

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

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

---

**DECLARATION OF LORRAINE DISANTO IN SUPPORT OF CONFIRMATION  
OF THE FIRST AMENDED JOINT PLAN OF LIQUIDATION OF  
SEQUENTIAL BRANDS GROUP, INC. AND ITS DEBTOR AFFILIATES  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

---

I, Lorraine DiSanto, hereby declare under penalty of perjury, pursuant to section 1746 of title 28 of the United States Code, as follows:

1. I am the Chief Financial Officer of Sequential Brands Group, Inc. (“Sequential”), a debtor and debtor in possession and the main holding company of the above-captioned debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors”). In this capacity, I am familiar with the Debtors’ business, financial affairs, and day-to-day operations.

2. As Chief Financial Officer of Sequential, I am duly authorized to make this declaration in support of confirmation of the Debtors’ *First Amended Joint Plan of Liquidation of Sequential Brands Group, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy*

---

<sup>1</sup> 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), TBM Company, Inc. (7003), American Sporting Goods Corporation (1696), LNT Brands LLC (3923), Joe’s Holdings LLC (3085), Gaiam Brand Holdco, LLC (1581), G. 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 105 E. 34th Street, St. #249, New York, NY 10016.



*Code* [Docket No. 380] (together with all exhibits thereto, and as may be amended, modified or supplemented, the “Plan”).<sup>2</sup>

3. Except as otherwise indicated herein, all facts set forth in this declaration are based upon my personal knowledge and experience, information learned from my review of relevant documents, and information supplied to me by the Debtors’ advisors. If called upon to testify, I could and would testify competently to the facts set forth herein.

**SATISFACTION OF THE PLAN CONFIRMATION REQUIREMENTS**

**I. The Plan Complies with Section 1129(a)(1) of the Bankruptcy Code**

4. Based on my review of the Plan and all related materials, it is my understanding that the Plan complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including without limitation, sections 1122 and 1123 of the Bankruptcy Code.

**A. The Plan Complies with Sections 1122 and 1123(a)(1) of the Bankruptcy Code**

5. The Plan provides for the separation of Claims and Interests into eight Classes based upon differences in the legal nature and/or priority of Claims and Interests. Each Class of Claims or Interests contains only Claims or Interests that are substantially similar to the other Claims or Interests within that Class. Administrative Claims, Priority Tax Claims, and Professional Fee Claims are not classified and are separately treated under the Plan. Accordingly, I believe that the Plan satisfied the requirements of sections 1122 and 1123(a)(1) of the Bankruptcy Code.

---

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

**B. The Plan Complies with Section 1123(a)(2) of the Bankruptcy Code**

6. Article III of the Plan sets out whether a Class of Claims or Interests is Unimpaired or Impaired and sets forth the applicable treatment afforded to them under the Plan. Accordingly, I believe that the Plan satisfies the requirements of section 1123(a)(2) of the Bankruptcy Code.

**C. The Plan Complies with Section 1123(a)(3) of the Bankruptcy Code**

7. Article III of the Plan sets forth the applicable treatment for each Class under the Plan in a manner consistent with the provisions of the Bankruptcy Code. Accordingly, I believe that the Plan satisfies the requirements of section 1123(a)(3) of the Bankruptcy Code.

**D. The Plan Complies with Section 1123(a)(4) of the Bankruptcy Code**

8. Article III of the Plan provides that all Holders of Claims and Interests within a particular Class are receiving identical treatment under the Plan, unless any such Holder has agreed to accept less favorable treatment. Accordingly, I believe that the Plan satisfies the requirements of section 1123(a)(4) of the Bankruptcy Code.

