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*Proposed Counsel to Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

SAM ASH MUSIC CORPORATION, *et al.*

Debtors.<sup>1</sup>

Chapter 11

Case No. 24 –14727 (SLM)

(Joint Administration Requested)

**DECLARATION OF JORDAN MEYERS IN SUPPORT OF DEBTORS'  
MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE  
DEBTORS TO OBTAIN POSTPETITION FINANCING, (II)  
AUTHORIZING USE OF CASH COLLATERAL AND AFFORDING  
ADEQUATE PROTECTION; (III) GRANTING LIENS AND PROVIDING  
SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS; (IV)  
MODIFYING AUTOMATIC STAY; AND (V) GRANTING RELATED  
RELIEF**

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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, are: Sam Ash Music Corporation (3915); Samson Technologies Corp. (4062); Sam Ash Megastores, LLC (9955); Sam Ash California Megastores, LLC (3598); Sam Ash Florida Megastores, LLC (7276); Sam Ash Illinois Megastores, LLC (8966); Sam Ash Nevada Megastores, LLC (6399); Sam Ash New York Megastores, LLC (7753); Sam Ash New Jersey Megastores, LLC (8788); Sam Ash CT, LLC (5932); Sam Ash Music Marketing, LLC (2024); and Sam Ash Quikship Corp. (7410). The location of debtor Sam Ash Music Corporation's principal place of business is 278 Duffy Avenue, P.O. Box 9047, Hicksville, NY 11802.

I, Jordan Meyers, make this declaration (the “Declaration”) pursuant to 28 U.S.C. § 1746:

1. I am a Managing Director at SierraConstellation Partners LLC (“SCP”), an interim management and advisory firm serving middle-market companies.

2. SCP was first retained by Sam Ash Music Corporation and its affiliates, the debtors and debtors in possession in the above-captioned chapter 11 cases (each a “Debtor” and together, the “Debtors”), to serve as financial advisors on or about November 3, 2023. In mid-December, 2023, SCP’s engagement was expanded to include advisory services in connection with a refinancing and/or sale process. Subsequently, on or about April 4, 2024, I was appointed as Chief Restructuring Officer (“CRO”) to the Debtors. In connection with providing financial advisory and CRO services, I have become familiar with the Debtors’ day-to-day operations, business and financial affairs, books and records, and the circumstances leading to the commencement of the Debtors’ above-captioned chapter 11 cases (the “Chapter 11 Cases”).

3. I have over 15 years of experience providing transformation services, fiduciary services, restructuring advisory, interim management and litigation support services to distressed companies. I have previously worked at three other restructuring firms, two international accounting firms, and as an investment banker. I have provided guidance to financially challenged entities maneuvering through both out-of-court and court-supervised restructurings. I have also been involved in several M&A transactions and have experience servicing both debtors and senior secured lenders. I earned my Bachelor of Science degree in Accounting from Binghamton University and my Master of Business Administration degree in Finance from the Goizueta Business School at Emory University. I am a Certified Public Accountant and Certified Insolvency and Restructuring Advisor.

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 (11 U.S.C. § 101 *et seq.*, the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of New Jersey (the “Court”). The Debtors continue to operate their business and manage their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. This Declaration is submitted in support of the *Motion for Interim And Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing Use of Cash Collateral and Affording Adequate Protection; (III) Granting Liens and Providing Superpriority Administrative Expense Status; (IV) Modifying Automatic Stay; and (V) Granting Related Relief* (the “DIP Motion”).<sup>2</sup> Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by the Debtors’ employees or professionals, or my opinion based upon my experience, knowledge, and information concerning the Debtors’ operations and the retail industry. In forming the testimony set forth herein, I have relied upon and/or considered, among other things, the following: (a) my experiences in chapter 11 cases, including with debtor-in-possession financing facilities and the retention of advisors in connection with financial restructurings and sales of businesses and assets; (b) the DIP Motion; (c) certain of the Debtors’ financial statements and reports; (d) documents related to the proposed DIP Facility; (e) SCP’s analyses regarding the proposed DIP Facility and DIP financings in other chapter 11 cases; (f) discussions with the Debtors’ management concerning the Debtors’ business and finances; and (g) discussions with certain other professionals at SCP and other advisors to the Debtors.

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<sup>2</sup> All capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to them in the DIP Motion.

6. I am authorized to submit this Declaration on the Debtors' behalf. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

**A. The Commencement of the Chapter 11 Cases and Overview of the Postpetition Financing Arrangement**

7. The Debtors filed these Chapter 11 Cases to pursue an orderly sale of their assets as a going concern. The Debtors have already negotiated the terms of that sale with their prepetition lender to act as a proposed stalking horse purchaser of substantially all of the Debtors' assets. Given the Debtors' liquidity challenges, among other factors, leading up to the commencement of the Chapter 11 Cases, the stalking horse bid sets a rational baseline for a competitive bidding process.

8. To preserve the going-concern value of the Debtors' assets and complete the sale process, it is critical that the Debtors have access to DIP financing during the Chapter 11 Cases to continue operating their business in the ordinary course. Without DIP financing, the Debtors would not have sufficient liquidity to continue to operate their business or pursue a sale process.

