

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

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

Hearing Date:

December 17, 2025, at 10:00 a.m. (ET)

Objection Deadline:

December 10, 2025, at 4:00 p.m. (ET)

**APPLICATION OF DEBTORS FOR AN ORDER AUTHORIZING DEBTORS
TO RETAIN AND EMPLOY KELLER BENVENUTTI KIM LLP AS LEAD
BANKRUPTCY COUNSEL, EFFECTIVE AS OF THE PETITION DATE**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby file this application (the “Application”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), authorizing the Debtors to retain and employ Keller Benvenuti Kim LLP (“KBK”) as lead bankruptcy counsel in the Chapter 11 Cases (as defined below), effective as of the Petition Date (as defined below). In support of this Application, the Debtors submit the Declaration of Tobias S. Keller (the “Keller Declaration”), attached hereto as **Exhibit B** and the Declaration of J. Michael Issa (the “Issa Declaration”), attached hereto as **Exhibit C**. In further support of this Application, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

Order of Reference from the United States District Court for the District of Delaware, dated as of February 29, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b) and, pursuant to rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final order by the Court in connection with this Application to the extent that it is later determined that the Court, absent the consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief requested herein are section 327(a) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 2014-1.

BACKGROUND

4. On November 16, 2025 (the “Petition Date”), each of the Debtors filed a voluntary petition under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”) in the Court. The Debtors are authorized to operate their business and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. On November 25, 2025, the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors, pursuant to section 1102 of the Bankruptcy Code [Docket No. 88] (the “Committee”). No request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases.

6. Additional information regarding the Debtors’ business, capital structure, and the circumstances leading to the filing of the Chapter 11 Cases is set forth in the *Declaration of J.*

Michael Issa in Support of Chapter 11 Petitions and First Day Motions (the “First Day Declaration”).²

RELIEF REQUESTED

7. By this Application, the Debtors request entry of the Proposed Order authorizing the Debtors to employ and retain KBK as lead bankruptcy counsel in the Chapter 11 Cases, effective as of the Petition Date.

KBK’S QUALIFICATIONS

8. KBK is well qualified to serve as the Debtors’ lead bankruptcy counsel in the Chapter 11 Cases. KBK is a law firm practicing in the areas of bankruptcy and restructuring. The attorneys at KBK have served as counsel to debtors in possession in many chapter 11 cases. In addition to their work as debtor’s counsel, the attorneys at KBK have played various roles in chapter 11 cases and have extensive chapter 11 experience.

9. By an engagement letter dated May 14, 2025, the Debtors retained KBK for the purpose of providing legal advice concerning its financial and liquidity situation, as well as advice regarding scenarios that could involve a chapter 11 case. The Debtors and KBK entered into a new engagement letter dated November 12, 2025 (the “Engagement Letter”), which replaced and superseded the May 14, 2025, engagement letter. Pursuant to the Engagement Letter, the Debtors retained KBK as general bankruptcy counsel.

10. Leading up to the commencement of the Chapter 11 Cases, KBK assisted the Debtors in their negotiations with their prepetition secured lender and in preparing for the filing of the Chapter 11 Cases. KBK’s professionals have worked closely with the Debtors’ management and other professionals and, as a result, have become well acquainted with the Debtors’ history,

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

business operations, capital and corporate structure, and related matters. Accordingly, KBK has developed substantial knowledge of the Debtors that will result in effective and efficient representation in the Chapter 11 Cases.

11. The employment of KBK as the Debtors' lead bankruptcy counsel is appropriate and necessary to enable the Debtors to fulfill their duties as debtors and debtors in possession and to preserve and maximize the value of the Debtors' estates for all stakeholders. The Debtors propose to retain KBK on the terms set forth herein, which describe, among other things, (a) the services that KBK anticipates performing for the Debtors, and (b) the terms and conditions of KBK's proposed engagement by the Debtors.

SERVICES TO BE PROVIDED BY KBK

12. The Debtors have requested that KBK render, to the extent necessary, the following legal services in connection with the Chapter 11 Cases and certain continuing matters, including:

- (a) advising the Debtors of their rights, powers, and duties as debtors and debtors in possession continuing to operate and manage their business and property under chapter 11 of the Bankruptcy Code;
- (b) preparing on behalf of the Debtors all necessary and appropriate applications, motions, proposed orders, other pleadings, notices, schedules, and other documents, and reviewing all financial and other reports to be filed in the Chapter 11 Cases;
- (c) representing the Debtors in connection with obtaining authority to obtain postpetition financing and to use cash collateral;
- (d) representing the Debtors in connection with obtaining approval for the approval of the Agency Agreement (as defined in the First Day Declaration) or a sale of some or all of their assets, and with respect to any other asset dispositions;
- (e) advising the Debtors concerning, and preparing responses to, applications, motions, other pleadings, notices, and other papers that may be filed by other parties in the Chapter 11 Cases and appear on behalf of the Debtors in any hearings or other proceedings relating to those matters;

- (f) reviewing the nature and validity of any liens asserted against the Debtors' property and advising the Debtors concerning the enforceability of such liens;
- (g) advising the Debtors regarding their ability to initiate actions to collect and recover property for the benefit of their estates;
- (h) advising and assisting the Debtors in negotiations with the Debtors' debt holders, equity interest holders, and other stakeholders;
- (i) advising the Debtors concerning executory contract and unexpired lease assumptions, assignments, and rejections;
- (j) advising the Debtors in connection with the formulation, negotiation and promulgation of a plan or plans under the Bankruptcy Code, and related transactional documents;
- (k) assisting the Debtors in reviewing, estimating and resolving claims asserted against the Debtors' estates;
- (l) commencing and conducting litigation that is necessary and appropriate to assert rights held by the Debtors, protect assets of the Debtors' chapter 11 estates or otherwise further the goal of completing the Debtors' forthcoming plan;
- (m) providing non-bankruptcy related services for the Debtors to the extent requested by the Debtors, including, among other things, advice related to corporate governance; and
- (n) performing all other necessary and appropriate legal services in connection with the Chapter 11 Cases for or on behalf of the Debtors.

