

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
	§	
BUCA TEXAS RESTAURANTS, L.P., <i>et al.</i> , ¹	§	Case No. 24-80058 (SGJ)
	§	
Debtors.	§	(Joint Administration Requested)
	§	

**DECLARATION OF WILLIAM SNYDER, CHIEF RESTRUCTURING
OFFICER, IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

William Snyder declares under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am the Chief Restructuring Officer of Buca Texas Restaurants, L.P. and each of the other above-captioned affiliated debtors and debtors in possession (collectively, the “Debtors” or the “Company”). I have held this position since August 4, 2024. Prior to my appointment as Chief Restructuring Officer, CR3 Partners, LLC (“CR3”) was retained as the Debtors’ restructuring/financial advisor, effective as of June 19, 2024.

2. As Chief Restructuring Officer, I am responsible for overseeing the operations and financial activities of the Debtors, including monitoring cash flow, business relationships, workforce issues, and financial planning. As a result of my tenure with the Debtors and my turnaround experience, my review of public and non-public documents, and my discussions with other members of the Debtors’ management team, I am generally familiar with the Debtors’

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtors’ federal tax identification number are as follows: BUCA Texas Restaurants, L.P. (3262); BUCA Texas Beverage, Inc. (3995); BUCA C, LLC (8220); BUCA Sales & Marketing, LLC (4258); BUCA Investments, Inc. (5575); BUCA Restaurants, Inc. (9725); BUCA Restaurants 2, Inc. (2187); BUCA (Celebration), LLC (3412); BUCA (Ex), LLC (3092); BUCA (Minneapolis), Inc. (2474). The Debtors’ principal offices are located at 4700 Millenia Boulevard, Suite 400, Orlando, Florida 32839.

businesses, financial condition, policies and procedures, day-to-day operations, and books and records.

3. Except as otherwise noted, I have personal knowledge of the matters set forth herein or have gained knowledge of such matters from the Debtors' employees or retained advisors that report to me in the ordinary course of my responsibilities. I am over the age of 18, and I am authorized to submit this declaration on behalf of the Debtors. If called upon to testify, I would testify competently to the facts set forth in this declaration.

4. On the date hereof (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), with the United States Bankruptcy Court for the Northern District of Texas (the "Court"). To minimize the adverse effects on the business, the Company has filed several motions and pleadings seeking various types of "first day" relief (collectively, the "First Day Motions"). I submit this declaration to assist the Court and parties in interest in understanding the circumstances resulting in the commencement of these chapter 11 cases, and in support of the Debtors' chapter 11 petitions and First Day Motions.

Qualifications

5. I am a partner of CR3 Partners LLC ("CR3"), which has its principal office at 13355 Noel Road, Suite 2005, Dallas, Texas 75240. I have over 40 years of executive and entrepreneurial experience and I have performed turnaround management, crisis management, performance improvement, financial restructuring, interim management, wind-down management, asset management, fiduciary services, and financial advisor and valuation services to myriad companies, both in and out of court. I graduated *cum laude* with a Bachelor of Science from Texas A&M University. I am a Certified Turnaround Professional and a Fellow with the American College of Bankruptcy.

6. I have extensive experience in U.S. Bankruptcy Courts and have been involved in numerous chapter 11 cases and court-appointed receiverships. In addition to working with the Debtors, I have played various roles with respect to both company-side and creditor/committee-side engagements. Representative experience includes serving as Chief Restructuring officer to Studio Movie Grill Holdings, LLC, Rangers Equity Holdings GP, LLC and Rangers Equity Holdings, L.P. (equity owners of Texas Rangers Baseball Partners), and Pilgrim's Pride Corp.; serving as court-appointed examiner for Mirant Corp., and serving as interim-CEO of a multi-million dollar mattress retailer.

Preliminary Statement

7. The Debtors own and operate Buca di Beppo, an American chain of Italian-American restaurants. Buca di Beppo was founded in 1993 in the basement of an apartment building in Minneapolis, Minnesota. The first location, originally called Buca Little Italy, quickly gained popularity for its family-style dining, generous portions, and vibrant atmosphere. The chain expanded rapidly, opening numerous locations across the United States and even internationally.

8. Known for its distinctive decor filled with vintage Italian posters, photos, and memorabilia, Buca di Beppo offers a menu of classic Italian dishes designed for sharing. In 2008, the chain was acquired by Planet Hollywood International Inc. n/k/a/ PB Restaurants, LLC ("Planet Hollywood"), which further expanded its reach. Despite facing challenges over the years, Buca di Beppo remains a notable name in casual Italian dining, celebrated for its unique dining experience and communal approach to meals.

9. Like many of its competitors in the dine-in restaurant businesses, the Debtors' recent history has been impacted by rising food and labor costs and lower demand. The Debtors' sales have decreased by approximately 5% in 2024 compared to 2023 and approximately 14% since the beginning of 2021. From January–May 2023, the Debtors generated approximately \$83.5

million in net revenue and \$3.8 million in restaurant-level EBITDA. In January–May 2024, the Debtors’ net revenue declined to approximately \$74.8 million in net revenue and \$3.1 million in restaurant-level EBITDA, which represents a decrease of 10% of revenue and 18% of restaurant-level EBITDA over the same time period.

10. The Debtors believe their business retains significant value and that there is opportunity for long-term growth. The Debtors plan to use these chapter 11 cases to shed or renegotiate unfavorable leases, institute operational efficiencies, and complete a value-maximizing sale for the benefit of all stakeholders.

11. To familiarize the Court with the Debtors, their businesses, the circumstances leading up to these chapter 11 cases, and the relief the Debtors are seeking in the First Day Motions, this Declaration is organized into four sections. **Part I** provides background information on the Debtors’ corporate and capital structures. **Part II** offers detailed information on the Debtors’ prepetition operations, prior bankruptcy filings and the subsequent events leading to the present need for further restructuring. **Part III** briefly describes the proposed sale process to be conducted during the course of these cases. **Part IV** summarizes the relief requested in and the legal and factual basis that support the First Day Motions.

Background

I. Corporate Structure and Summary of Prepetition Debt.

A. Corporate Structure.

12. The Company and its brand are privately owned. The Debtors own and operate the Buca di Bepo brand through a number of direct and indirect subsidiaries, as shown on the organizational chart attached hereto as **Exhibit B**.

B. The Debtors' Prepetition Debt Structure and the Proxy Transaction

13. On or around June 30, 2015, BUCA C, LLC ("BUCA C") and certain of its subsidiaries (collectively, the "Borrowers") entered into a term Loan Agreement (the "Loan Agreement") with Main Street Capital Corporation ("Main Street"), as administrative agent and collateral agent for the lenders defined in the Loan Agreement (collectively, the "Lenders"), in the original principal amount of \$47,000,000 (the "Term Loan"). The Main Street loan is secured by a lien on substantially all of the Borrowers' assets. Neither BUCA Sales & Marketing, LLC nor BUCA (Celebration), LLC signed as Borrowers under the Term Loan or any amendments to the Term Loan. Similarly, neither of these entities signed the security agreement corresponding to the Term Loan and neither appear to be subject to Main Street's security interests.

14. At the same time that the Loan Agreement was executed on or around June 30, 2015, non-Debtor BUCA, LLC ("Parent") entered into a Pledge Agreement with Main Street, pursuant to which, among other things, Parent granted to Main Street, for the ratable benefit of the Lenders, a continuing security interest in, and pledged and collaterally assigned to Main Street, all of Parent's right, title, and interest in and to all of Parent's membership interests in BUCA C (collectively, the "BUCA C Membership Interests"). Parent is owned and/or controlled, directly or indirectly, by an entity that also owns Planet Hollywood.

15. On December 3, 2020, Main Street sent a notice of default and reservation of rights to the Borrowers, asserting ongoing defaults under the Loan Agreement. Main Street opted not to exercise its rights and remedies in respect of the asserted defaults. An additional default notice and reservation of rights letter was sent to the Borrowers by Main Street on March 12, 2021.

16. On or around April 29, 2022, the Borrowers entered into a *Second Amendment and Limited Waiver to Loan Agreement* with Main Street, under which, among other things, Main Street waived certain defaults, Planet Hollywood's owner was obligated to make a subordinated loan to

BUCA C in the original principal amount of \$3,000,000, and Main Street required certain mandatory prepayments of the Term Loan. Additionally, the Borrowers were required to use their commercially reasonable best efforts to refinance Main Street's debt or arrange a sale transaction.

17. Main Street sent additional default notices and reservation of rights letters on December 21, 2022 and May 2, 2023.

18. On or around July 13, 2023, the Borrowers entered into a *Third Amendment to Loan Agreement* with Main Street, under which, among other things, the Term Loan's maturity date was extended from June 30, 2023 to August 31, 2023.

19. Two additional default notices and reservation of rights letters were sent by Main Street to the Borrowers on January 23, 2024 and April 9, 2024.

20. On or around June 27, 2024, the Borrowers entered into a *Fourth Amendment to Loan Agreement* with Main Street, under which, among other things, Main Street agreed to extend a protective advance not to exceed \$150,000 (the "June 27 Protective Advance") for the sole purpose of making payments to CR3 as required under the terms of CR3's original engagement letter.