**E. The Plan Complies with Section 1123(a)(5) of the Bankruptcy Code**

9. Article IV of the Plan, the Implementation Memorandum, and the Liquidating Trust Agreement provide adequate means for the Plan's implementation. Specifically, the Plan provides adequate means for implementation of the Plan through, among other things (a) the establishment of the Liquidating Trust, (b) the transfer of the Liquidating Trust Assets and the Wind-Down Reserve Accounts to the Liquidating Trust, (c) distributions to Holders of Administrative/Priority Claims and Other Secured Claims from the Wind-Down Reserve Accounts, (d) distribution of the Net Proceeds of the Liquidating Trust Assets to the Liquidating Trust Beneficiaries in accordance with the Plan and the Liquidating Trust Agreement, and (f) the dissolution of the Debtors and an orderly wind-down of the Debtors' Estates. Accordingly, I believe that the Plan satisfies the requirements of section 1123(a)(5) of the Bankruptcy Code.

**F. Section 1123(a)(6) of the Bankruptcy Code Is Not Applicable to the Plan**

10. The Plan does not provide for the issuance of any securities, including non-voting securities, and the Debtors are being dissolved on, or as soon as practicable after, the Effective Date, in accordance with the Implementation Memorandum. Accordingly, I believe that section 1123(a)(6) of the Bankruptcy Code is not applicable to the Plan.

**G. The Plan Complies with Section 1123(a)(7) of the Bankruptcy Code**

11. Article IV of the Plan provides for the dissolution of the Debtors on, or as soon as practicable after, the Effective Date and the establishment of a Liquidating Trust, which shall be governed by the Liquidating Trustee in consultation with the Class 3 Representative. The Plan and Liquidating Trust Agreement also set forth appropriate procedures for the appointment of the Liquidating Trustee and Class 3 Representative. Accordingly, I believe that the Plan satisfies the requirements of section 1123(a)(7) of the Bankruptcy Code.

**H. Section 1123(a)(8) of the Bankruptcy Code Is Not Applicable to the Plan**

12. Because section 1123(a)(8) of the Bankruptcy Code only applies to cases where the debtor is an individual, I believe section 1123(a)(8) inapplicable to the Debtors and the Plan.

**I. The Plan Complies with Section 1123(b) of the Bankruptcy Code**

13. The Plan contains a number of permissive provisions as detailed below, each of which I believe is consistent with the applicable provisions of the Bankruptcy Code:

- **Assumption/Rejection of Executory Contracts and Unexpired Leases:** Article V of the Plan provides that, on the Effective Date, each of the Debtors' Executory Contracts and Unexpired Leases not previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be deemed rejected as of the Effective Date in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except any Executory Contract or Unexpired Lease (a) identified on the Assumed Executory Contract and Unexpired Lease List (which is included in the Plan Supplement) as an Executory Contract or Unexpired Lease designated for assumption, (b) which is the subject of a separate motion or notice to assume or

reject Filed by the Debtors and pending as of the Confirmation Hearing, (c) that previously expired or terminated pursuant to its own terms, or (d) that was previously assumed or rejected by any of the Debtors. I believe that the assumption, assumption and assignment, or rejection of the Debtors' Executory Contracts and Unexpired Leases on the Effective Date, pursuant to Article V of the Plan and the Confirmation Order, is supported by the sound exercise of the Debtors' business judgment and is consistent with prior order entered in these Chapter 11 Cases.

- **Compromises and Settlements:** I believe that the settlements and compromises incorporated in the Plan are appropriate under the circumstances of the Chapter 11 Cases. In particular, I believe that the settlements and compromises incorporated in the Plan represent a fair and reasonable resolution of any and all disputes between the Debtors and all stakeholders and are in the best interests of the Debtors, their Estates and their creditors.
- **Releases, Exculpations, and Injunction:** Article VIII of the Plan includes certain release, injunction, exculpation, and related provisions. I believe that, among other things, these provisions are the product of arm's length negotiations and are reasonable under the circumstances of the Chapter 11 Cases. I am not aware of any significant colorable claims against any Released Party or Exculpated Party. I further believe that the release, injunction, exculpation, and related provisions are necessary components of the Plan and allow the Debtors to, among other things, avoid unnecessary litigation, promptly and efficiently wind-down the Debtors' Estates, and provide certainty and finality with respect to these Chapter 11 Cases.

