered holders, are meritless and would lead to absurd results. In Silver Point's view, beneficial holders have greater rights than the registered holder who Silver Point concedes is otherwise limited under the 1L/2L Intercreditor Agreement. Computershare believes the Court can summarily overrule the Limited Objection. However, in the event the Court determines it needs to adjudicate the enforceability of the 1L/2L Intercreditor Agreement and the arguments raised by Silver Point, Computershare believes three days' notice of the alleged dispute is insufficient notice to the Court and respectfully requests that the Court establish a briefing schedule to give parties sufficient time to properly brief these important issues. Additionally, Computershare is considering separately pursuing an enforcement action before this Court or in state or federal court seeking monetary damages, specific performance and an injunction.⁵

4. Even if the Court considers the Limited Objection, nothing is presented that would necessitate a longer Sale Process.

5. The First Lien Notes Trustee expressly reserves all rights, arguments, claims, defenses, objections and remedies under the Prepetition 1L Documents and the 1L/2L Intercreditor Agreement (which remain in full force and all rights and remedies thereunder are preserved, expressly including the First Lien Notes Trustee's rights to assert claims for monetary damages,

⁵ If the Second Lien Noteholders' arguments are meritless, the Limited Objection is effectively an admission of violating the 1L/2L Intercreditor Agreement.

specific performance or other enforcement actions against Silver Point before this Court or any other court with competent jurisdiction) and with respect to Silver Point's Limited Objection, the arguments raised therein, other responses to it and any other ancillary issues, either by further submission to this Court, at oral argument or testimony to be presented at any hearing.

Dated: November 19, 2023
New York, New York

By: /s/ Andrew I. Silfen
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*Counsel for Computershare Trust
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading was served electronically through the Court's CM/ECF system on November 19, 2023, on all parties that are registered to receive electronic service in the above cases.

By: /s/ Andrew I. Silfen
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