21. Due to the asserted multiple ongoing defaults under the Loan Agreement, on July 3, 2024, Main Street exercised its asserted default-related rights and remedies to (a) have all of Parent's BUCA C Membership Interests registered in the name of its nominee, BC Nominee, LLC, (b) exercise the voting power to act in respect of the BUCA C Membership Interests, and (c) have BC Nominee, LLC admitted as an equity owner and substituted for the Parent as a member of BUCA C. Subsequently, BC Nominee, LLC assigned the economic interests of BUCA C back to Parent. The effect of these transactions was that Parent holds only an economic interest in

BUCA C as of the Petition Date, but is no longer a member of BUCA C and no longer has voting or consent rights or the right to participate in the management of BUCA C.

22. On the same day, to avoid conflicts (given the multiple hats worn by Main Street), BC Nominee, LLC adopted a written consent removing the managers of BUCA C and appointing Curt M. Lindeman (Lindeman, Esq.) and Christopher D. Williams (Chris Williams Consulting) (collectively, the “Independent Managers”) as managers in their stead. The Independent Managers removed all the officers and directors of each of the Debtors and I was later appointed to officer roles at each of the Debtors, as well as the Chief Restructuring Officer.

23. On or around July 3, 2024, the Borrowers entered into a *Fifth Amendment to Loan Agreement* with Main Street, under which, among other things, Main Street agreed to extend a protective advance to the Borrowers in an amount not to exceed \$2 million (the “July 3 Protective Advance”) to permit the Debtors to continue operating during the transition period away from the Parent and assess restructuring options.

24. On July 24, 2024, the Borrowers entered into a *Sixth Amendment to Loan Agreement* with Main Street, which, among other things, provided another \$2.9 million protective advance to the Debtors (the “July 24 Protective Advance,” and together with the June 27 Protective Advance and the July 3 Protective Advance, the “Protective Advances”).

25. As of the Petition Date, the Borrowers are indebted to Main Street in the approximate amount of \$38,986,453.54 in principal and accrued interest, plus additional costs and fees. Such amount includes approximately \$5.05 million in prepetition Protective Advances. All amounts owing to Main Street are secured by substantially all assets of each of the Borrowers (but, again, not BUCA Sales & Marketing, LLC or BUCA (Celebration), LLC).

C. The DIP Loan Agreement

26. Pursuant to and as further described in the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* (the "DIP Motion"),² the Debtors request authority to enter into a postpetition loan facility with Main Street. More specifically, the Debtors seek to: (i) enter into a senior secured loan facility in an aggregate principal amount of up to \$36.3 million (the "DIP Financing") with the DIP Lender, comprised of \$12.1 million of new money DIP Loans and \$24.2 million of Roll-Up DIP Loans, including the \$5.05 million in Protective Advances, which the Debtors are asking to be rolled up on an interim basis; (ii) use Cash Collateral of the Prepetition Lenders; and (iii) grant adequate protection to the Prepetition Lenders. The Debtors propose to secure the DIP Obligations by granting first liens on substantially all of the Debtors' assets, superpriority claims under section 507(b) of the Bankruptcy Code, and other forms of adequate protection detailed more fully in the DIP Motion.

II. Circumstances Leading Up to the Restructuring and Prepetition Restructuring Efforts.

27. Contemporaneously with execution of the Loan Agreement on June 30, 2015, BUCA C and Planet Hollywood entered into that certain *Accounting, Management and Administrative Services Agreement* (the "Planet Hollywood MSA"). As discussed above, the Parent entity, which is an affiliate of Planet Hollywood, was divested of its voting rights and membership interests in the Debtors before the Petition Date. As of the Petition Date, Planet

² Capitalized terms used but not otherwise defined in this paragraph shall have the meanings ascribed to them in the DIP Motion.

Hollywood continues to provide services to the Debtors under the terms of the Planet Hollywood MSA. However, the Debtors have begun a transition of management services to a standalone management platform and hope to conclude that process within the next 60–90 days.

28. The Debtors have worked to right-size their operations following the unpredictable and unprecedented scale of the COVID-19 pandemic, which significantly disrupted the Debtors' restaurant operations and severely limited customer demand. The Debtors' projections demonstrated that to mitigate the longstanding effects of the pandemic and address outsized lease/rent costs, store closures were necessary. To that end, the Debtors closed 18 underperforming locations in 2024, including 12 locations in July 2024. The Debtors also conducted an analysis of their operations and implemented cost saving and revenue generating measures, like vendor consolidation, labor hours optimization, and strategic menu and promotional initiatives.

29. Despite the Debtors' prepetition cost savings initiatives, the Debtors cannot sustain their remaining operations given their dwindling liquidity. As discussed in the various First Day Motions and accompanying declarations, the Debtors reached agreements with Main Street to borrow needed capital on a pre- and postpetition basis. These funds are necessary to manage these chapter 11 cases, including to run a value-maximizing sale and auction process.

III. Proposed Sale Process

30. While the Debtors are not seeking approval of bid procedures as part of the First Day Motions, the proposed DIP financing arrangements contemplate an expedited sale process to begin in the first few weeks of these bankruptcy cases. Specifically, the proposed DIP financing agreement and interim order, if approved, will require the Debtors to file a bidding procedures motion within 8 days of the Petition Date. The proposed DIP financing agreement and interim and final orders also contemplate the Debtors seeking approval of a sale transaction within 75 days of

the Petition Date. As will be discussed in more detail in the forthcoming bidding procedures motion, the Debtors believe an expedited sale process is necessary to preserve cash and maximize the value of the Debtors' brands, while ensuring a timely and efficient exit from bankruptcy to expedite creditor recoveries.

IV. Evidentiary Support for First Day Motions.

31. Contemporaneously herewith, the Debtors have filed a number of First Day Motions and other pleadings seeking various forms of relief intended to stabilize their business operations, facilitate the efficient administration of these chapter 11 cases, and expedite a swift and smooth restructuring. The First Day Motions include the following:

- a. *Debtors' Emergency Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief;*
- b. *Notice of Designation as Complex Chapter 11 Bankruptcy Case;*
- c. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief;*
- d. *Debtors' Emergency Motion for Entry of an Order (A) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto and (B) Granting Related Relief;*
- e. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Continue to Operate Their Cash Management System and Perform Intercompany Transactions, and (II) Granting Related Relief;*
- f. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Pay Certain Prepetition Claims of PACA/PASA Claimants, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief;*
- g. *Debtors' Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (III) Approving the Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (IV) Granting Related Relief;*

- h. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees and (II) Granting Related Relief;*
- i. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Insurance Policies and Honor all Obligations in Respect Thereof, (B) Renew, Supplement, and Enter into New Insurance Policies, and (C) Honor the Terms of Related Premium Financing Agreements and Pay Premiums Thereunder, and (II) Granting Related Relief;*
- j. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Serve a Consolidated List of Creditors and a Consolidated List of the 30 Largest Unsecured Creditors, (II) Authorizing the Debtors to Redact Certain Personal Identification Information, (III) Approving the Form and Manner of Notifying Creditors of the Commencement of the Debtors' Chapter 11 Cases, and (IV) Granting Related Relief;*
- k. *Debtors' Emergency Motion for Entry of an Order (I) Extending Time to File Schedules of Assets and Liabilities, and Statements of Financial Affairs, and (II) Granting Related Relief;*
- l. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing Rejection of Certain Nonresidential Real Property Leases, (II) Abandoning Certain Personal Property, and (III) Granting Related Relief;*
- m. *Emergency Application for Entry of an Order Authorizing the Employment and Retention of Stretto, Inc. as Claims, Noticing, and Solicitation Agent Effective as of the Petition Date; and*
- n. *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief.*

32. By the First Day Motions, the Debtors seek authority to, among other things, use Main Street's cash collateral and borrow additional amounts from Main Street to fund operations and administrative expenses during these chapter 11 cases, honor employee-related wages and benefits obligations, honor customer programs (including gift cards), and continue the Debtors' cash management system and other operations in the ordinary course of business with as minimal interruption as possible.

33. A description of the relief requested in, and the facts supporting each of, the First Day Motions is set forth in **Exhibit A** attached hereto and incorporated herein by reference. I am familiar with the content and substance contained in each First Day Motion and believe that the relief sought in each motion (a) is necessary to enable the Debtors to operate in chapter 11 with minimal disruption or loss of productivity and value, (b) constitutes a critical element in the Debtors achieving a successful exit from these cases, (c) best serves the Debtors' estates and creditors' interests, and (d) should be approved on an emergency basis to avoid immediate and irreparable harm to the Debtors.

34. I have reviewed each of the First Day Motions and the facts set forth therein are true and correct to the best of my knowledge and are incorporated herein in their entirety by reference. If asked to testify as to the facts supporting each of the First Day Motions, I would testify to the facts as set forth in such motions and **Exhibit A**.

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

Executed on August 5, 2024

/s/ William Snyder

William Snyder

Chief Restructuring Officer

Exhibit A

Evidentiary Support for First Day Motions¹

¹ Capitalized terms used but not defined herein have the meanings given to them in the applicable First Day Motion.