13. The Debtors require knowledgeable bankruptcy counsel to render these essential professional services and KBK has substantial expertise in all of these areas. Moreover, as indicated above, KBK has obtained valuable institutional knowledge of the Debtors' business and financial affairs as a result of its representation of the Debtors prior to the Petition Date.

14. KBK will take the lead in advising the Debtors on their overall strategy and the formulation and negotiation of a chapter 11 plan, as well as day-to-day case administration, operations, and proceedings. KBK will coordinate with any other professionals the Debtors may

employ to avoid duplication of services and increase efficiency by providing services within the scope of their respective employment.

15. Accordingly, the Debtors respectfully submit that KBK is qualified to perform these services and represent the Debtors' interests in the Chapter 11 Cases and that KBK will enhance and will not duplicate the efforts of any other professionals who may be retained by the Debtors.

PROFESSIONAL COMPENSATION

16. Subject to the Court's approval of the Application, KBK intends to: (a) charge for its legal services on an hourly basis in accordance with the ordinary and customary hourly rates in effect on the date services are rendered which are subject to periodic review and adjustments; and (b) seek reimbursement of actual and necessary out-of-pocket expenses. KBK will be compensated at its standard hourly rates, which are based on the professionals' level of experience and are the same as the rates KBK charged the Debtors as of the Petition Date. At present, the standard hourly rates charged by the KBK professionals most likely to be active in the Chapter 11 Cases are as follows: Tobias S. Keller—Partner (\$1100); Traci L. Shafroth—Partner (\$850); Scott J. Friedman—Of Counsel (\$750); Jay Minga—Senior Counsel (\$675); Tyler Davis—Associate (\$550); Paraprofessionals (\$275-\$300). KBK's hourly rates are comparable to those charged by attorneys and paraprofessionals of similar experience and expertise for engagements of scope and complexity similar to the Chapter 11 Cases. Further, KBK's bankruptcy professionals are subject to the same client-driven market forces, scrutiny, and accountability as its professionals in non-bankruptcy engagements.

17. KBK will maintain detailed, contemporaneous time records in six-minute intervals and apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, any

additional procedures that may be established by the Court in the Chapter 11 Cases, and the U.S. Trustee Guidelines. In addition, KBK understands that interim and final fee awards are subject to approval by the Court.

18. KBK contemplates billing for its incurred expenses in the following expense categories: outside printing, delivery services/couriers, postage, out-of-town travel (including subcategories for transportation, hotel, meals, ground transportation, and other), court fees, subpoena fees, witness fees, deposition transcripts, trial transcripts, trial exhibits, litigation support vendors, experts, investigators, arbitrators/mediators, and other. KBK will consult with the U.S. Trustee regarding any suggested alterations to these fee and expense categories.

19. In the year preceding the Petition Date, KBK received retainer payments from the Debtors totaling \$1,717,227.94, as advance payment of and to secure the payment of professional fees and disbursements to be incurred prior to the Petition Date. On May 16, 2025, the Debtors provided KBK with advance payments of \$75,000, to establish a retainer (the “Retainer”) for professional services to be rendered and expenses to be incurred by KBK on account of a contemplated restructuring. Thereafter, the Debtors provided KBK with additional payments to increase the then-current balance of the Retainer. As of the Petition Date, the balance of the Retainer was approximately \$193,713.00. KBK will not apply any portion of the remaining Retainer to fees and expenses incurred from and after the Petition Date unless and until authorized to do so by a further order of the Court.

20. The Debtors request that KBK be permitted to hold the full amount of the Retainer as a post-petition retainer. In connection with the approval of fee applications in the Chapter 11 Cases, and if and when authorized by the Court, KBK will apply the remaining portion

of the Retainer against any unpaid fees or unreimbursed disbursements, with any unapplied portion of the Retainer to be promptly returned to the Debtors.

NO ADVERSE INTEREST

21. The Keller Declaration, incorporated herein by reference, discloses KBK's connections to the Debtors and parties in interest in this case. In reliance on the Keller Declaration, the Debtors believe that: (a) KBK has no material connection with the Debtors, their affiliates, creditors, the U.S. Trustee, any person employed in the office of the U.S. Trustee, or any other party with an actual or potential interest in the Chapter 11 Cases or their respective attorneys or accountants; (b) KBK is not a creditor, equity security holder or insider of the Debtors; (c) none of KBK's current lawyers is, or was within two years of the Petition Date, a director, officer, or employee of the Debtors; and (d) KBK neither holds nor represents an interest materially adverse to the Debtors or their estates. Accordingly, the Debtors believe that KBK is a "disinterested person," as defined in section 101(14) of the Bankruptcy Code and as required by section 327(a) of the Bankruptcy Code.

22. In the event that KBK's representation of the Debtors in connection with any matter in the Chapter 11 Cases would result in it becoming adverse to a party in interest that gives rise to a professional conflict, the Debtors shall retain separate counsel to represent their interests with respect to such matter against such party.

23. As set forth in further detail in the Keller Declaration, the Debtors do not owe KBK any amount for services performed or expenses incurred prior to the commencement of the Chapter 11 Cases, and, thus, KBK is not a prepetition creditor of the Debtors. Set forth in Exhibit 2 to the Keller Declaration is a history of payments received by KBK in the one year prior to the Petition Date.

BASIS FOR RELIEF REQUESTED

24. Under section 327(a) of the Bankruptcy Code, a debtor in possession is authorized to employ professional persons “that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor in possession] in carrying out [its] duties under this title.” 11 U.S.C. § 327(a). Section 1107(b) of the Bankruptcy Code elaborates upon sections 101(14) and 327(a) of the Bankruptcy Code in cases under chapter 11 of the Bankruptcy Code and provides that “a person is not disqualified for employment under section 327 of [the Bankruptcy Code] by a debtor in possession solely because of such person’s employment by or representation of the debtor before the commencement of the case.” 11 U.S.C. § 1107(b).

