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

In re:	:	Chapter 11
FAT BRANDS INC., *et al.*,	:	Case No. 26-90126 (ARP)
Debtors.[1]	:	(Jointly Administered)
	:	**Re: Docket No. 454**

OBJECTION OF PACHULSKI STANG ZIEHL & JONES LLP IN OPPOSITION TO DEBTORS' EMERGENCY MOTION OF THE DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL AND OBTAIN SECURED POSTPETITION FINANCING; (II) GRANTING LIENS AND SUPERPRIORITY ADMINISTRATIVE CLAIMS; (III) PROVIDING ADEQUATE PROTECTION; (IV) SCHEDULING A FINAL HEARING; AND (V) GRANTING RELATED RELIEF

Pachulski Stang Ziehl & Jones LLP ("Pachulski") files this objection (the "Objection") in opposition to *Debtors' Emergency Motion of the Debtors For Entry of Interim and Final Orders (I) Authorizing the Debtors to Use Cash Collateral and Obtain Secured Postpetition Financing, (II) Granding Liens and Superpriority Administrative Claims; (III) Providing Adequate Protection; (IV) Scheduling a Final Hearing and (V) Granting Related Relief* [Docket No. 454] (the "DIP Motion")[2] and respectfully state the following:

[1] A complete list of the Debtors in the Chapter 11 Cases and the last four digits of each Debtor's taxpayer identification number (if applicable) may be obtained on the website of the Debtors' claims and noticing agent at https://omniagentsolutions.com/FATBrands-TwinHospitality. The Debtors' mailing address for purposes of the Chapter 11 Cases is 9720 Wilshire Blvd., Suite 500, Beverly Hills, CA 90212.

[2] All capitalized terms used but not defined herein have the meanings given to them in the *Debtors' Emergency Motion for Entry of the Stipulation and Agreed Order Regarding Mediated Agreement* [Docket No. 447] (the "9019 Motion") or the DIP Motion, as applicable.

OBJECTION

1. The Debtors are not in a traditional parent/subsidiary relationship. Instead, the Debtors are "whole business securitizations" that consist of two manager entities—Fat Brands, Inc. and Twin Peaks Hospitality Inc. (collectively, the "Managers")—and a large number of "Securitization Entities" that are managed by the Managers pursuant to various management agreements (the "Management Agreements"). Throughout these cases, the Managers have been imprecisely referred to as the "parents" and the Securitization Entities imprecisely referred to as the "subsidiaries."

2. The Management Agreements, among other documents, dictate the Managers' obligations to the Securitization Entities and the Securitization Entities' obligations to the Manager. The Securitization Entities' obligations include the payment of a contractual "Management Fee" and an agreement to reimburse the Manager for any "Manager Advances," essentially protective advances, made by the Managers to the Securitization Entities.

3. In the months prior to the Petition Date, the relationship between the Manager, the Securitization Entities, and the Securitization Entities' noteholders fractured beyond repair, and, in October 2025, the Securitization Entities and the Managers notified the Securitization Entities' noteholders, who now comprise the WBS Ad Hoc Group, that a "Manager Termination Event" had occurred, which gave the noteholders, subject to certain conditions, the contractual right to replace the Managers with an entity of their choosing.[3]

4. Around the same time, the Managers began asserting the right to the repayment of approximately $255 million in Manager Advances, which, the Managers alleged, were required to

[3] Notwithstanding their contractual rights, the Securitization Entities' noteholders, for reasons of their own choosing, did not replace the Managers prior to the Petition Date.

be repaid in full before the Securitization Entities' noteholders were entitled to anything. The Managers also alleged that they were required to recover the Manager Advances to pay the Managers' creditors.

5. The alleged Manager Advances thus made the Managers the Securitization Entities' senior most secured creditors and placed the Managers directly in conflict with the Securitization Entities they managed.

6. Notwithstanding this conflict, prior to the Petition Date, Latham & Watkins LLP ("Latham") represented both the Managers and the Securitization Entities. Latham subsequently filed both sets of entities to be jointly administered in the same bankruptcy case and currently represents both the Managers and Securitization Entities in these bankruptcy cases.

7. The inherent conflict between the Managers and the Securitization Entities made Latham's management of these cases all but impossible.

8. In an attempt to cure their conflict, in late January, Latham and the Managers asked Pachulski to represent the Managers and to investigate and prosecute the Manager Advances and potentially assist the Managers in formulating a bid for all or some of the Debtors' assets. Latham.[4]

9. To induce Pachulski to represent the Managers, Latham told Pachulski that Latham and the Debtors' other professionals would source, and seek Court approval of, debtor in possession financing that would fund the investigation into the Manager Advances, a potential bid, and the payment of Pachulski's fees and expenses.