I. *Debtors' Emergency Motion for Entry of an Order Directing Joint Administration of Chapter 11 Cases and Granting Related Relief*

1. I believe that the joint administration of these 10 chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders in these chapter 11 cases will affect all Debtor entities. Therefore, I believe that an order directing joint administration of these chapter 11 cases will reduce fees and costs by avoiding duplicative filings and objections. I also believe that Joint administration will allow the Office of the U.S. Trustee for the Northern District of Texas and all parties in interest to monitor these chapter 11 cases with greater ease and efficiency. Moreover, because this motion seeks only administrative, not substantive, consolidation of the Debtors' estates, I do not believe that parties in interest will be harmed by the relief requested, but instead will benefit from the cost reductions associated with the joint administration of these chapter 11 cases.

II. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Serve a Consolidated List of Creditors and a Consolidated List of the 30 Largest Unsecured Creditors, (II) Authorizing the Debtors to Redact Certain Personal Identification Information, (III) Approving the Form and Manner of Notifying Creditors of the Commencement of the Debtors' Chapter 11 Cases, and (IV) Granting Related Relief (the "Creditor Matrix Motion")*

2. Through the Creditor Matrix Motion, the Debtors request authority to file one consolidated Creditor Matrix for all the Debtors. It is my understanding that a large number of creditors may be shared amongst the Debtors; thus, I believe that the preparation of separate lists of creditors for each Debtor would cause unnecessary expense. The Debtors also request authority to file a single, consolidated list of their 30 largest general unsecured creditors. Because a large number of creditors may be shared amongst the Debtors, I believe that the Top 30 List will help alleviate administrative burdens, costs, and the possibility of duplicative service.

3. Additionally, the Debtors request authority to redact certain personal identification information. Under these circumstances, I believe that it is appropriate to redact from any documents filed or to be filed with the Court in these chapter 11 cases, including the Creditor Matrix, the addresses, email addresses, and phone numbers of individuals in the Debtors' creditor matrix. I believe that the redaction of the home addresses and personally identifiable information of individuals in the creditor matrix is necessary to protect such individuals' privacy and from the undue risk of identity theft or injury.

III. *Debtors' Emergency Motion for Entry of an Order (I) Extending Time to File Schedules of Assets and Liabilities, and Statements of Financial Affairs, and (II) Granting Related Relief (the "Schedules and Statements Extension Motion")*

4. Through the Schedules and Statements Extension Motion, the Debtors seek an extension of the deadline by which the Debtors must file their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs under the Bankruptcy Code (collectively, the "Schedules and Statements"). Completing the Schedules and Statements requires the Debtors and their advisors to spend considerable time and effort to collect, review, and assemble copious amounts of information in addition to attending to the daily demands of the chapter 11 process. In the days leading up to the Petition Date, the Debtors were not in a position to complete the Schedules and a substantial amount of work will still need to be done to complete the Schedules and Statements, which will be in direct competition with the demands upon the Debtors' personnel to address critical operational matters during the initial postpetition period. Therefore, I believe that the Debtors' requested extension is in the best interests of the Debtors' estates and parties in interest, ensuring the Debtors' personnel has sufficient time to complete the Schedules and Statements.

IV. *Debtors' Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (III) Approving the Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (IV) Granting Related Relief (the "Utilities Motion")*

5. Through the Utilities Motion, the Debtors seek approval of their proposed adequate assurance of payment for future utility services, prohibiting utility companies from altering, refusing, or discontinuing services, and approving adequate assurance requests. The Debtors obtain Utility Services, including electricity, natural gas, telecommunications, water, waste management (including sewer and trash), internet, cable, and other similar services from various Utility Companies to facilitate their business operations.

6. The Utility Services are essential for the Debtors to maintain and operate their business, which require electricity, water, natural gas, telecommunications, and other Utility Services to transact businesses and safely provide food service. Should any Utility Company refuse or discontinue service, even for a brief period, the Debtors' business operations would be severely disrupted.

7. The Debtors generally pay for all Utility Services by check, ACH, and online payments. As of the Petition Date, the Debtors believe that they owe approximately \$1,479,075.57 on account of prepetition Utility Services. On average, over the last six months the Debtors paid approximately \$630,000 each month for Utility Services, with some fluctuations depending on the season.

8. The Debtors estimate that, after rejecting certain leases as contemplated in the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing Rejection of Certain Nonresidential Real Property Leases, (II) Abandoning Certain Personal Property, and*

(III) *Granting Related Relief*, their cost for Utility Services during the next 30 days (not including any deposits to be paid) will be approximately \$488,000.00 per month.

9. The Debtors intend to pay postpetition obligations owed to the Utility Companies in a timely manner. Cash held by the Debtors, cash generated in the ordinary course of business, and cash made available to the Debtors under the proposed DIP facility, will provide sufficient liquidity to pay the Debtors' Utility Service obligations for postpetition services. Nonetheless, as additional adequate assurance, the Debtors propose to segregate \$172,897.99 within the Debtors' existing cash management system (the "Adequate Assurance Deposit") within five (5) business days of this Court's entry of the Order. The Adequate Assurance Deposit represents an amount equal to approximately one-half of the Debtors' average monthly cost of Utility Services, not including amounts owed to Utility Companies that are currently paid in advance for their services or already hold a deposit equal to or greater than their pro rata share of the Adequate Assurance Deposit (which existing deposit shall be deemed to be the Adequate Assurance Deposit).

10. Any Utility Company that is not satisfied with the Proposed Adequate Assurance may make a request for adequate assurance of future payment pursuant to the Adequate Assurance Procedures. The Adequate Assurance Procedures provide a streamlined process for Utility Companies to address potential concerns with respect to the Proposed Adequate Assurance, while allowing the Debtors to continue uninterrupted operations. Specifically, the Adequate Assurance Procedures permit a Utility Company to object to the Proposed Adequate Assurance by serving an Adequate Assurance Request upon certain notice parties. The Debtors, in their discretion, may then resolve any Adequate Assurance Request by mutual agreement with the Utility Company and without further order of the Court. If the Debtors determine that the Adequate Assurance Request

cannot be resolved by mutual agreement, the Debtors will seek Court resolution of the Adequate Assurance Request.

11. The Debtors have made a good-faith effort to identify all Utility Companies and include them on the Utility Services List. If the Debtors identify new or additional Utility Companies or discontinue services from existing Utility Companies, the Debtors seek authority, in their sole discretion, to amend the Utility Services List to add or remove parties from the Utility Services List, provided that the Debtors shall give notice of any such amendment to certain notice parties.

12. I believe that the relief requested in the Utilities Motion is necessary for the Debtors to operate their businesses in the ordinary course, maximize the value of their estates for the benefit of all stakeholders, and avoid immediate and irreparable harm. I believe that the proposed Adequate Assurance Procedures are fair and equitable, within the Debtors' sound business judgment, and reasonable.

V. *Debtors' Emergency Motion for Entry of an Order (A) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto and (B) Granting Related Relief (the "Customer Programs Motion")*

13. Through the Customer Programs Motion, the Debtors seek to maintain and administer their Customer Programs and honor certain prepetition obligations to customers in the ordinary course of business consistent with past practices.

A. Customer Programs

14. The Debtors have developed a variety of incentives, discounts, promotions, and related programs to attract customers and maintain positive customer relationships at each of their restaurants. Prior to the Petition Date, in the ordinary course of the Debtors' business and as is customary in their industry, the Debtors offered and engaged in certain customer and other

programs and practices. These programs include customer gift card programs and promotion, discount, and cooperative marketing programs (collectively, the “Customer Programs”). The Debtors’ liability for the Customer Programs depends on consumer demand, the Debtors’ marketing initiatives and promotions, and specific store performance at any given point in time. Due to such variables, it is difficult to quantify the Debtors’ obligations attributable to the Customer Programs as a whole at a particular point in time.

B. The Gift Card Program

15. The Debtors maintain the Gift Card Program through which Gift Cards are available in any amount and can be purchased in-store or at various retailers. The Debtors utilize two types of Gift Cards: (a) Gift Cards that only work at the Debtors’ restaurants (the “Buca Gift Cards”); and (b) Gift Cards users can spend at multiple restaurant groups, including the Debtors’ restaurants (the “Multi-Restaurant Gift Card”). Gift Cards drive, on average, more than \$200,000.00 in revenues for the Debtors on an average week. Once purchased, a Gift Card may be used like cash for purchases in the Debtors’ restaurants. As a result, the Debtors could be liable for any Gift Cards that are redeemed at any given time. As of the Petition Date, the Debtors believe that the value of outstanding Buca Gift Cards is approximately \$1,368,000.00 as of the end of May 2024. Because customers have the free choice to choose where to spend the Multi-Restaurant Gift Cards, and could choose to spend them at one of several restaurant chains, the exact value of the Multi-Restaurant Gift Cards to the Debtors cannot be precisely calculated until they are spent.

16. The Gift Cards are administered by Paytronix (the “Gift Card Administrator”). On average, the Debtors pay the Gift Card Administrator approximately \$6,000.00 per month in the aggregate to process and administer the Gift Card Program (collectively, the “Gift Card Program Fees”). The Debtors estimate that they owe approximately \$11,600.00 in prepetition obligations

to the Gift Card Administrator in Gift Card Program Fees, approximately \$6,000.00 of which will become due within the first 21 days of these chapter 11 cases.