25. As required by Bankruptcy Rule 2014(a), this Application and the Keller Declaration set forth the following: (a) the specific facts showing the necessity for KBK’s employment; (b) the reasons for the Debtors’ selection of KBK as their lead bankruptcy counsel in connection with the Chapter 11 Cases; (c) the professional services proposed to be provided by KBK; (d) the arrangement between the Debtors and KBK with respect to KBK’s compensation, including information on retainers and hourly fees and the reasonableness thereof; and (e) to the best of the Debtors’ knowledge, the extent of KBK’s connections, if any, to certain parties in interest in these matters. Accordingly, KBK’s retention by the Debtors should be approved.

NOTICE

26. Notice of this Application will be provided to: (a) the U.S. Trustee; (b) proposed counsel to the Committee; (c) the office of the attorney general for each of the states in which the Debtors operate; (d) the United States Attorney’s Office for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Department of Justice; (g) the Securities and Exchange Commission; (h) counsel to Compass Group Diversified Holdings LLC, the Debtors’ prepetition secured lender and postpetition secured lender; and (i) any party that is entitled to notice

pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

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CONCLUSION

WHEREFORE, the Debtors respectfully request entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, (a) granting the relief requested herein, and (b) granting such other relief as the Court deems appropriate under the circumstances.

Dated: November 26, 2025

/s/ J. Michael Issa

J. Michael Issa

Chief Restructuring Officer

Lugano Diamonds & Jewelry Inc., *et al.*

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

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

Hearing Date:

December 17, 2025, at 10:00 a.m. (ET)

Objection Deadline:

December 10, 2025, at 4:00 p.m. (ET)

NOTICE OF APPLICATION

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “Debtors”) have filed the *Application for an Order Authorizing Debtors to Retain and Employ Keller Benvenuti Kim LLP as Lead Bankruptcy Counsel, Effective as of the Petition Date* (the “Application”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that any objections to the Application must be filed on or before **December 10, 2025, at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must serve a copy of the objection upon the undersigned counsel to the Debtors so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE APPLICATION WILL BE HELD ON DECEMBER 17, 2025, AT 10:00 A.M. (ET) BEFORE THE HONORABLE BRENDAN LINEHAN SHANNON, UNITED STATES BANKRUPTCY COURT JUDGE FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 6TH FLOOR, COURTROOM NO. 1, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT, IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE APPLICATION WITHOUT FURTHER NOTICE OR A HEARING.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

Dated: November 26, 2025
Wilmington, Delaware

**YOUNG CONAWAY STARGATT &
TAYLOR, LLP**

/s/ Timothy R. Powell

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Sean M. Beach (Del. No. 4070)
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-and-

KELLER BENVENUTTI KIM LLP

Tobias S. Keller (admitted *pro hac vice*)
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sfriedman@kbkllp.com

*Proposed Attorneys for Debtors
and Debtors-in-Possession*

EXHIBIT A

Proposed Order

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

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

Re: Docket No. _____

**ORDER AUTHORIZING DEBTORS TO RETAIN AND EMPLOY KELLER
BENVENUTTI KIM LLP AS LEAD BANKRUPTCY COUNSEL,
EFFECTIVE AS OF THE PETITION DATE**

Upon the application (the “Application”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”) authorizing the retention and employment of Keller Benvenuti Kim LLP (“KBK”) as lead bankruptcy counsel in the Chapter 11 Cases, effective as of the Petition Date; and upon consideration of the First Day Declaration, the Keller Declaration, and the Issa Declaration; and upon the statements of counsel made in support of the relief requested in the Application at the hearing before this Court; and it appearing that this Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that venue of the Chapter 11 Cases and the Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that it may enter a final order consistent with Article III of the United States

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed such terms in the Application.

Constitution; and it appearing that proper and adequate notice of the Application has been given under the circumstances and in accordance with the Bankruptcy Rules and Local Rules and that no other or further notice is necessary; and this Court finding that KBK is a “disinterested person,” as defined in section 101(14) of the Bankruptcy Code and as required by section 327(a) of the Bankruptcy Code because (a) KBK has no connection with the Debtors, any creditors, or other parties in interest, their respective attorneys and accountants, or the U.S. Trustee or any of its employees, except as set forth in the Keller Declaration, (b) KBK is not a creditor, equity security holder, or insider of the Debtors, (c) none of KBK’s members or employees are or were, within two years of the Petition Date, a director, officer, or employee of the Debtors, and (d) KBK does not hold and has neither represented nor represents an interest materially adverse to the interests of the Debtors’ estates or of any class of creditors or equity security holders by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or for any other reason; and after due deliberation thereon; and this Court having found that the relief herein is in the best interests of the Debtors’ estates; and good and sufficient cause appearing therefor:

IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED as set forth herein.
2. Any objections to the entry of this Order, to the extent not withdrawn or settled, are overruled.
3. In accordance with section 327(a) of the Bankruptcy Code, the Debtors are hereby authorized to retain and employ the firm of KBK as their lead bankruptcy counsel on the terms set forth in the Application and the Keller Declaration, effective as of the Petition Date.
4. KBK shall be entitled to allowance of compensation and reimbursement of expenses, upon the filing and approval of interim and final applications pursuant to sections 330

and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and such other orders as this Court may direct, including, without limitation, any order of this Court establishing procedures for interim compensation and reimbursement of professionals retained in the Chapter 11 Cases.

5. KBK is permitted to hold the full amount of the Retainer as a post-petition retainer. In connection with the approval of fee applications in the Chapter 11 Cases, and if and when authorized by this Court, KBK will apply the remaining portion of the Retainer against any unpaid fees or unreimbursed disbursements, with any unapplied portion of the Retainer to be promptly returned to the Debtors.

6. The Debtors are authorized to take any and all actions necessary to effectuate the relief granted herein.

7. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation and enforcement of this Order.