## **II. The Plan Complies with Section 1129(a)(2) of the Bankruptcy Code**

14. On the basis of my understanding of the Plan, the events that have occurred throughout these Chapter 11 Cases, the obligations imposed upon the Debtors as a result of various orders entered during these Chapter 11 Cases, and the requirements of the Bankruptcy Code, and upon the advice of counsel, I believe that the Plan complies with the applicable provisions of the Bankruptcy Code, including sections 1125 and 1126 thereof, as well as the Disclosure Statement Order.

## **III. The Plan Complies with Section 1129(a)(3) of the Bankruptcy Code**

15. The Plan has been proposed by the Debtors with the legitimate and honest purpose of liquidating the Debtors' businesses and affairs and maximizing the value available for distribution to the Holders of Allowed Term B Secured Claims. The Plan and the process leading

to its formulation are the result of extensive arm's length negotiations among the Debtors, the Term B Lenders, and their respective advisors, as well as certain other interested parties, as applicable. In my opinion, each of these parties has acted in good faith. The Plan contemplates and is premised upon the liquidation of the Liquidating Trust Assets and the distribution of the Net Proceeds thereof to the Liquidating Trust Beneficiaries. To facilitate such liquidation and distribution, the Liquidating Trust Assets will be transferred to the Liquidating Trust, together with the Wind-Down Reserve Accounts, upon the occurrence of the Effective Date of the Plan. Therefore, the Plan achieves one of the primary objectives underlying a chapter 11 case: the equitable distribution of value to creditors. Accordingly, I believe that the Plan and the related documents have been filed in good faith.

**IV. The Plan Complies with Section 1129(a)(4) of the Bankruptcy Code**

16. I understand that all payments made or to be made on account of Professional Fee Claims for services or for costs and expenses in connection with the Chapter 11 Cases, including in connection with the Plan, have been approved by, or are subject to the approval of, the Court. Accordingly, I believe that the Plan satisfies the requirements of section 1129(a)(4) of the Bankruptcy Code.

**V. The Plan Complies with Section 1129(a)(5) of the Bankruptcy Code**

17. The Plan provides for the dissolution of the Debtors, on, or as soon as practicable, after the Effective Date, and the establishment of the Liquidation Trust, which shall be tasked with administering certain post-Effective Date responsibilities and wind-down under the Plan and governed by the Liquidating Trustee in consultation with the Class 3 Representative. The Liquidating Trustee and the Class 3 Representative were selected pursuant to the procedures set forth in the Plan and Liquidating Trust Agreement. I believe the appointment of these parties and the provisions of the Plan and the Liquidating Trust Agreement are consistent with the interests of

the Debtors' creditors and public policy. Accordingly, I believe that the Plan satisfies the requirements of section 1129(a)(5) of the Bankruptcy Code.

**VI. Section 1129(a)(6): The Plan Does Not Contain Any Rate Changes Subject to the Jurisdiction of Any Governmental Regulatory Commission**

18. After the Confirmation Date, the Debtors will not have any businesses involving the establishment of rates over which any regulatory commission has or will have jurisdiction. Therefore, I believe section 1129(a)(6) of the Bankruptcy Code is inapplicable to the Plan.

**VII. Section 1129(a)(7): The Plan Is in the Best Interest of All Creditors**

19. The Debtors have considered the impact that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in these Chapter 11 Cases, including the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee. For this reason, I believe that it is reasonable to assume that the Liquidating Trustee will recover at least as much as a chapter 7 trustee would.

20. I have reviewed the Liquidation Analysis attached as Exhibit C to the Disclosure Statement (the "Liquidation Analysis") that was prepared by the Debtors and their professional advisors. I believe that the estimated liquidation values set forth in the Liquidation Analysis are fair and reasonable estimates of the value of the Debtors assets' upon a hypothetical liquidation under chapter 7 of the Bankruptcy Code and, based on those estimates, each Class of Claims and Interests under the Plan will receive at least as much under the Plan as that Class would receive in a chapter 7 liquidation. Accordingly, I believe that the Plan satisfied the requirements of section 1129(a)(7) of the Bankruptcy Code. In addition, I note that the only Class of creditors that is entitled to vote on the Plan, *i.e.*, the Term B Lenders, have unanimously voted in favor of the Plan.