C. Sales Promotions

17. The Debtors also offer certain Sales Promotions on dine-in, delivery and takeout offerings, which include discounts for e-mail offer subscribers, happy hour discounts on select food and beverages, birthday rewards, periodic holiday and seasonal offers (including loyalty drivers like Meatball Mondays and one-off events like National Ice Cream Day, each of which offer discounts on dine-in meals featuring the holiday food item) and other discounts, and other similar non-cash promotions. The Sales Promotions are planned a year in advance, with anticipated promotions through at least December 2024. Additionally, in order to increase customer retention and reward customers who sign up for email promotions, the Debtors offer long-term promotions in certain markets including the Win Pasta For a Year promotion, in which email and text subscribers are entered to win up to \$50 per month in free pasta every month for twelve months. The Debtors notify customers of their Sales Promotions via mobile, email, website, mailings, and certain advertisements, among other channels. Further, the Debtors offer discounts for larger events and catering including discounts for groups, banquets, graduations, and holiday parties to incentivize larger ticket sizes.

18. I believe that the Sales Promotions encourage both dine-in and takeout sales, improve customer relationships, drive social media and website traffic, and generate return customers, all of which inure benefits to the estates both in higher ticket sales per customer and stronger goodwill and customer loyalty. The Debtors' Sales Promotions drive spikes in business around holidays, family gatherings (such as graduations), and foster the deep and warm relationship many customers have with the restaurants and brands. As of the Petition Date, the Debtors do not believe that there are any amounts outstanding on account of Sales Promotions.

D. Third-Party Delivery Providers

19. The Debtors also maintain various contractual arrangements with various Third-Party Delivery Providers. Pursuant to the Third-Party Delivery Agreements, customers can place orders through their favorite Third-Party Delivery Provider's platform and have food from one of the Debtors' restaurants quickly delivered to their door. The commissions and fees associated with the Third-Party Delivery Providers vary by, among other things, the geographic area in which the Debtors' restaurant is located and average approximately \$174,000 per month. I believe that the Third-Party Delivery Providers are integral to the Debtors' business, encourage repeat customers, and generate substantial sales, all of which inure benefits to the estates. Shifts in consumer preferences have driven increased need for delivery services as many consumers are primarily ordering meals from restaurants through delivery, rather than dine-in experiences. As a result, Third-Party Delivery Providers continue the Debtors' relationship with their customers beyond their restaurants and improve sales while maintaining the Debtors' competitiveness in the marketplace.

E. Third-Party Marketing Agreements

20. Additionally, the Debtors maintain several agreements with Third-Party Marketing Partners that help drive traffic and customer retention and engagement for the Debtors' restaurants through online ordering, advertising, and bulk-ordering and catering integration. The Debtors also have Catering Agreements, including WeddingPro, the Knot, SimpleCater LLC, Slice, Marqii, ezCater, and Caviar. The Catering Agreements help the Debtors connect with and book large events, parties, weddings, and on- and off-site catering. I believe the Catering Agreements are critical because each catering transaction garners significantly higher average revenue than standard dine-in orders. Additionally, event catering is a highly competitive market where customers have numerous options and are the focus of extensive marketing efforts. The

Debtors are billed under the Catering Agreements for a combination of monthly service charges (for services including marketing, advertising, hosting information on event websites) and percentage or per-unit commissions. These commissions vary depending on the service and may be flat fees (for example, \$180–\$250 per event booked through the provider) or percentages of the total ticket (ranging from 10%–15%).

21. The Debtors also maintain relationships with key vendors to manage and market certain Customer Programs. Olo, Inc. (“Olo”) manages table and order management, is connected to the Debtors’ customer relationship management database, and handles waitlisting and reservations. Additionally, Olo permits customer orders from multiple Third-Party Delivery Providers to be seamlessly processed in the Debtors’ existing POS system, manages customer surveys, and certain loyalty programs. I believe that the Debtors’ relationship with Olo remains necessary in order to preserve the current customer experience and rewards programs. The Debtors pay Olo approximately \$52,500 per month.

22. Further, the Debtors maintain agreements with companies managing third-party bookings and reservations including OpenTable, which allows customers to book their reservations online through a central booking platform. Likewise, the Debtors maintain service providers who send automated and online marketing and handle online payments to allow customers to make online purchases, including TripleSeat. I believe that each of these vendors, and the Customer Programs they manage, are necessary to avoid the interruption of the customer experience at the Debtors’ restaurants and maintain sales.

F. Prepetition Credit Card Processing Fees and Related Charges

23. Moreover, the majority of the Debtors’ revenue is generated from credit and debit card sales. In the ordinary course, the Debtors accept Visa, MasterCard, Discover, and American Express credit cards, and checks (collectively, the “Non-Cash Payments”) as customer payment

methods in addition to cash. To process the Non-Cash Payments, the Debtors are party to certain Payment Processing Agreements with Payment Processing Companies. Pursuant to the Payment Processing Agreements, the Debtors generally receive the net customer sales less any chargebacks, returns, and processing fees that the Payment Processing Companies charge. Processing Fees charged by each Payment Processing Company vary but are generally in the range of one to three percent of sales. The Processing Fees that arise from the Debtors' retail sales are processed on a daily basis and set off from the funds that the Payment Processing Companies remit to the Debtors on account of the Non-Cash Payments on a daily basis. On average, the Debtors pay approximately \$210,000–225,000 per month in Processing Fees. The Debtors' continued acceptance of Non-Cash Payments is essential to the operation of the Debtors' businesses because the majority of the Debtors' sales are made using Non-Cash Payments. I believe that the Debtors' failure to accept Non-Cash Payments would have a severe negative effect on the Debtors' ongoing operations, the ultimate cost of which would be borne by their estates and stakeholders.

24. I believe that to effectuate a smooth transition into chapter 11, the Debtors must maintain customer loyalty and goodwill by continuing to honor their obligations under the Customer Programs. The Debtors compete in highly competitive businesses and must regularly provide both existing and potential customers with programs similar to (or better than) those offered by their competitors. The Debtors have implemented each of the Customer Programs in the ordinary course of their businesses as a means to promote positive, productive, and profitable relationships with their customers that ultimately promote customer satisfaction, encourage new purchases, and ensure that the Debtors remain competitive.

25. I believe that failure to continue the Customer Programs, or failure by the Debtors to meet their obligations under such programs, would damage the Debtors' reputation and

relationship with their current and potential customers at this critical time in their operations. The success and viability of the Debtors' businesses, and ultimately the Debtors' ability to maximize the value of their assets, is dependent upon the continued patronage and loyalty of their customers. I believe that any delay in honoring obligations to customers and third parties on account of the Customer Programs would severely and irreparably impair customer relations and drive away valuable customers, thereby harming the Debtors' efforts to maximize the value of their assets to the benefit of all interested parties.

VI. *Debtors' Emergency Application for Entry of an Order Authorizing the Employment and Retention of and Stretto, Inc. as Claims, Noticing, and Solicitation Agent Effective as of the Petition Date (the "Claims Agent Retention Application")*

26. The Debtors request authority to employ Stretto, Inc. ("Stretto") as noticing, claims, and solicitation agent in their chapter 11 cases to provide the services outlined in the Engagement Letter attached to the Claims Agent Retention Application. I believe that Stretto's employment is in the best interest of the estates because its rates are competitive and reasonable, as set forth in the Claims Agent Retention Application, and Stretto has the requisite expertise in complex chapter 11 cases such as these to assist the Debtors in fulfilling certain of its administration tasks in these chapter 11 cases as set forth in the Claims Agent Retention Application. Moreover, although the Debtors have not yet filed their schedules of assets and liabilities, I anticipate that numerous persons and entities may file proofs of claim in these chapter 11 cases. In light of the significant number of anticipated claimants and other parties in interest in these chapter 11 cases, as well as the complexity of the Debtors' businesses, I believe that the appointment of Stretto as the Claims and Noticing Agent will relieve the administrative burden on the Debtors and/or the Office of the Clerk of the Bankruptcy Court of noticing and administering certain claim-related tasks, and, therefore, is in the best interests of both the Debtors' estates and their stakeholders.

VII. Debtors' Emergency Motion for Entry of an Order (I) Authorizing Rejection of Certain Nonresidential Real Property Leases, (II) Abandoning Certain Personal Property, and (III) Granting Related Relief (the "Lease Rejection Motion")

27. Through the Lease Rejection Motion, the Debtors seek to reject certain of their prepetition unexpired leases of nonresidential real property and authority to abandon any *de minimis* equipment, furniture, and other personal property.

