

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

In re

SUGARFINA, INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 19-11973 (MFW)

(Jointly Administered)

Hearing Date: Nov. 5, 2019 at 10:30 a.m. (ET)

Objection Deadline: Oct. 29, 2019 at 4:00 p.m. (ET)

**APPLICATION FOR ENTRY FOR AN ORDER AUTHORIZING AND  
APPROVING THE RETENTION AND EMPLOYMENT OF PROVINCE, INC.  
AS FINANCIAL ADVISOR TO THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS EFFECTIVE AS OF SEPTEMBER 17, 2019**

The Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors” or the “Company”) hereby files this application (the “Application”) for an order, substantially in the form attached hereto as Exhibit A, pursuant to sections 328(a) and 1103(a) of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) authorizing and approving the employment of Province, Inc. (“Province” or the “Firm”) as financial advisor to the Committee in connection with the Debtors’ chapter 11 cases, effective as of September 17, 2019. In support of the Application, the Committee also files the declaration of Carol Cabello (the “Cabello Declaration”), attached hereto as Exhibit B and incorporated herein by reference. In support of the Application, the Committee respectfully represents as follows:

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number or Canadian Revenue Agency, as applicable are (1) Sugarfina, Inc., a Delaware corporation (4356), (2) Sugarfina International, LLC, a Delaware limited liability company (1254) and (3) Sugarfina (Canada), Ltd. (4480). The location of the Debtors’ corporate headquarters is 1700 E. Walnut Ave., 5th Floor, El Segundo, California 90245.

## **BACKGROUND**

1. On September 6, 2019 (the “Petition Date”), the Debtors filed voluntary petitions with this Court under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108(a) of the Bankruptcy Code. No trustee or examiner has been appointed in these cases by the Office of the United States Trustee for Region 3 (the “U.S. Trustee”).

2. On September 17, 2019, the Office of the U.S. Trustee appointed the Committee pursuant to section 1102 of the Bankruptcy Code. The Committee consists of the following seven (7) members: (i) Agman Investments LLC; (ii) Fedex Corporate Services, Inc.; (iii) Everplus F&B Fund, LLC; (iv) Marich Confectionery Company; (v) Efrutti; (vi) Right Click, Inc.; and (vii) AMAC [D.I. 97].

3. That same day, the Committee selected Province as its proposed financial advisor.

4. The Firm has extensive experience representing official creditors’ committees, debtors, creditors, trustees, and others in a wide variety of bankruptcy cases, including as financial advisor to the official committees of unsecured creditors in Purdue Pharma, uBiome, Mishti, Achaogen, Pernix Sleep, Things Remembered, Charlotte Russe, Gymboree, Beauty Brands, Advanced Sports Enterprises (ASE), Promise Healthcare, Papa Gino’s, American Tire Distributors, Brookstone, Heritage Home Group, The Rockport Company, Claire’s Stores, Inc., The Walking Company, Patriot National, Shiekh Shoes, Velocity Holding Company (MAG), Aerogroup International, Inc. (Aerosoles), Mac Acquisition LLC (Romano’s Macaroni Grill), Cornerstone Apparel, Inc. (Papaya), True Religion Apparel, Inc., Payless ShoeSource, Inc., Gordmans Stores, Inc., hgregg Inc., Eastern Outfitters LLC, Inc., Gulf Chemical & Metallurgical Corporation, Performance Sports Group, Fresh-G Restaurant Intermediate Holding, LLC (Garden

Fresh Restaurants), Golfsmith International Holdings, Inc., Aéropostale, Inc., Pacific Sunwear, Inc., Fresh & Easy, LLC, The Wet Seal, LLC, National Air Cargo, Inc., Magnetation, LLC, and KSL Media Inc. matters, the debtors in many confidential matters, Woodbridge Group of Companies, LLC, Penthouse Global Media Inc., Focus Property Group, Superior Linen, Argosy Casino (Penn National) and American West Homes, and the trustee in Maxus Energy, Avaya, Inc., La Paloma Generating Company LLC, RadioShack Corporation, Coldwater Creek, Inc., Loehmann's Inc., and Eddie Bauer. Accordingly, the Committee believes that the Firm is well-qualified to render the services described below.

### **JURISDICTION AND VENUE**

5. This Court has jurisdiction to consider and grant the relief requested herein pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated as of February 29, 2012 (the "Amended Standing Order"). This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief sought herein is section 1103(a) of the Bankruptcy Code. Relief is also proper pursuant to Bankruptcy Rule 2014 and the Local Rules.<sup>2</sup> Compensation will be in accordance with sections 330 and 331 of the Bankruptcy Code.

### **RELIEF REQUESTED**

6. By this Application, the Committee respectfully requests that the Court enter an order, substantially in the form annexed hereto as Exhibit A, pursuant to sections 328(a) and

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<sup>2</sup> Pursuant to Local Rule 9013-1(f), the Committee hereby confirms its consent to the entry of a final order by this Court in connection with this Application if it is later determined that this Court, absent consent of the parties, cannot enter a final order or judgment with respect to this Application consistent with Article III of the United States Constitution.