9. Therefore, in the DIP Motion, the Debtors seek authorization to:

- obtain senior secured post-petition financing on a superpriority basis (the "DIP Financing") in an aggregate principal amount of up to \$20,000,000 (the "DIP Facility") pursuant to the terms and conditions of that certain *Senior Secured Superpriority Debtor in Possession Financing Agreement* (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "DIP Credit Agreement"), by and among the Debtors and Tiger Finance, LLC ("Tiger Finance" or the "DIP Lender");
- execute the DIP Credit Agreement and the other documents, agreements and instruments delivered pursuant thereto or executed or filed in connection therewith,

all as may be reasonably requested by the DIP Lender (as the same may be amended, restated, supplemented or otherwise modified from time to time, and collectively with the DIP Credit Agreement, the “DIP Documents”);

- consummate the transactions contemplated by the DIP Documents;
- grant the DIP Lender the DIP Liens on all of the DIP Collateral to secure the DIP Facility and all obligations owing and outstanding under the DIP Documents;
- grant superpriority claims pursuant to section 364(c)(1) of the Bankruptcy Code to the DIP Lender as well as the DIP Liens pursuant to section 364(d) of the Bankruptcy Code on all prepetition and postpetition property of the Debtors’ estate and all proceeds thereof;
- use prepetition collateral and Cash Collateral (together with the DIP Facility, the “Postpetition Financing Arrangement”); and
- grant adequate protection to the DIP Lender for the use of Cash Collateral.

**B. The Debtors’ Need for Financing and the Use of Cash Collateral**

10. The Debtors require access to additional liquidity and use of Cash Collateral to ensure that they can continue operating their businesses during these Chapter 11 Cases and preserve and maximize the value of their estates for the benefit of all parties in interest.

11. As part of the Debtors’ chapter 11 preparations, the Debtors and their advisors reviewed and analyzed the Debtors’ anticipated go-forward liquidity needs and the amount of post-petition financing required to support the Debtors’ ongoing business operations and fund chapter 11 process costs. This analysis is reflected in the Approved Budget, which is attached as Exhibit 1 to the Interim Order approving the DIP Motion, which projects the Debtors’ anticipated cash receipts and disbursements during the projection period and takes into account a number of factors,

including (but not limited to) the effect of the chapter 11 filings on the Debtors' business operations, the fees and interest expense associated with the DIP Facility, restructuring costs (including professional fees), and required operational payments.

12. Based on this analysis, the Debtors determined that they would require incremental liquidity to sensibly fund post-petition operations and chapter 11 costs and provide confidence to vendors, customers, employees, and other constituents that the Debtors will continue to operate in the ordinary course without disruption. The Postpetition Financing Arrangement set forth in the Orders will allow the Debtors to bridge this gap and progress toward a successful, value-maximizing sale. Absent the relief requested in the DIP Motion, the Debtors would face an immediate risk of substantial, irreparable, and ongoing harm due to liquidity constraints and resulting operational and business challenges, including erosion of employee, vendor, and customer confidence.

13. Moreover, prior to the Petition Date, the Debtors had less than \$1 million in available cash and were operating in an over-advance situation - - that is, the principal amount of the Debtors' borrowings exceeded the availability under the borrowing base. As a result, the prepetition lender and now, DIP Lender, advised the Debtors that it would only continue to fund the Debtors in a controlled chapter 11 environment through a DIP pursuant to the Approved Budget, and with the typical protections lenders receive through DIP financing.

14. Accordingly, the Postpetition Financing Arrangement is essential to the Debtors' operations and preserves and maximizes the value of their estates for the benefit of all parties in interest.

**C. Alternative Sources of Financing Are Not Available on Better Terms**

15. In late 2023, the Debtors engaged in a comprehensive and exhaustive process to recapitalize its balance sheet, including, but not limited to, refinancing their debt. Although that

process culminated in a successful refinancing of the Debtors' asset-based loan with Tiger Finance in February, 2024, the Debtors' financing process yielded few proposals and limited executable options.

16. In the weeks leading up to Petition Date, the Debtors and the DIP Lender engaged in good faith, arm's-length negotiations regarding the terms of the DIP Facility and the Debtors' use of Cash Collateral. Given the results of the recent financing process, the Debtors' capital structure and financial circumstances, the DIP Facility was (and is) the only viable, actionable post-petition financing option available to the Debtors. There are no likely alternative post-petition financing options and certainly none on a junior secured, administrative priority, or unsecured basis.

17. Additionally, as an incentive to fund these Chapter 11 Cases with the DIP Financing from the DIP Lender, Tiger Finance agreed to reduce its prepetition allowed secured claim by \$1.75 million pursuant to the DIP Credit Agreement in the event the Debtors' DIP Motion and the Postpetition Financing Arrangement set forth therein is approved on a final basis. Therefore, the economic terms of the DIP Facility are reasonable and there are no alternative sources of post-petition financing with similar or more favorable terms currently available to the Debtors.

18. The DIP Facility is the result of the Debtors' reasonable and informed determination that the DIP Lender offered the most favorable terms on which to obtain needed post-petition financing, and was the product of extended arm's length, good faith negotiations between and among the Debtors and the DIP Lender. The DIP Facility provides the only path to a value-maximizing transaction. Accordingly, in my view, the DIP Facility is reasonable and appropriate under the circumstances and is the Debtors' best and only option currently available under the circumstances.

19. I have reviewed the DIP Motion with the Debtors' counsel and the facts stated therein are true and correct to the best of my knowledge, information, and belief. I believe that the relief sought in the DIP Motion is tailored to meet the goals described therein, is necessary and critical to the Debtors' sale efforts, is in the best interests of the Debtors' estates and creditors and is a reasonable exercise of the Debtors' business judgment.

20. In sum, based on my experience with DIP financing transactions, as well as my involvement in the negotiation of the DIP Facility, I believe, that the terms of the DIP Facility are reasonable under the circumstances and were the product of good faith, arm's-length negotiations.

I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed this 8th day of May, 2024

/s/ Jordan Meyers  
JORDAN MEYERS  
CHIEF RESTRUCTURING OFFICER