28. As of the Petition Date, the Debtors are party to leases at approximately 56 restaurant locations. Prior to the Petition Date, the Debtors ceased operations in 12 such locations and surrendered possession of the premises to the applicable Landlords. The Debtors have determined in a good-faith exercise of their business judgment to reject the 12 leases subject to the Lease Rejection Motion to the extent such Leases are unexpired leases. As of the Petition Date, none of the restaurants located on the premises of such Leases were operating. The Debtors have determined that the costs of the Leases exceed any marginal benefits that could potentially be achieved from assignments of such Leases. The Debtors believe that rejection of the Leases will result in savings for the estates of approximately \$187,012.98 per month. Even if the closed restaurant locations could be reopened immediately, the Debtors believe that the short-term costs of maintaining the Leases would outweigh any potential long-term benefits from operating the restaurants therein.

29. Before the Petition Date, the Debtors notified each affected Landlord of their decision to surrender the premises and property and turn over keys, key codes, and securities codes, if any, to each affected Landlord so that the Landlords could attempt to mitigate any rejection damages arising from the rejection of the applicable Lease. Accordingly, in the exercise of their sound business judgment, the Debtors have determined that rejecting the Leases, effective as of the Petition Date, is in the best interests of the Debtors, their estates, and their creditors.

30. Further, the Debtors do not believe there is any valuable property of the Debtors remaining on the premises for the Leases sought to be rejected by this Motion. The majority of the Debtors' property to be abandoned constitutes furniture, equipment, dishware, kitchenware, and other personal property that is typically in a restaurant and was not transferred to other locations following the store closures. To the extent that any of the Debtors' property is located at the premises, the Debtors have determined that the property is of inconsequential value to the estates, or that the cost of removing and storing such property outweighed any potential benefit of retaining such property. Accordingly, to reduce postpetition administrative costs and, in the exercise of their sound business judgment, the Debtors believe that the abandonment of any of the Debtors' property that may be located at each of the premises, if any, is appropriate and in the best interests of the Debtors, their estates, and their creditors. Moreover, prior to the Petition Date, the Debtors provided notice to lessors of personal property at the premises covered by the Leases to retrieve their leased personal property by July 31, 2024. The Debtors believe that most, if not all, of such leased personal property has been retrieved by the equipment lessors prior to the Petition Date.

VIII. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief (the "Wages Motion")*

31. Through the Wages Motion, the Debtors seek to pay prepetition wages, salaries, other compensation, and reimbursable expenses, including (a) paying standard wage compensation and paid time off, (b) maintaining reimbursement programs, and (d) maintaining certain benefits on account of their Workforce Programs.

32. The Debtors' ability to preserve their business and successfully reorganize is dependent on the expertise and continued service of their active workforce. As of the Petition

Date, the Debtors employ approximately 3,340 Employees across the country, of which 266 are employed on a full-time basis and 3,074 are employed on a part-time basis. Approximately 3,191 employees are paid hourly, and approximately 149 employees are salaried. Each Employee is employed by one of the following Debtor entities: Buca Restaurants, Inc, Buca Restaurants 2, Inc. Buca (EX) LLC, and Buca Celebration LLC. The Employees employed by Buca EX LLC at the Debtors' Buca Excalibur Las Vegas, Nevada location are unionized and subject to a collective bargaining agreement. The Employees employed by Buca (EX) LLC at the Debtors' Buca Excalibur Las Vegas, Nevada location are unionized and subject to a collective bargaining agreement.

33. The Employees perform a wide variety of functions critical to the Debtors' business, to say nothing of the administration of these chapter 11 cases and the Debtors' restructuring. The Debtors' Employees are skilled personnel intimately familiar with the Debtors' business, processes, and systems—many of whom have developed relationships with customers and vendors that are essential to the Debtors' business. Without the continued, uninterrupted services of the Debtors' Employees, the Debtors' business operations will halt and the administration of the estates will be materially impaired. Additionally, the Debtors' Employees rely on compensation and benefits to pay their daily living expenses and other necessities. These individuals could experience significant hardship if the Court does not permit the Debtors to continue paying their compensation and providing them with health and other benefits.

34. In the ordinary course of business, the Debtors (a) pay standard wage compensation and paid time off, (b) maintain reimbursement programs, and (c) maintain certain benefits for their Workforce Programs. As of the Petition Date, the Debtors estimate the total amount of Workforce Obligations outstanding on account of the Workforce Programs is approximately \$3,733,039, all,

or nearly all, of which will become due and owing shortly after the Petition Date. The Workforce Obligations consist of the following:

Workforce Obligations	Estimated Prepetition Amount Outstanding
<u>Compensation Obligations</u>	
Unpaid Wages (active Employees)	\$1,722,286
Unpaid Wages (terminated Employees)	\$187,267
PTO Obligations (accrued but unpaid for active Employees)	\$738,224
PTO Obligations (accrued but unpaid for terminated Employees)	\$80,224
Withholding Taxes and Obligations (i.e., Deductions)	\$516,687
Commissions	\$6,000
ADP Payroll Processing Fees	\$60,000
Employee Reimbursements	\$0
Bonus Program	\$44,883
Netspend (gratuity for Employees)	\$150,000
Total	\$3,565,571
<u>Benefit Obligations</u>	
Medical, Vision, (UMR)	\$17,500
Dental Insurance	\$5,500
Other Benefits (Life, AD&D, accident/critical illness, disability benefits)	\$119,000
401K Plan	\$11,750
Miscellaneous Employee Programs	\$0
Workers Compensation Obligations	\$13,718
Total	\$167,468.00

A. Compensation, Withholding, and Expense Reimbursement.

i. Wage Obligations.

35. Generally, Employees are paid bi-weekly in arrears around the seventh and twenty-first days of the month. As a result, Employees often have wages and other compensation that has accrued, but is unpaid, at any given point in time. As of the Petition Date, the Debtors estimate that they owe approximately \$1,722,286 on account of accrued but unpaid wages to active employees prior to the Petition Date for the pay period of July 22 to August 4. Additionally, the Debtors owe approximately \$187,267 on account of accrued but unpaid wages for Employees

terminated prior to the Petition Date. The Debtors' payroll processing functions for Employees are managed by ADP. The Debtors estimate that as of the Petition Date, the Debtors owe approximately \$60,000 to ADP for its payroll processing services.

ii. Payment of Credit Card Gratuity to Employees.

36. In the ordinary course of the Debtors' business, customers may use credit cards to pay for their food and dining experience at the Debtors' restaurants, including the payment of gratuity to Employees. The Debtors use the services of Netspend Corporation to ensure that tips paid on a customer's credit card are given to the server Employee who earned the tip. Generally, when a customer pays a tip on a credit card, each restaurant location records the amount of tips earned by each server Employee daily, and then Netspend funds the tips directly to a debit card held in the server Employee's name. Netspend provides a monthly statement to the Debtors summarizing the amounts paid by Netspend to the Employees for the preceding month. Thus, although the Debtors collect and remit tips on a daily basis through Netspend, the true up for the amounts paid by Netspend and thus owed by the Debtors occurs in arrears. The average amount in tips over weekends is approximately \$150,000. These numbers vary from day to day. The Debtors anticipate that as of the Petition Date, the Debtors will owe approximately \$150,000 for tips to server Employees. Because certain of the Employees rely on tips for the majority of their pay, uninterrupted payment of such gratuity to the Employees entitled to them is critical to the Debtors' continued operations and to avoid Employee hardship.

iii. Employee Incentive Programs.

37. Certain non-insider Employees are entitled to Bonuses on a quarterly basis for achieving performance targets in the key areas of sales growth and guest satisfaction at each restaurant. Approximately 47 Employees are eligible for bonuses. These Employees are either in managerial roles at the restaurant level or are in other manager roles. None of these Employees

are insiders of the Debtors. The approximate amount owed on account of the Bonus Program as of the Petition Date is \$44,883. No single Employee entitled to a bonus will be owed more than the \$15,150 priority cap, including their wages.

38. I believe that it is a sound exercise of the Debtors' business judgment to pay the Bonuses. The Debtors' employees are the lifeblood of their business. Without a strong management team, the Debtors will be unable to maximize value for the benefit of all stakeholders. The Debtors rely heavily on their Employees to provide outstanding customer service, which drives return customers and corresponding sales. If the Debtors do not provide the proposed Bonuses to reward such efforts, I am concerned that Employees may resign from their positions. The resignation of these manager-level employees will disrupt business operations during the critical first days of these chapter 11 cases. I believe that the harm that could occur if the Debtors do not pay the Bonuses would far outweigh the costs in paying them. I do not believe that the Debtors have any other less costly practical alternatives than to pay the Bonuses to ensure the Debtors' restaurants are operating to their full potential during these chapter 11 cases.

39. Approximately 7 of the Debtors' Employees whose job duties entail promoting and booking events at the Debtors' various restaurants are entitled to Commissions for booking such events. Earned and approved Commissions are typically paid monthly in arrears through payroll—for example, July Commissions will be paid in the August payroll. The Debtors estimate that earned but unpaid Commission as of the Petition Date will total approximately \$6,000.

40. Additionally, in the ordinary course of business, and as an Employee incentive, the Debtors provide a certain number of free meals to certain Employees at the Debtors' restaurants through the Employee Meal Program. Under the Employee Meal Program, employees receive discounts on meals or free meals depending on their role with the Debtors. The Debtors do not

believe there are any outstanding amounts owed as of the Petition Date on account of the Employee Meal Program.

iv. Reimbursable Expenses.