**VIII. The Plan Is Confirmable Notwithstanding the Requirements of Section 1129(a)(8)**

21. Holders of Claims in Classes 1 (Other Secured Claims) and 2 (Other Priority Claims) are Unimpaired under the Plan and are deemed to accept the Plan. Class 3 (Term B Secured Claims), which is the only impaired Class of Claims eligible to vote, has affirmatively voted to accept the Plan. *See Declaration of Varouj Bakhshian Regarding the Solicitation of Votes and Tabulation of Ballots Cast on the First Amended Disclosure Statement for Joint Plan of Liquidation of Sequential Brands Group, Inc. and its Debtors Affiliates Pursuant to Chapter 11 of the Bankruptcy Code Submitted by the Debtors* [D.I. 453] (the “Voting Declaration”). Accordingly, I believe that the Plan complies with section 1129(a)(8) of the Bankruptcy Code as to Classes 1 through 3.

22. Holders of Claims in Class 4 (General Unsecured Claims), Holders of Claims in Class 5 (Section 510 Claims), and Holders of Claims in Class 6 (Intercompany Claims) will not receive any recovery under the Plan on account of such Claims. Holders of Interests in Class 7 (Intercompany Interests) and Holders of Interests in Class 8 (Existing Parent Equity Interests) are not entitled to receive or retain any property under the Plan on account of such Interests. Accordingly, these Holders of Claims or Interests are deemed to have rejected the Plan. As set forth below, notwithstanding the deemed rejection by these Classes, I believe that the Plan may be confirmed under the “cram down” provisions of section 1129(b) of the Bankruptcy Code.

**IX. The Plan Complies with Section 1129(a)(9) of the Bankruptcy Code**

23. With respect to Administrative Claims, Professional Fee Claims, Priority Tax Claims, and the Other Priority Claims, Articles II and III of the Plan provide:

- Except to the extent that a Holder of an Allowed Administrative Claim agrees to a less favorable treatment of its Allowed Administrative Claim, each Holder of an

Allowed Administrative Claim will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim either (i) on the Effective Date, or as soon as practicable thereafter or (ii) if the Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which such Administrative Claim is Allowed by a Final Order, or as soon as reasonably practicable thereafter;

- Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, the Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code;
- All final applications for payment of Professional Fee Claims shall be filed with the Bankruptcy Court and served on the Debtors, counsel for the Requisite Consenting Lenders, and the Liquidating Trustee on or before the Professional Fee Claims Bar Date or such later date as may be agreed to by the Liquidating Trustee. Each holder of an Allowed Professional Fee Claim shall be paid in Cash from the Liquidating Trust in an amount equal to such Allowed Professional Fee Claim on or as soon as reasonably practicable after the first Business Day following the date upon which such Claim becomes Allowed, unless such holder shall agree to a different treatment of such Claim; and
- Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, on the Effective Date or as soon as reasonably practicable thereafter or, if the Other Priority Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which such Other Priority Claim is Allowed by Final Order, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Priority Claim shall receive, in full and complete settlement, release, and discharge of such Claim, at the option of the Debtors and the Requisite Consenting Lenders, the following treatment: (i) payment in full (in Cash) of such Allowed Other Priority Claim on the later of (a) the Effective Date (or as soon thereafter as reasonably practicable) and (b) as soon as practicable after the date such Allowed Other Priority Claim becomes due and payable or (ii) such other treatment rendering such Allowed Other Priority Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.

Accordingly, I believe that the Plan satisfies the requirements of section 1129(a)(9) of the Bankruptcy Code.

**X. The Plan Complies with Section 1129(a)(10) of the Bankruptcy Code**

24. As set forth in the Voting Declaration, Class 3 (Term B Secured Claims) is an Impaired Class of Claims that voted to accept the Plan, determined without including any

acceptance of the Plan by any insider. Accordingly, I believe that the Plan satisfies the requirement in section 1129(a)(10) of the Bankruptcy Code.