EXHIBIT B

Keller Declaration

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

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

**DECLARATION OF TOBIAS S. KELLER IN SUPPORT OF APPLICATION OF
DEBTORS FOR AN ORDER AUTHORIZING DEBTORS TO RETAIN AND
EMPLOY KELLER BENVENUTTI KIM LLP AS LEAD BANKRUPTCY
COUNSEL, EFFECTIVE AS OF THE PETITION DATE**

I, Tobias S. Keller, do hereby declare (this “Declaration”) as follows:

1. I am a partner in the law firm of Keller Benvenutti Kim LLP (“KBK”), located at 101 Montgomery Street, Suite 1950, San Francisco, California 94104, and am admitted to practice law in the State of California and the United States District Courts for the Central, Northern, Eastern, and Southern Districts of California and the U.S. Courts of Appeal for the Third and Ninth Circuits. There are no disciplinary proceedings pending against me. I am authorized to make this Declaration on behalf of KBK in support of the *Application of Debtors for an Order Authorizing Debtors to Retain and Employ Keller Benvenutti Kim LLP as Lead Bankruptcy Counsel, Effective as of the Petition Date* (the “Application”).² The facts set forth in this Declaration are personally known to me and, if called as a witness, I could and would testify thereto.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Application.

KBK's Qualifications

2. KBK is qualified to serve as the Debtors' lead bankruptcy counsel in the Chapter 11 Cases. KBK is a law firm practicing in the areas of bankruptcy and restructuring. The attorneys at KBK have served as counsel to debtors in possession in many chapter 11 cases. In addition to their work as debtor's counsel, the attorneys at KBK have played various roles in chapter 11 cases and have extensive chapter 11 experience.

3. By an engagement letter dated May 14, 2025, one of the Debtors retained KBK for the purpose of providing legal advice concerning its financial and liquidity situation, as well as advice regarding scenarios that could involve the commencement of a chapter 11 case. The Debtors and KBK entered into a new engagement letter dated November 12, 2025 (the "Engagement Letter"), which replaced and superseded the May 14, 2025, engagement letter. Pursuant to the Engagement Letter, the Debtors retained KBK as general bankruptcy counsel.

4. Leading up to the commencement of the Chapter 11 Cases, KBK assisted the Debtors in its negotiations with the prepetition secured lender groups and in preparing for the filing of the Chapter 11 Cases. KBK's professionals have worked closely with the Debtors' management and other professionals and, as a result, have become well acquainted with the Debtors' history, business operations, capital and corporate structure and related matters. Accordingly, KBK has developed substantial knowledge of the Debtors that will result in effective and efficient representation in the Chapter 11 Cases.

Services to Be Provided

5. The Debtors have requested that KBK render, to the extent necessary, the following legal services in connection with the Chapter 11 Cases and certain continuing matters:

- (a) advising the Debtors of their rights, powers, and duties as debtor and debtor in possession continuing to operate and manage their business and property under chapter 11 of the Bankruptcy Code;
- (b) preparing on behalf of the Debtors all necessary and appropriate applications, motions, proposed orders, other pleadings, notices, schedules, and other documents, and reviewing all financial and other reports to be filed in the Chapter 11 Cases;
- (c) representing the Debtors in connection with obtaining authority to obtain postpetition financing and to use cash collateral;
- (d) representing the Debtors in connection with obtaining approval for the approval of the Agency Agreement (as defined in the First Day Declaration) or a sale of some or all of their assets, and with respect to any other asset dispositions;
- (e) advising the Debtors concerning, and preparing responses to, applications, motions, other pleadings, notices, and other papers that may be filed by other parties in the Chapter 11 Cases and appear on behalf of the Debtors in any hearings or other proceedings relating to those matters;
- (f) reviewing the nature and validity of any liens asserted against the Debtors' property and advising the Debtors concerning the enforceability of such liens;
- (g) advising the Debtors regarding their ability to initiate actions to collect and recover property for the benefit of their estates;
- (h) advising and assisting the Debtors in negotiations with the Debtors' debt holders, equity interest holders, and other stakeholders;
- (i) advising the Debtors concerning executory contract and unexpired lease assumptions, assignments, and rejections;
- (j) advising the Debtors in connection with the formulation, negotiation and promulgation of a plan or plans under the Bankruptcy Code, and related transactional documents;
- (k) assisting the Debtors in reviewing, estimating, and resolving claims asserted against the Debtors' estates;

- (l) commencing and conducting litigation that is necessary and appropriate to assert rights held by the Debtors, protect assets of the Debtors' chapter 11 estates or otherwise further the goal of completing the Debtors' forthcoming plan;
- (m) providing non-bankruptcy related services for the Debtors to the extent requested by the Debtors, including, among other things, advice related to corporate governance; and
- (n) performing all other necessary and appropriate legal services in connection with the Chapter 11 Cases for or on behalf of the Debtors.

Compensation and Fee Applications

6. Prior to the Petition Date, the Debtors agreed to compensate KBK for legal services provided or to be provided in connection with the Chapter 11 Cases, including for all actual and necessary expenses incurred in connection with the Chapter 11 Cases.

7. Within one year of the Petition Date, KBK received retainer payments from the Debtors in the total amount of \$1,717,227.94 (the "Retainer") as advance payment of and to secure the payment of professional fees and disbursements to be incurred prior to the Petition Date.

8. A history of the payments received by KBK in the one year prior to the Petition Date is set forth in Exhibit 2 attached hereto. At no time prior to the Petition Date did KBK's invoiced fees and expenses exceed the amount of the Retainer. Prior to the Petition Date, KBK applied the Retainer to actual or expected outstanding receivables for services incurred by the Debtors and expenses paid by KBK in the year prior to the commencement of the Chapter 11 Cases.

9. After application of the Retainer to all outstanding and prepetition fees and expenses, KBK is holding a retainer of \$193,713.00 to secure payment of postpetition fees and expenses. KBK will hold this balance of the Retainer, subject to further order of the Court, as a retainer for postpetition fees and expenses in connection with the Chapter 11 Cases.