41. In the ordinary course of business, the Debtors maintain a travel and entertainment policy, whereby the Debtors reimburse certain Employees for a variety of ordinary, necessary, and reasonable expenses that the Employees incurs within the scope of their job duties. Such expenses include costs for travel, transportation, lodging, telephone, and meals and entertainment, among other things. The Employees must follow the written company guidelines to be eligible for reimbursement. For travel, once an Employee's travel is approved by management, travel bookings (such as hotel and airfare) are made through a company travel service provider, Egencia. Employees pay the expenses eligible or approved for reimbursement with personal funds and submit requests for reimbursement of such expenses. The Employee is expected to follow the written policy and use sound judgment when incurring business expenses for which they seek reimbursement. To be reimbursed, Employees must submit their receipts to the Debtors for approval. Once expenses are approved by the Debtors, the reimbursements are paid in the ordinary course of the Debtors' businesses. As of the Petition Date, the Debtors do not believe they owe any amounts for accrued but unpaid reimbursable expenses to the Employees.

v. Paid Time Off, Vacation, and Sick Days.

42. All of the Debtors' full-time Employees are entitled to paid time off, vacation, and sick days. The PTO policy for Employees depends on the state in which they are employed and their years of service, ranging from 2 to 5 weeks with a potential accrual cap at 1.5% annual PTO allotment. The Debtors estimate that, as of the Petition Date, total accrued but unpaid PTO liability is approximately \$738,224 for Employees. Additionally, as of the Petition Date, the Debtors

believe that they owe accrued and unpaid wages to terminated Employees in the amount of \$80,224.

vi. Deductions.

43. In the ordinary course of business, ADP processes deductions from Employees' payroll in respect of federal, state, and local income taxes, FICA, court-ordered garnishments, child support, and other pretax deductions payable pursuant to certain of the health, welfare, and retirement savings programs detailed herein, and forwards those amounts to the various third-party entities on whose behalf the Deductions were made. Some Deductions are taken from each paycheck, while other Deductions are taken less frequently. As of the Petition Date, the Debtors estimate that the aggregate amount of Deductions that have been taken but not yet paid to the appropriate recipient is approximately \$516,687.

B. Insurance, Disability, and other Benefits.

44. Prior to the Petition Date, the Debtors offered their Employees various standard employee Benefits, including, without limitation, (a) medical, dental and vision insurance, (b) life insurance, (c) disability insurance, (d) retirement savings plans, and (e) employee assistance programs provided to the workforce in the ordinary course of business.

i. Medical, Dental, and Vision Insurance.

45. The Debtors maintain high deductible Health Insurance plans through UMR and UnitedHealthcare and dental insurance through Delta Dental. The Debtors do not owe any annual premiums on account of the Health Insurance. The Debtors pay claims on the Health Insurance on a weekly basis in arrears. The amount paid on the claims vary depending on the amount and type of claims. As of the Petition Date, the total amount owed for UMR is approximately \$17,500,

and the total amount owed for Dental Insurance is approximately \$5,500, which is an estimate based on the week's prior claims.

ii. Retirement Savings.

46. The Debtors also provide a 401k Plan which generally provides for pretax and post-tax salary deductions of compensation up to limits set by the Internal Revenue Code and Employee 401(k) contributions are deducted automatically from their respective wages. The Debtors match 100% of Employee contributions on the first 3% of Employee pay and 50% on the next 2% of Employee pay. The average annual cost of such programs to the Debtors is approximately \$200,000. As of the Petition Date, the Debtors estimate that they will owe approximately \$11,750 in matching payments.

iii. Life, Accidental Death and Dismemberment, and Disability Insurance.

47. The Debtors provide AD&D insurance, as defined in the Wages Motion. The AD&D insurance programs are 100% employee paid. However, the Debtors pay the upfront costs on the claims on a weekly or monthly basis in arrears and then deduct such costs from the Employee's wages. As of the Petition Date, the Debtors estimate that there will be approximately \$119,000 in claims to be paid on behalf of the Employee on account of the AD&D and then deducted from the Employee's wages.

iv. Workers Compensation.

48. In each state in which the Debtors operate, they maintain workers' compensation insurance for Employees at the statutorily required levels for claims arising from or related to their employment with the Debtors and any obligations thereto. The Debtors maintain workers' compensation insurance through Zurich and through state-run insurance funds. Although the amount paid annually on account of the Workers' Compensation Program varies from year to year, the total cost of the current Workers' Compensation Program is \$1,509,463.05 for the year starting

July 1, 2024. The Debtors pay these premiums in advance monthly installments throughout the year. As of the Petition Date, the Debtors estimate that there is \$13,718 in accrued but unpaid amounts owing in respect of the Workers' Compensation Program.

49. I believe that it is critical that the Debtors be permitted to continue their Workers' Compensation Program and to pay outstanding prepetition claims, taxes, charges, assessments, premiums, and third-party administrator fees in the ordinary course of business because alternative arrangements for workers' compensation coverage would most certainly be more costly, and the failure to provide coverage may subject the Debtors and/or their officers to penalties.

v. Other Miscellaneous Employee Programs.

50. The Debtors also offer Employees Miscellaneous Employee Programs including, among others, (a) flexible spending accounts, (b) prescription drug coverage, and (c) telehealth services. As of the Petition Date, the Debtors do not believe they owe any amounts for the Employees' Miscellaneous Employee Program.

51. I believe that payment of the Workforce Obligations represents a sound exercise of the Debtors' business judgment and is necessary to avoid immediate and irreparable harm to the Debtors' estates. Paying prepetition wages, employee benefits, and similar obligations will benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption. Indeed, without payment of the Workforce Obligations, the Employees may seek alternative employment opportunities while their services are needed to carry out an orderly administration of these chapter 11 cases. This would deplete the Debtors' workforce, hindering the Debtors' ability to operate their business and maximize value of their estates. Such loss and

the resulting need to recruit new personnel (and the costs attendant thereto) would be distracting at this crucial time when the Debtors need to focus on administering their estates.

52. The majority of Debtors' workforce rely exclusively on the compensation and benefits to satisfy their daily living expenses. Many members of the workforce expect and require their wages to arrive on a timely basis. Consequently, the workforce would be exposed to financial difficulties if the Debtors are not permitted to honor obligations for unpaid Workforce Obligations. Continuing ordinary course benefits will help maintain workforce morale and minimize the adverse effect of the commencement of these chapter 11 cases on the Debtors' ongoing business operations.

IX. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Continue to Operate Their Cash Management System and Perform Intercompany Transactions, and (II) Granting Related Relief (the "Cash Management Motion")*

A. The Cash Management System

53. Through the Cash Management Motion, the Debtors seek authorization to continue to use their integrated, centralized Cash Management System to manage the cash of operating units in a cost-effective, efficient manner. In the ordinary course of business, the Debtors maintain an integrated, centralized Cash Management System comparable to the cash management systems used by similarly-situated companies to manage the cash of operating units in a cost-effective, efficient manner. The Cash Management System is arranged to organize and monitor cash flows across the Debtors' enterprise and to centralize procurement for general administrative and operating expenses and enables the Debtors to facilitate their cash forecasting and reporting, monitor the collection and disbursement of funds, and maintain control over the administration of their bank accounts.

54. The Cash Management System includes a total of 10 Bank Accounts. Eight of the Bank Accounts are held at BMO Bank, one of the Bank Accounts is held at Bank of Hawaii, and

one of the Bank Accounts is held at Cadence Bank (collectively, the “Cash Management Banks”). As of the Petition Date, the Debtors have approximately \$250,000 in cash in the Bank Accounts. The Debtors estimate that their gross cash receipt collections per month averaged approximately \$15.6 million for April, May, and June of 2024 prior to the Petition Date. This amount, however, varies month-to-month. The Bank Accounts are described in more detail below:¹

<u>Debtor: Buca C, LLC</u>	
<u>Bank Account</u>	<u>Bank Account Description</u>
BMO Bank Buca C Operating Account – 1829 (the “ <u>Operating Account</u> ”)	The Operating Account is funded by sweeps from the other Bank Accounts. Funds in the Operating Account are used to pay the Debtors’ operating expenses and accounts payable.
BMO Bank Buca C Depository Account – 1886 (the “ <u>Depository Account</u> ”)	The Depository Account is funded from the Operating Account and from customer purchases made via cash. Funds from this account are swept daily into the Operating Account and are ultimately used to pay the Debtors’ operating expenses and accounts payable.
BMO Bank Buca C Credit Card Account – 1910 (the “ <u>Credit Card Account</u> ”)	This account is funded from the Operating Account and from customer purchases made via credit card. Funds from this account are used to pay credit card processing fees, among other credit card related expenses. Any remaining funds from this account after payment of such fees are swept daily into the Operating Account.
BMO Bank Buca C Controlled Disbursement Account – 9993	This account is used to process and pay checks for the Debtors’ accounts payable. Any remaining funds from this account after payment of such fees are swept daily into the Operating Account.
BMO Bank Buca C Payroll Account – 1969	Funds to cover payroll and employee benefits are transferred from the Operating Account into this account. These funds are then administered through ADP for disbursement to employees and for payment of employment and sales-related taxes and employee garnishments. After these payments, any funds in excess of \$5,000 are transferred daily back to the Operating Account.
BMO Bank Buca C EFT Liquor Account – 2025	This account is funded by the Operating Account. This account is used to pay liquor-related vendors and related fees. Any remaining funds in this account after making such payments are swept daily into the Operating Account.
BMO Bank Buca C Liquor Checkbook Account – 2066	This account is funded by the Operating Account. This account is used to issue manual checks for liquor vendors that require check payment upon delivery. After these payments, any funds in excess of \$5,000 are transferred daily back to the Operating Account.