10. Latham's conflict—representing the Managers and Securitization Entities at the same time—again proved debilitating and Latham was prevented from seeking financing that

[4] The Managers also recruited Moelis & Company to assist with the foregoing.

could be used to prosecute claims against the Securitization Entities. Instead, Latham again leaned on Pachulski, asking Pachulski to seek Court approval of financing for the Managers.[5]

11. Latham, with the encouragement of the Mediator, also pushed Pachulski to further expand their engagement and to represent the Managers in the Mediation, which was seeking to resolve the disputes between the Managers, the Securitization Entities, and the WBS Ad Hoc Group that they had been trying—unsuccessfully—to resolve since approximately mid-2025.[6]

12. Thereafter, Pachulski began doing its job, participating in numerous individual sessions with the Mediator and with larger groups and engaging constructively with the Debtors' senior officers and management. With the assistance of Pachulski, the Debtors were able to resolve the disputes between the Manager and the Securitization Entities and between the Debtors and the WBS Ad Hoc Group, resulting in the *Stipulation and Agreed Order Regarding Mediated Agreement* (the "Settlement") and the filing of the 9019 Motion.

13. Pachulski's unconflicted representation of the Managers also paved the way for (a) debtor in possession financing from the WBS Ad Hoc Group that would fund the case and its professionals; (b) resolution of the Debtors' governance issues that made it impossible for Latham to function as an unconflicted estate fiduciary; and (c) a value maximizing sale that should benefit the creditors and other stakeholders at both the Managers and the Securitization Entities. Pachulski

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5 Latham has continued to represent the Securitization Entities in matters adverse to the Managers notwithstanding its representation of the Managers in those same matters.

6 On March 17, 2026, FAT Brands filed the *Amended Application for Entry of an Order Authorizing the Employment and Retention of Pachulski Stang Ziehl & Jones LLP as Conflicts and Mediation Counsel, Effective as of February 2, 2026* [Docket No. 438], which amended the *Application for Entry of an Order Authorizing the Employment and Retention of Pachulski Stang Ziehl & Jones LLP as Conflicts and Mediation Counsel, Effective as of February 2, 2026* [Docket No. 369] (as amended, the "PSZJ Application"). The PSZJ Application is currently pending.

also understands that Debtors have agreed that the official committee of unsecured creditors (the "Committee") will investigate and prosecute the Manager Advances.[7]

14. Pachulski supports the 9019 Motion and the Settlement.

15. However, notwithstanding the Settlement and its tangible benefits to the Debtors' estates and stakeholders, the WBS Ad Hoc Group has proposed a DIP that is intentionally punitive. The DIP provides for the payment of all estate professionals other than Pachulski and Steptoe LLC,[8] *i.e.*, the professionals that played an outsized role in reaching the Settlement and resolving the critical issues underpinning these Chapter 11 Cases. On information and belief, the WBS Ad Hoc Group's DIP is intended to punish Pachulski and Steptoe LLC for advocating for their clients.

16. All estate professionals, whether at the Manager or Securitization Entity levels, must be treated the same and the DIP must provide for appropriate reserves to pay all fees, expenses, and other administrative claims approved by this Court. The WBS Ad Hoc Group cannot use its DIP to silence advocacy of the Debtors' interests.

17. For the foregoing reasons, Pachulski objects to the granting of the DIP Motion.

18. Pachulski, however, is still reviewing the DIP Motion, which was filed around 7:00 Central last night, and reserves all rights, including the right to supplement this Objection.

[7] Although the Committee is an estate fiduciary, it appears to have the same conflicts with respect to the Manager Advances as Latham. The Manager has its own unsecured creditors who may be negatively impacted if the Manager Advances are not pursued while the Securitization Entities has its own unsecured creditors who may be negatively impacted if the Manager Advances are pursued.

[8] Steptoe LLC represents the Managers' independent board members that are not also board members or officers of any of the Managers' subsidiaries.

Signed: March 19, 2026
Houston, Texas

Respectfully submitted,

/s/ Theodore S. Heckel

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Proposed Conflicts and Mediation Counsel for FAT Brands, Inc. and Twin Hospitality Group Inc.

CERTIFICATE OF SERVICE

I certify that on March 19, 2026, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on those parties registered to receive electronic notices.

/s/ Theodore S. Heckel
Theodore S. Heckel