10. Subject to the Court's approval of the Application, KBK intends to: (a) charge for its legal services on an hourly basis in accordance with the ordinary and customary hourly rates in effect on the date services are rendered which are subject to periodic review and adjustments; and (b) seek reimbursement of actual and necessary out-of-pocket expenses. KBK will be compensated at its standard hourly rates, which are based on the professionals' level of experience. At present, the standard hourly rates charged by KBK's professionals likely to be most active in the Chapter 11 Cases are as follows: Tobias S. Keller—Partner (\$1100); Traci L. Shafroth—Partner (\$850); Scott J. Friedman—Of Counsel (\$750); Jay Minga—Senior Counsel (\$675); Tyler Davis—Associate (\$550); Paraprofessionals (\$275-\$300). KBK's hourly rates are comparable to those charged by attorneys and paraprofessionals of similar experience and expertise for engagements of scope and complexity similar to the Chapter 11 Cases. Further, KBK's bankruptcy professionals are subject to the same client-driven market forces, scrutiny and accountability as its professionals in non-bankruptcy engagements.

11. KBK will maintain detailed, contemporaneous time records in six-minute intervals and apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, any additional procedures that may be established by the Court in the Chapter 11 Cases, and the U.S. Trustee Guidelines. In addition, KBK understands that interim and final fee awards are subject to approval by the Court.

12. KBK contemplates billing for its incurred expenses in the following expense categories: outside printing, delivery services/couriers, postage, out-of-town travel (including subcategories for transportation, hotel, meals, ground transportation, and other), court fees, subpoena fees, witness fees, deposition transcripts, trial transcripts, trial exhibits, litigation support

vendors, experts, investigators, arbitrators/mediators, and other. KBK will consult with the U.S. Trustee regarding any suggested alterations to these fee and expense categories.

13. To the best of my knowledge and belief, insofar as I have been able to ascertain after reasonable inquiry, neither I nor KBK, nor any partner or associate thereof, has received or been promised any compensation for legal services rendered or to be rendered in any capacity in connection with the Chapter 11 Cases, other than as permitted by the Bankruptcy Code. KBK has not agreed to share compensation received in connection with this case with any other person, except as permitted by section 504(b) of the Bankruptcy Code and Bankruptcy Rule 2016(b) in respect of the sharing of compensation among KBK's partners.

Disclosure Concerning Disinterestedness

14. The Debtors have provided KBK with a list of the names (collectively, the "Interested Parties") of individuals or institutions in the following categories: (a) the Debtors and non-Debtor affiliates (not otherwise noted in another category below); (b) the Debtors' professionals and advisors; (c) current and former directors and officers; (d) secured creditors; (e) 30 largest unsecured creditors; (f) taxing and governmental authorities; (g) utility providers; (h) landlords, (i) material shareholders; (j) insurance providers; (k) material vendors, suppliers, and significant contract counterparties; (l) the DIP lender; (m) bankruptcy judges and staff of the Court; and (n) attorneys for and staff of the U.S. Trustee's office. A list of the Interested Parties is attached hereto as **Exhibit 1**.

15. To check and clear potential conflicts of interest in this case, as well as to determine all "connections" (as such term is used in Bankruptcy Rule 2014) to the Interested Parties, KBK reviewed its client database and had its attorneys review **Exhibit 1** to determine whether it had any relationships with the Interested Parties.

16. Except as set forth below, to the best of my knowledge and belief, insofar as I have been able to ascertain after reasonable inquiry, neither I, nor KBK, nor any partner, associate, or other professional thereof has any connection with the Debtors, their creditors, the U.S. Trustee, any person employed in the U.S. Trustee's office, any Bankruptcy Judge currently serving on the Court, or any other party with an actual or potential interest in the Chapter 11 Cases or their respective attorneys or accountants:

- (a) KBK has rendered services to the Debtors relating to their plans to seek relief under chapter 11 of the Bankruptcy Code and the preparation of the petitions and other papers initiating and prosecuting the Chapter 11 Cases.
- (b) The Debtors have sought or will seek to retain, among others, (i) Young Conaway Stargatt & Taylor, LLC, as bankruptcy co-counsel, (ii) GlassRatner Advisory & Capital Group, LLC, to provide a chief restructuring officer and to provide support services to the CRO, (iii) Armory Securities, LLC, as investment banker, (iv) Omni Agent Solutions, Inc., as claims and noticing agent, and (v) Barnes & Thornburg, as counsel to the Special Committee of the Board of Directors of Lugano Diamonds & Jewelry Inc. KBK has in the past worked and/or currently does work with and/or against such professionals in matters wholly unrelated to the Chapter 11 Cases.
- (c) Jane Kim, a partner at KBK, while an attorney at another firm, represented Bank of America in matters wholly unrelated to the Debtors and the Chapter 11 Cases. Berry Spears, also a partner at KBK, while an attorney at another firm, represented Bank of America and U.S. Bank in matters wholly unrelated to the Debtors and the Chapter 11 Cases. KBK has never represented Bank of America or U.S. Bank, and none of its partners have represented Bank of America or U.S. Bank while at KBK or, I understand, in the past several years.

17. To the best of my knowledge, information and belief after reasonable inquiry, KBK is a "disinterested person," as defined in section 101(14) of the Bankruptcy Code and as required by section 327(a) of the Bankruptcy Code, in that: (a) KBK has no connection with the Debtors, their creditors, the U.S. Trustee, any person employed in the U.S. Trustee's office or any other party with an actual or potential interest in the Chapter 11 Cases or their respective attorneys or accountants, except as set forth herein; (b) KBK is not a creditor, equity security holder or insider

of the Debtors; (c) no KBK partner, associate, or other professional is, or was within two years of the Petition Date, a director, officer or employee of the Debtors; and (d) KBK neither holds nor represents an interest materially adverse to the Debtors or their estates.

18. In the event that KBK's representation of the Debtors in connection with any matter in the Chapter 11 Cases would result in it becoming adverse to a party in interest that gives rise to a professional conflict, the Debtors shall retain separate counsel to represent their interests with respect to such matter against such party.