¹ These descriptions of Bank Account types are for illustrative purposes only and are not exhaustive. A single Bank Account may fall into more than one of the categories described herein.

BMO Bank Buca C ACH Clearing Account – 4729	This account is funded by the Operating Account. This account is used to process ACH payments of accounts payable, rent, and certain vendors. Any remaining funds from this account after making such payments are swept daily into the Operating Account.
<u>Debtor: Buca C, LLC</u>	
<u>Bank Account</u>	<u>Bank Account Description</u>
Cadence Bank Buca C Operating Account – 5223	This account is a professional fee escrow account used to pay professional fees. It will be funded from postpetition DIP loan proceeds, if approved by this Court.
<u>Debtor: Buca Restaurants 2, Inc.</u>	
<u>Bank Account</u>	<u>Bank Account Description</u>
Bank of Hawaii Buca Restaurants 2, Inc. Operating Account – 4782	This was used as an operating account for the Debtors' Hawaii location. The Hawaii location closed prior to the Petition Date and thus the Debtors are in the process of closing this account.

55. The Debtors pay Bank fees incurred in connection with the Bank Accounts to the Cash Management Banks on a monthly basis in arrears. The Bank Fees average approximately \$18,000 per month. As of the Petition Date, the Debtors will owe approximately \$18,000 in Bank Fees for the month of July. The Debtors seek authority, but not direction, to pay the prepetition Bank Fees and continue paying the Bank Fees in the ordinary course on a postpetition basis, consistent with historic practice.

B. Intercompany Transactions.

56. In the ordinary course of business, the Debtors maintain business relationships with each other that have historically resulted in intercompany receivables and payables. The Debtors settle Intercompany Transactions as journal-entry receivables and payables, from time to time, to reimburse certain Debtors for various expenditures associated with their business and/or fund the Bank Accounts in anticipation of such expenditures, as needed.

57. Intercompany Transactions are made through account transfers to (a) reimburse certain Debtors for various expenditures associated with their business, (b) fund certain Debtors'

accounts in anticipation of such expenditures, as needed, (c) transfer funds up to an operating account when such excess revenue is available, or (d) to pay payroll and benefits. For instance, revenues from each operational entity are deposited into the Depository Account or Credit Card Account, transferred to the Operating Account, and then disbursed to pay obligations owing by each Debtor. The Debtors then make appropriate credits and debits within their accounting system to reflect these Intercompany Transactions.

58. The Intercompany Transactions are an essential component of the Debtors' operations and centralized Cash Management System. Any disruption of the Intercompany Transactions would severely disrupt the Debtors' operations and result in great harm to the Debtors' estates and their stakeholders.

C. Purchase Card Program.

59. Prepetition, certain non-Debtor Planet Hollywood-level entities entered into a Commercial Card Agreement with Wells Fargo Bank, N.A. under which Wells Fargo agreed to provide and fund commercial purchase cards to the Debtors, among other Planet Hollywood-related entities (the "P-Card Program"). Under the P-Card Program, Wells Fargo, through its affiliate WellsOne, provides prepaid Visa or MasterCard commercial cards to be used only for business-related expenses such as travel and entertainment expenses and general payables, such as utilities. Thirteen of the Debtors' employees are holders of P-Cards. Each employee holds the P-Card in their individual name and has a monthly credit limit ranging from \$1,000 to \$20,000 with a total aggregate credit limit of \$150,000. Wells Fargo advances the credit for the P-Cards, and then debits the non-Debtor higher level entity's bank account to pay for the purchases made on the P-Cards. The Debtors fund a non-debtor Wells Fargo bank account on a weekly basis for payments

on the Debtors' portion of the use of the P-Cards. The Debtors do not believe that they are obligated to fund any amounts on account of the P-Card Program as of the Petition Date.

60. If the Debtors are not permitted to continue their existing Cash Management System, I am concerned about unnecessary delay and disruption to their business and personnel, including the risk that funds needed for the Debtors' operations would be delayed were they required to change the Cash Management System. The Debtors issue checks to vendors, service providers, employees and others in the ordinary course of their business and obtaining new accounts and checks will delay and disrupt the Debtors' ability to operate. The Debtors' Cash Management System constitutes an ordinary course, essential business practice providing significant benefits to the Debtors including, among other things, the ability to control funds and reduce costs and administrative expenses by facilitating the movement of funds and the development of more timely and accurate account balance information.

61. I believe that requiring the Debtors to adopt a new, segmented cash management system during these chapter 11 cases would be expensive, burdensome, and unnecessarily disruptive to the Debtors' operations. Importantly, the Cash Management System provides the Debtors with the ability to quickly track and report the location and amount of funds, which, in turn, allows management to track and control such funds, ensure cash availability, and reduce administrative costs through a centralized method of coordinating the collection and movement of funds. Any disruption of the Cash Management System could have a negative effect on the Debtors' restructuring efforts. Indeed, requiring the Debtors to adopt a new, segmented cash management system would cause the Debtors' operations to grind to a halt, jeopardizing the Debtors' business enterprise. By contrast, maintaining the current Cash Management System will facilitate the Debtors' transition into chapter 11 by, among other things, minimizing delays in

paying postpetition debts and eliminating administrative inefficiencies. Finally, maintaining the current Cash Management System will allow the Debtors' accounting employees to focus on their daily responsibilities.

62. I believe that parties in interest will not be harmed by the Debtors' continued use of the present Cash Management System, including maintenance of the Bank Accounts and the Intercompany Transactions, because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of prepetition obligations. Specifically, with the assistance of their advisors, the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debts without the prior approval of each of the Debtors' respective treasury departments. The Debtors will continue to work closely with the Cash Management Banks to ensure that appropriate procedures are in place to prevent checks issued prepetition from being honored without the Court's approval.

63. Additionally, the Debtors' funds move through the Cash Management System as described in the Cash Management Motion, and at any given time, there may be prepetition amounts outstanding on account of the Cash Management System, including Intercompany Claims. Any non-payment of prepetition amounts owed could cause serious disruptions to the Debtors' estates. Further, if the P-Card Program were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the Debtors' and each of their estates' detriment. Accordingly, I believe that the Debtors have shown that a sound business purpose exists to continue use of the Cash Management System in the ordinary course postpetition and to authorize payment of prepetition amounts due in connection with the Cash Management System, including Intercompany Claims and Bank Fees.

X. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Pay Certain Prepetition Claims of PACA/PASA Claimants, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief (the "PACA/PASA Motion")*

64. Through the Cash Management Motion, the Debtors seek the authority to pay a limited number of claimants who are suppliers of goods covered by PACA or PASA an amount necessary to preserve the value of their estates and to treat and pay Outstanding Orders as administrative expense claims. The Debtors estimate that the approximate amount outstanding under these two categories as of the Petition Date is approximately \$500,000.00.

65. Certain of the Debtors' suppliers may be eligible to assert claims under PACA or PASA, as applicable, all of which will come due within the first 21 days of these chapter 11 cases. Prior to the Petition Date and in the ordinary course of business, the Debtors may have ordered goods that will not be delivered until after the Petition Date. To avoid becoming general unsecured creditors of the Debtors' estates with respect to such goods, the Debtors believe that certain suppliers may refuse to ship or transport such goods (or may recall such shipments) with respect to such Outstanding Orders unless the Debtors issue substitute purchase orders postpetition. The Debtors estimate that the Outstanding Orders may also constitute PACA/PASA Claims.

66. To prevent any disruption to the Debtors' business operations, and given that goods will be delivered postpetition, the Debtors believe that it is in their reasonable business judgment to seek to pay PACA/PASA Claims and Outstanding Order Claims postpetition in an amount of to \$500,000.

67. I do not believe that payment of such claims will prejudice the Debtors' creditors. Payments made to PACA/PASA Claimants on account of PACA/PASA Claims is consistent with the intent of PACA and PASA and will inure to the benefit of the Debtors and all parties in interest by (a) facilitating the continued purchase and receipt of fresh produce and other products and

(b) avoiding potential disruption to the Debtors' business operations. Notably, in certain circumstances, shareholders, officers, or directors of a corporate entity who are in a position to control trust assets but breach the fiduciary duty to preserve those assets may be held personally liable under PACA or PASA, as applicable. Thus, to the extent that any valid obligations arising under PACA or PASA remain unsatisfied by the Debtors, the Debtors' officers and directors or members may be subject to lawsuits during the pendency of these chapter 11 cases. Any such lawsuit (and the ensuing potential liability) would distract the Debtors and their officers and directors from administering the Debtors' estates.