1103(a) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rule 2014-1, authorizing the Committee to employ and retain the Firm as its financial advisor in these chapter 11 cases. The Committee selected Province in furtherance of the efficient administration of the estates on behalf of the Committee. The Committee seeks to retain the Firm effective as of September 17, 2019, because Province began providing services to the Committee as of such date. The Committee believes that such retention is appropriate in these cases because the Committee required Province's assistance prior to such time as a retention application could be submitted to the Court due to the exigencies of these cases, and Province provided services to the Committee beginning September 17, 2019.

#### **SCOPE OF EMPLOYMENT**

7. Subject to further Order of this Court, the services Province has rendered and may be required to render for the Committee, include without limitation, the following:

- a. becoming familiar with and analyzing the Debtors' DIP budget, assets and liabilities, and overall financial condition;
- b. reviewing financial and operational information furnished by the Debtors to the Committee;
- c. monitoring the going concern sale process, interfacing with the Debtors' professionals, and advising the Committee regarding the process;
- d. analyzing the Debtors' proposed business plan and developing alternative scenarios, if necessary;
- e. assessing the Debtors' various pleadings and proposed treatment of unsecured creditor claims therefrom;
- f. preparing or reviewing, as applicable, avoidance action and claim analyses;
- g. assisting the Committee in reviewing the Debtors' financial reports, including, but not limited to, SOFAs, Schedules, cash budgets, and Monthly Operating Reports;
- h. advising the Committee on the current state of these chapter 11 cases;

- i. advising the Committee in negotiations with the Debtors and third parties as necessary;
- j. if necessary, participating as a witness in hearings before the bankruptcy court with respect to matters upon which Province has provided advice; and
- k. other activities as are approved by the Committee, together with its counsel, and agreed to by Province.

**NO ADVERSE INTEREST OF PROFESSIONALS**

8. To the best of the Committee's knowledge, and based upon the Cabello Declaration attached hereto, neither the Firm nor any of its employees have any connection with any party in interest, their attorneys or accountants, other than as set forth in the Cabello Declaration.

9. To the best of the Committee's knowledge, except as provided in the Cabello Declaration, neither the Firm, nor any of its employees, represent any interest adverse to that of the Committee in the matters on which they are to be retained.

10. While the Firm has undertaken, and continues to undertake, efforts to identify connections with the Debtors and other parties-in-interest, it is possible that connections with some parties-in-interest have not yet been identified. Should the Firm, through its continuing efforts, learn of any new connections of the nature described above, the Firm will promptly file supplemental declarations, as required by Bankruptcy Rule 2014(a).

11. The Firm represents many debtors, trustees, and committees in other bankruptcy cases, and the debtors, the members of those committees, or those estates may be creditors of the Debtors. However, the Firm will not represent those debtors, committees, or their members with respect to any claims that they may collectively or individually have against the Debtors.

**PROFESSIONAL COMPENSATION**

12. The Committee desires to employ the Firm and compensate the Firm with reasonable fees to be determined by the Court. No compensation will be paid to the Firm except

upon compliance with the Bankruptcy Code, Bankruptcy Rules, Local Rules, and any other applicable procedures and orders of this Court. The Firm has received no retainer in these cases to represent the Committee. Neither the Committee nor any of its members (or their representatives) are or will be liable for any fees or costs incurred by the Firm in its representation of the Committee. Province's standard hourly rates are:

Principal	\$800-935
Managing Director	\$660-720
Senior Director	\$580-640
Director	\$500-570
Senior Associate	\$400-490
Associate	\$350-400
Analyst	\$230-350
Para Professional	\$175

13. The hourly rates set forth above are subject to periodic adjustments to reflect economic and other conditions. Province intends to provide notice to the Debtors, the Committee, and the U.S. Trustee before implementing any increases in Province's rates for professionals working on these chapter 11 cases.

14. In addition, Province will bill for all out-of-pocket expenses reasonably incurred by Province in connection with the matters contemplated by this Application.

15. Province began performing services for the Committee on September 17, 2019.

**NOTICE**

16. Notice of this Application has been given to the following parties: (i) the Debtors; (ii) the Debtors' counsel; (iii) the U.S. Trustee; (iv) the Debtors' senior secured creditors; and (v) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. The Committee submits that, in light of the nature of the relief requested, no other or further notice need be given.

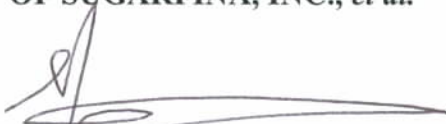
**NO PRIOR REQUEST**

17. No prior Application for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Committee requests that the Court enter the order (the "Order") annexed hereto as Exhibit A, (i) approving the employment of the Firm as its financial advisor, effective as of September 17, 2019, to render services as described above with compensation to be paid as an administrative expense in such amounts as this Court may hereafter determine and allow. and (ii) granting the Committee such other and further relief as the Court deems just and proper.

Dated: October 15, 2019

**THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS  
OF SUGARFINA, INC., *et al.***



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Right Click, Inc.  
By: Baiju Mehta