19. It is possible that KBK attorneys have immaterial interests in or relationships with certain creditors in the nature of utility or telecommunications services, insurance policies, or through holdings of ETFs, mutual funds, or similar investment vehicles that hold an interest in a creditor or adverse party. Scott Friedman, an attorney at KBK, owns a de minimis amount of stock in creditor AT&T.

20. If KBK later discovers additional information that requires disclosure, it will file supplemental disclosures with the Court.

Statement from the Applicant

21. The following is provided in response to U.S. Trustee's *Appendix B—Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases* (the "U.S. Trustee Guidelines"), Paragraph D.1:

- (a) **Question: Did you agree to any variations from, or alternatives to, your standard or customary billing arrangements for this engagement?**

Answer: No. KBK has not agreed to a variation of its standard or customary billing arrangements for this engagement;

- (b) **Question: Do any of the professionals included in this engagement vary their rate based on the geographic location of the bankruptcy case?**

Answer: No. None of KBK's professionals included in this engagement have varied their rate based on the geographic location of the Chapter 11 Cases.

- (c) **Question: If you represented the client in the 12 months prepetition, disclose your billing rates and material financial terms for the prepetition engagement, including any adjustments during the 12 months prepetition. If your billing rates and material financial terms have changed postpetition, explain the difference and the reasons for the difference.**

Answer: KBK's rates for attorneys and material financial terms described in the Application are consistent with those set forth in the Engagement Letter and the initial engagement letter.

- (d) **Question: Has your client approved your prospective budget and staffing plan, and, if so, for what budget period?**

Answer: The Debtors have approved or will be asked to approve KBK's prospective budget and staffing plan for the postpetition period as appropriate, which, in accordance with the U.S. Trustee Guidelines, may be amended as necessary.

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, information, and belief.

Executed at San Francisco, California on November 26, 2025.

/s/ Tobias S. Keller

Tobias S. Keller

EXHIBIT 1

Interested Parties List

Banks

Bank of America, N.A.
U.S. Bank National Association

Bankruptcy Court Staff

Barksdale, Nickita
Batts, Cacia
Bello, Rachel
Brady, Claire
Capp, Laurie
Gadson, Danielle
Grant, Stephen L.
Haney, Laura
Hrycak, Amanda
Hurt, Xavier
Johnson, Lora
Lopez, Marquietta
Lugano, Al
Subda, Paula
Walker, Jill
Washington, Nikki
Yeager, Demitra

Bankruptcy Judges

Dorsey, John T.
Goldblatt, Craig T.
Horan, Thomas M.
Owens, Karen B.
Shannon, Brendan L.
Silverstein, Laurie Selber
Stickles, Kate J.

U.S. Trustee Staff

Attix, Lauren
Bates, Malcolm M.
Casey, Linda
Cudia, Joseph
Dice, Holly
Dortch, Shakima L.
Fox, Timothy J., Jr.
Girello, Michael
Green, Christine
Hackman, Benjamin
Jones, Nyanquoi
Konde, Hawa
Leamy, Jane

Lipshie, Jonathan
McCollum, Hannah M.
McMahon, Joseph
Nyaku, Jonathan
O'Malley, James R.
Richenderfer, Linda
Schepacarter, Richard
Serrano, Edith A.
Thomas, Elizabeth
Wynn, Dion

Debtors & Non-Debtor Affiliates (not otherwise mentioned)

Compass Diversified Holdings
K.L.D. Jewelry, LLC (also known as KLD LLC and K.L.D., LLC)
Lugano Buyer, Inc.
Lugano Canada, Inc.
Lugano Diamonds & Jewelry Inc.
Lugano Diamonds UK Limited
Lugano Holding, Inc.
Lugano Prive Investment Trust
Lugano Prive, LLC

Debtors' Professionals & Advisors

Armory Securities, LLC
Barnes & Thornburg
Brown Neri Smith & Khan LLP
GlassRatner Advisory & Capital Group, LLC
Keller Benvenuti Kim LLP
Omni Agent Solutions, Inc.
Shoemaker Ghiselli + Schwartz LLC
Young Conaway Stargatt & Taylor LLP

Directors & Officers (Current/Former)

Arnold, David,
Calvert, Lisa
Cumenal, Frederic
Dalal, Raj
Ferder, Idit
Ferder, Mordechai
FitzGerald, Thomas
Gaynor, Joshua
Kothari, Raj
Maciariello, Patrick
McCauley, Tiffany

McGee, Michael
 Pachler, Christoph
 Roach, Katherine
 Wells, Spencer L.
 Winston, Stuart

DIP Lender

Compass Group Diversified Holdings LLC

Insurance Providers

AIG Specialty Insurance Company
 American Fire and Casualty Company
 (Liberty Mutual Insurance)
 Arch Insurance Company
 Arch Specialty Insurance Company
 At-Bay Specialty Insurance Company
 Atlantic Specialty Insurance Company
 Axis Insurance Company
 Great American Risk Solutions Surplus Lines
 Insurance Company
 Lloyd's of London
 Ohio Security Insurance Company (Liberty
 Mutual Insurance)
 Scottsdale Insurance Company
 Selective Ins Co of the Southeast
 Starstone Specialty Insurance Co.
 Technology Insurance Company, Inc.
 Travelers Casualty and Surety Company of
 America
 United Healthcare Services, Inc.
 West American Insurance Company (Liberty
 Mutual Insurance)
 XL Specialty Insurance Company

Landlords

240 GA, LLC
 620 Newport Center Drive LLC
 Albalux Development Ltd
 Ashkenazy Aspen Commercial, LLC
 Equestrian Operations, L.L.C.
 Miami DD Club, LLC (license)
 Paradise Plaza Associates LLC
 Ponte Gadea Chicago, LLC
 SHC Washington, LLC
 Sheraton License Operating Company, LLC
 The Irvine Company, LLC