68. Finally, I believe that payment of PACA/PASA Claims will inure to the benefit of the Debtors' estates by preserving goodwill between the Debtors and certain of the vendors of fresh produce, meat, and poultry products. Without the relief requested herein, the Debtors could be subject to numerous claims, adversary proceedings, and motions, including motions by PACA/PASA Claimants for relief from the automatic stay and/or complaints for injunctive relief, which would result in the unnecessary expenditure of time, effort, and money by the Debtors.

XI. *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees and (II) Granting Related Relief (the "Tax Motion")*

69. Through the Tax Motion, the Debtors seek to remit and pay certain Taxes and Fees without regard to whether such obligations accrued or arose before or after the Petition Date. The Debtors collect, withhold, and incur certain Sales and Use Taxes, Franchise Taxes, and Property Taxes and fees (collectively, the "Taxes and Fees").² The Debtors collect (as applicable) and remit the Taxes and Fees to various state and federal Taxing Authorities. The Debtors pay the Taxes and

² The Debtors do not seek authority to collect and remit state and federal employee-related taxes and withholdings. Such relief is instead requested in the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*, filed contemporaneously herewith.

Fees to the Taxing Authorities on a periodic basis, remitting them monthly, quarterly, or annually depending on the nature, jurisdiction, and incurrence of a particular Tax or Fee. The Debtors believe that a total of \$1,015,600 in Taxes and Fees are owed as of the Petition Date, summarized as follows:

Category	Description	Approx. Amount paid by the Debtors in 2023	Estimated Aggregate Amount Accrued as of the Petition Date	Amount Requested to Pay Through this Motion
Sales and Use Taxes	Taxes imposed on the sale and use of certain goods and services.	\$16,000,000 ³	\$995,000	\$995,000
Franchise Taxes	Franchise or similar taxes incurred by the Debtors in various states.	\$122,700 ⁴	\$20,600	\$20,600
Property Taxes	Personal Property Taxes incurred by the Debtors in various states.	\$86,000	\$0	\$0
Total		\$16,208,700	\$1,015,600	\$1,015,600

A. Sales and Use Taxes.

70. In the ordinary course of business, the Debtors incur, collect, and remit Sales and Use Taxes to the applicable Taxing Authorities in connection with the sale and purchase of goods and services. The Debtors purchase a variety of equipment, materials, and services necessary for the operation of their business from certain vendors who collect sales taxes in connection with the Debtors' purchase of such goods or services. The Debtors also incur use taxes for the purchase of such goods and services when vendors are not registered to collect or have not collected sales taxes. Historically, the Debtors, have paid approximately \$16,000,000 in the 12 months prior to the Petition Date. As of the Petition Date, the Debtors estimate that approximately \$995,000 in trust fund Sales and Use Taxes have accrued. Additionally, the Debtors collect and remit Sales

³ This amount is based on historical data for 12 months prior to the Petition Date.

⁴ A portion of this amount includes Franchise taxes for certain non-debtor entities paid by OCS Holdings Group, Inc. As of the date of filing this Motion, the Debtors have been unable to determine the amount of this total that is allocated to the Debtors' 2023 Franchise Taxes.

and Use Taxes in the ordinary course of their businesses in connection with the sale of food and liquor. When such amounts are collected by the Debtors from the ultimate purchaser, they are held in trust.

B. Franchise Taxes.

71. The Debtors are required to pay various state Franchise Taxes to continue conducting their business in accordance with state laws. Historically, the Debtors, or the non-debtor OCS Group Holdings, Inc., have made annual Franchise Tax payments to applicable Taxing Authorities in the total approximate amount of \$122,700. The Debtors believe that as of the Petition Date, they will owe approximately \$20,600 in Franchise Taxes, which will become due and payable postpetition.

C. Property Taxes.

72. State and local laws in the jurisdictions where the Debtors operate generally grant Taxing Authorities the power to levy Property Taxes against the Debtors' personal property. To avoid the imposition of statutory liens on their personal property, the Debtors typically pay Property Taxes on property that they own on an annual basis.

73. In 2023, the Debtors paid approximately \$86,000 in Property Taxes to the applicable Taxing Authorities. The Debtors do not believe that they will owe any Property Taxes as of the Petition Date.

74. I believe that payment of Taxes and Fees as described herein is an exercise of sound business judgment and is necessary to ensure a smooth transition into—and, perhaps more importantly, out of—chapter 11. I believe that the ability to pay these Taxes and Fees postpetition is in the best interests of the Debtors' estates and parties in interest because the failure to pay such

Taxes and Fees could materially disrupt the Debtors business operations and divert attention from facilitating the chapter 11 process.

XII. Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Insurance Policies and Honor All Obligations in Respect Thereof, (B) Renew, Supplement, and Enter into New Insurance Policies, (C) Honor the Terms of Related Payment Plans and Pay Premiums Thereunder, and (II) Granting Related Relief (the "Insurance Motion")

75. By the Motion, the Debtors seek authority to continue insurance coverage entered into prepetition and satisfy obligations related thereto, renew, supplement, or purchase insurance coverage as needed postpetition, and honor the terms of related premium financing agreements. The Debtors maintain approximately 13 Insurance Policies that are administered collectively as part of an Insurance Program by various third-party Insurance Carriers.

A. Insurance Policies.

76. The Insurance Policies are procured on the Debtors' behalf as part of the services provided under that certain Accounting, Management and Administrative Services Agreement between BUCA C, LLC and Planet Hollywood International Inc., effective as of June 30, 2015. The Insurance Policies provide coverage for, among other things, business owners' liability, commercial liability, general liability, automobile liability, umbrella coverage, cyber liability, terrorism, crime, franchisor liability, professional / directors and officers liability, cyber coverage, employment practices liability, and workers compensation liability. The Insurance Policies are essential to the ongoing operation of the Debtors' businesses. The aggregate annual premium for the Insurance Policies is approximately \$3,465,569.84, plus applicable taxes and surcharges.

77. The Insurance Policies are generally one year in length. Insurance premiums are typically paid in advance in monthly installments throughout the year pursuant the payment terms set forth in each applicable Insurance Policy and its accompanying Premium Financing Agreement. As of the Petition Date, the Debtors do not believe there are any amounts due or

outstanding on account of insurance premiums other than payments related to the Premium Finance Agreement.

B. The Premium Finance Agreement.

78. It is common for companies in the Debtors' industry to finance insurance policies through borrowing from a third-party lender. Certain of the Debtors' insurance premiums, including those for franchisor liability, cyber, terrorism, crime and property policies, are financed by AFCO. Under the Premium Financing Agreement, AFCO pays the insurance premiums up front for the year, and the Debtors pay certain amounts back to AFCO. In relation to the Premium Financing Agreement, the Debtors pay one down payment of \$382,994.93 and monthly installments of approximately \$132,772.73. The amounts financed under the agreement accrue interest at the annual percentage rate of 9.35%. As of the Petition Date, there is approximately \$515,767.66 outstanding on account of the Premium Financing Agreement. The Debtors request authority to honor any prepetition amounts outstanding under the terms of the Premium Financing Agreement and to pay any amounts owing thereunder in the ordinary course of business during the administration of these chapter 11 cases.

C. The Debtors' Insurance Broker.

79. Willis Towers Watson Northeast Insurance Services, Inc. (the "Broker") is retained by Planet Hollywood to help manage, among other things, the Debtors' portfolios of risk. The Broker, among other things, (a) assists the Debtors in obtaining comprehensive insurance coverage for the Debtors' operations in a cost effective manner, (b) manages renewal data, (c) markets the Insurance Policies, (d) provides all interactions with carriers including negotiating policy terms, provisions, and premiums, and (e) provides ongoing support throughout the applicable policy periods. The Broker collects commission payments for its services as part of the premiums paid on account of the Insurance Policies.

80. The Broker is typically paid a commission directly from the Insurance Carriers, although in some instances the Broker is paid a commission or brokerage fee directly at the time of a purchase or payment. As of the Petition Date, the Debtors do not believe there are any amounts due or outstanding on account of the Broker Fees.

81. The nature of the Debtors' businesses makes it essential for the Debtors to maintain their Insurance Program on an ongoing and uninterrupted basis. Certain of the Debtors' prepetition financing agreements require the Debtors to remain current with respect to certain of their primary Insurance Policies. Additionally, state and local laws require the Debtors to maintain insurance policies. Thus, I believe that the Debtors must be able to continue their Insurance Policies without disruption to ensure their operations remain in compliance with various legal and contractual obligations.

82. I similarly believe that continuing to pay under the Premium Financing Agreement is in the best interests of their estates, permitting the Debtors to pay for their directors and officers Insurance Policy over time rather than making a large cash outlay at one time, which I believe allows the Debtors to effectively manage their cash to fund their businesses. I also believe that that continuation of the Premium Financing Agreement and authorization for entry into a new or alternative premium financing agreements are necessary and is in the best interests of their estates.

83. Finally, I believe that the continued retention of the Broker allows the Debtors and their employees to focus on core operational matters. The Debtors are not well-suited to bring the services provided by the Broker in-house, and therefore, I believe that continuing to retain the Broker's services allows the Debtors to focus on their operations, to the benefit of all stakeholders.

Exhibit B

Organizational Structure Chart