**XI. The Plan Complies with Section 1129(a)(11) of the Bankruptcy Code**

25. Based on my knowledge of the Debtors' current and past financial performance, records, projections, and post-confirmation assets and liabilities, I believe that the Liquidating Trust Assets and the Wind-Down Reserve Accounts will be sufficient to allow the Liquidating Trustee to make all payments required to be made under the Plan. Based upon this analysis, I believe that the Plan is feasible and confirmation is not likely to be followed by a liquidation or the need for further financial reorganization.

**XII. The Plan Complies with Section 1129(a)(12) of the Bankruptcy Code**

26. It is my understanding that the Debtors have paid or will pay all chapter 11 filing and operating fees required to be paid during these Chapter 11 Cases and filed all fee statements required to be filed. Article XIII.C of the Plan provides that all fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid by each of the Debtors or the Liquidating Trustee on behalf of each of the Debtors, on the Effective Date, and following the Effective Date, the Debtors, or the Liquidating Trustee on behalf of each of the Debtors, shall pay such fees as they are assessed and come due for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first. I believe that the Debtors will have sufficient funds to comply with Article XIII.C of the Plan. Accordingly, I believe the Plan satisfies the requirement in section 1129(a)(12) of the Bankruptcy Code.

**XIII. Sections 1129(a)(13) Through 1129(a)(16) Do Not Apply to the Plan**

27. I have been advised by counsel that subsections (13) through (16) of section 1129(a) of the Bankruptcy Code are inapplicable to the Debtors and, consequently, are inapplicable to the Plan.

**XIV. The Plan Satisfies the “Cram Down” Requirements of Section 1129(b) of the Bankruptcy Code**

28. It is my understanding that a plan of reorganization may be confirmed notwithstanding the rejection or deemed rejection by a class of claims or interests so long as the plan does not discriminate unfairly against, and is fair and equitable to, the dissenting class. In these Chapter 11 Cases, Class 4 (General Unsecured Claims), Class 5 (Section 510 Claims), Class 6 (Intercompany Claims), Class 7 (Intercompany Interests), and Class 8 (Existing Parent Equity Interests) are deemed to have rejected the Plan.

29. It is my understanding that the Plan does not discriminate unfairly against Class 4 (General Unsecured Claims), Class 5 (Section 510 Claims), Class 6 (Intercompany Claims), Class 7 (Intercompany Interests), and Class 8 (Existing Parent Equity Interests) as there are no similarly-situated Classes receiving more favorable treatment. It is my understanding that each of the remaining Classes that are receiving value under the Plan – Class 1 (Other Secured Claims), Class 2 (Other Priority Claims), and Class 3 (Term B Secured Claims) – contains Claims that are either secured or otherwise entitled to priority in right of payment under section 507(a) of the Bankruptcy Code and is not similarly-situated compared to Classes 4 through 8.

30. It is also my understanding that the “fair and equitable” requirement is satisfied as to Classes 4 through 8 because (a) no Claims or Interests junior to either Class 4, Class 5, Class 6, Class 7, or Class 8 will receive or retain any property under the Plan on account of such junior Claims or Interests, and (b) no Claims or Interests senior to Class 4, Class 5, Class 6, Class 7, or Class 8 will receive more than payment in full on account of such Claims or Interests.

31. Accordingly, I believe that the “cram down” requirements of section 1129(b) of the Bankruptcy Code are satisfied with respect to Classes 4 through 8.

**XV. The Plan Satisfies the Requirements of Section 1129(c), (d), and (e) of the Bankruptcy Code**

32. It is my understanding that the Plan is the only pending plan on file in the Chapter 11 Cases and, as a result, I believe section 1129(c) of the Bankruptcy Code is satisfied. Moreover, the principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933, and no party in interest has alleged otherwise. In light of this, I believe section 1129(d) of the Bankruptcy Code is inapplicable to the Plan. Finally, the Chapter 11 Cases are not “small business cases” and, therefore, I believe that section 1129(e) of the Bankruptcy Code is inapplicable.

Pursuant to 28 U.S.C. section 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 18, 2022

/s/ Lorraine DiSanto  
Lorraine DiSanto  
Chief Financial Officer  
Sequential Brands Group, Inc.