Urbinder Developments Ltd.
 Wilson 150 Worth, LLC

Litigation Parties

Aronoff, Barry
 Arvielo Family Trust
 Arvielo, Enrico
 Avina LLC
 Belgium New York, LLC
 Cave, Deryk
 Champion Force Industrial Limited
 Cohen, Raymond W.
 Global Innovations LLC
 Hazen, Cassandra
 Hazen, Paul
 Irvine Management Company
 Kent Valley, trustee of the Valley Trust dated
 August 2, 2012
 Kraus, Ken
 Luminaire LLC
 Navarretta, Veronica
 N.B.S. Diamonds Inc. dba Scarselli Diamonds
 Sutherland, Grant
 Sydney Holdings Limited
 The Paul and Cassandra Hazen Trust
 Virginia Valley, trustee of the Valley Family
 Trust dated August 2, 2012
 White Mountain Capital Inc.
 Winters, Kristoffer

**Material Vendors, Suppliers, & Significant
 Contract Counterparties**

American Express
 Aspen Art Museum (Aspen Air)
 Aspen Music Festival and School
 Aspen Valley Polo Club (AVPC)
 Childrens Museum of Manhattan (CMOM)
 Cliq
 DM Luxury, LLC / Modern Luxury
 Dow Jones & Company Inc
 Egon Zehnder International
 Estate Security Services, Inc
 Fancy Creations, Inc.
 Five C'S Inc.
 Florida Grand Opera
 Hearst Magazines (Town & Country)

Institute of Contemporary Art, Miami
 Irvine Barclay Theatre
 Johnson Controls
 KCD, Inc.
 Kothari and Company, Inc.
 Kothari Trading HK LTD
 Live Oak International Horse Show
 Longines Global Champion Tour (Tops Equestrian)
 Luminaire (Furniture) aka Poltrona
 Malca-Amit USA, LLC Los Angeles
 My Jeweler & Diamonds
 National Gallery of Art
 National Symphony Orchestra
 New York Empire Equestrian Club
 OnCall IT, Inc.
 Orange County Museum of Art (OCMA)
 Real Gems, Inc.
 Robb Report Media, LLC
 Royal Charity Polo (TLA Worldwide AKA TGI Sport)
 Royal Windsor Horse Show
 Rubinstein Software
 STA Jets
 Sweet Management Group (aka Connect Sports & Entertainment, LLC)
 The Financial Times Limited
 The Kennedy Center
 The New York Times
 The Norton Museum of Art
 The Run to Monaco
 The Serpentine
 Visionet Systems Inc
 Wheeler Kearns Architects, Inc.
 Winter Equestrian Festival (WEF)
 World Equestrian Center (WEC)

Secured Creditors

Compass Group Diversified Holdings LLC

Material (5% or Greater) Shareholders

Compass Group Diversified Holdings LLC
 Marshack, Richard
 Mordechai Haim Ferder, as trustee of The Haim Family Trust, dated February 24, 2009
 Simba IL Holdings, LLC

The Haim Family Trust, dated February 24, 2009

Top 30 Creditors

Aronoff, Barry (Aronoff Capital, Inc.)
 Arvielo Family Trust
 Arvielo, Enrico
 Avina LLC (Global Innovations, LLC)
 Bank of America, N.A.
 Benson, Juliann
 Brandes, Adrienne
 Bulley & Andrews LLC
 Champion Force Industrial Limited
 Cohen, Raymond W.
 Dacus, Debbie
 Gadol, Bryan
 Hazen, Cassandra
 Hazen, Paul
 Kelsay, Kaci
 Locksley, John
 McCall, Marianne
 McMacken, Ron
 Moens, Lawrance
 N.B.S. Diamonds Inc. dba Scarselli Diamonds
 Paradise Plaza Associates LLC
 Ponte Gadea Chicago, LLC
 Rodan Family Living Trust
 Shelley Investments LLC
 Sherlock, Tina
 Sherwood, Steve
 Simon, Ron
 Simon, Scott and Hillary
 Sydney Holdings Limited
 Testa, Darren
 White Mountain Capital Inc.
 Winters, Kristoffer
 Worth Capital Holdings 9 LLC
 Valley Family Trust dated August 2, 2012

Taxing Authorities

California Department of Tax and Fee Administration
 City of Aspen
 City of Steamboat Springs
 County of Orange
 DC Office of Tax and Revenue

Direction Générale des Finances Publiques
(France)
Florida Dept of Revenue
HM Revenue and Customs
IRS
Italian Revenue Agency (Agenzia delle
Entrate)
Palm Beach County
Colorado Department of Revenue
Connecticut Department of Revenue Services
Delaware Division of Revenue
Illinois Department of Revenue
Michigan Department of Treasury
New York State Department of Taxation and
Finance
Pennsylvania Department of Revenue
Spanish Tax Administration Agency (AEAT)
Swedish Tax Authority
Texas Comptroller
Town of Greenwich
Virginia Department of Taxation

Utility Providers

Astound Business Solutions
AT&T
AT&T CWO
CenturyLink
City of Newport Beach
Comcast
ComEd
Connecticut Natural Gas Corporation
Cox Communications
DirecTV
Fonality
FPL
Greenwich Premier Services
Optimum Business
People Gas
SoCalGas
Southern California Edison
Starlink Internet Services Limited
T-Mobile
Verizon

EXHIBIT 2**Disclosure of Compensation of Keller Benvenutti Kim LLP**

Type of Transaction	Date	Retainer Received	Application of Retainer	Retainer Balance
Transfer to Retainer	5/16/2025	\$75,000.00		\$75,000.00
Transfer to Retainer	6/10/2025	\$39,401.03		\$114,401.03
Payment From Retainer	6/11/2025		\$39,401.03	\$75,000.00
Transfer to Retainer	6/13/2025	\$200,000.00		\$275,000.00
Transfer to Retainer	7/8/2025	\$196,481.83		\$471,481.83
Payment From Retainer	7/8/2025		196,481.83	\$275,000.00
Transfer to Retainer	8/4/2025	\$256,345.08		\$531,345.08
Payment From Retainer	8/12/2025		\$256,345.08	\$275,000.00
Transfer to Retainer	9/5/2025	\$100,000.00		\$375,000.00
Payment From Retainer	9/12/2025		\$226,077.13	\$148,922.87
Transfer to Retainer	9/17/2025	\$100,000.00		\$248,922.87
Transfer to Retainer	10/2/2025	\$100,000.00		\$348,922.87
Payment From Retainer	10/14/2025		\$227,700.04	\$121,222.83
Transfer to Retainer	10/22/2025	\$50,000.00		\$171,222.83
Transfer to Retainer	10/27/2025	\$50,000.00		\$221,222.83
Transfer to Retainer	10/30/2025	\$150,000.00		\$371,222.83
Transfer to Retainer	10/31/2025	\$150,000.00		\$521,222.83
Transfer to Retainer	11/5/2025	\$150,000.00		\$671,222.83

Payment From Retainer	11/7/2025		\$264,199.52	\$407,023.31
Payment From Retainer	11/10/2025		\$250,000	\$157,023.31
Transfer to Retainer	11/12/2025	\$100,000.00		\$257,023.31
Refund of Advance / Transfer to Retainer	11/12/2025	\$250,000.00	\$(250,000)	\$507,023.31
Payment From Retainer	11/14/2025		\$350,000	\$157,023.31
Reconciliation of Trust Account		\$36,690.68	\$(36,690.68)	\$193,713.99

EXHIBIT C

Issa Declaration

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

In re:

LUGANO DIAMONDS & JEWELRY INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 25-12055 (BLS)

(Jointly Administered)

**DECLARATION OF J. MICHAEL ISSA IN SUPPORT OF APPLICATION OF
DEBTORS FOR AN ORDER AUTHORIZING DEBTORS TO RETAIN AND
EMPLOY KELLER BENVENUTTI KIM LLP AS LEAD BANKRUPTCY
COUNSEL, EFFECTIVE AS OF THE PETITION DATE**

I, J. Michael Issa, do hereby declare (this “Declaration”) as follows:

1. I am the Chief Restructuring Officer of each of the above-captioned debtor and debtor in possession.

2. I submit this declaration (this “Declaration”) in support of the *Application of Debtors for an Order Authorizing Debtors to Retain and Employ Keller Benvenutti Kim LLP as Lead Bankruptcy Counsel, Effective as of the Petition Date* (the “Application”).² Except as otherwise noted, all facts in this Declaration are based on my personal knowledge of the matters set forth herein, information gathered from my review of relevant documents and information supplied to me by other members of the Debtors’ management and the Debtors’ advisors.

3. Keller Benvenutti Kim LLP (“KBK” or the “Firm”) is proposed to serve as lead bankruptcy counsel to the Debtors. The Debtors recognize that a careful consideration should be

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s U.S. federal tax identification number, to the extent applicable, are as follows: Lugano Diamonds & Jewelry Inc. (6784), Lugano Holding, Inc. (9690), Lugano Buyer, Inc. (4565), K.L.D. Jewelry, LLC (0319), and Lugano Prive, LLC (4308). The notice address for the Debtors is 620 Newport Center Dr., Ste 100, Newport Beach, California 92660.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Application.

made when selecting and managing chapter 11 counsel to ensure that restructuring professionals are subject to the same client-driven market forces, scrutiny and accountability as professionals in non-bankruptcy engagements.

4. The Debtors have informed KBK that the Debtors will file retention applications for other professionals in this case, including (a) Young Conaway Stargatt & Taylor, LLC, as bankruptcy co-counsel, (b) GlassRatner Advisory & Capital Group, LLC, to provide a chief restructuring officer and to provide support services to the CRO, (c) Armory Securities, LLC, as investment banker, (d) Omni Agent Solutions, Inc., as claims and noticing agent, and (e) Barnes & Thornburg, as counsel to the Special Committee of the Board of Directors of Lugano Diamonds & Jewelry Inc.

5. KBK was selected as lead bankruptcy counsel because of the Firm's in-depth knowledge and familiarity with the Debtors' business, assets, liabilities, operations, and personnel that it developed during its prepetition engagement by the Debtors that began in May 2025. KBK was also selected because of its extensive experience and knowledge in the field of debtor's and creditor's rights, business reorganizations, asset sales, and liquidations under chapter 11 of the Bankruptcy Code, and its ability to respond quickly to emergency hearings and other emergency matters. The Debtors continue to believe that KBK is uniquely qualified to represent it in the Chapter 11 Cases.

6. KBK has informed the Debtors that it will take appropriate steps and coordinate with YCST and each of the Debtors' other professionals to avoid unnecessary duplication of efforts.

7. KBK has informed the Debtors that its rates under its standard rate structure are consistent among bankruptcy representations undertaken under the standard rate structure,

including related transactional and litigation services. KBK has further informed the Debtors that its rates and terms under its standard rate structure for non-bankruptcy engagements are the same as the rates and the terms for the Debtors' engagement of KBK. I can confirm that the rates that KBK charged the Debtors in the prepetition period are the same as the rates that KBK will charge the Debtors in the post-petition period, subject to periodic rate increases as described in the Application. KBK has informed the Debtors that the Firm's standard hourly rates are subject to periodic adjustment in accordance with the Firm's practice. I also understand, based on my general familiarity with rates charged by comparable law firms, that KBK's rate structure is comparable to the rate structure that would be applied by other firms who offer comparably skilled professionals.

8. The Debtors, KBK, and YCST will comply with the U.S. Trustee's requests for information and additional disclosures, and any orders of the Court, for periods after the Petition Date, recognizing that in the course of the Chapter 11 Cases, there may be unforeseeable fees and expenses that will need to be addressed by the Debtors, KBK, and YCST.

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, information, and belief.

Dated: November 26, 2025

/s/ J. Michael Issa

J. Michael Issa

Chief Restructuring Officer

Lugano Diamonds & Jewelry Inc., *et al.*