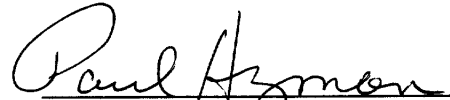


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ORDERED in the Southern District of Florida on October 17, 2017.


Paul G. Hyman, Jr., Judge
United States Bankruptcy Court

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION**

IN RE:

Case No. 17-18864-PGH
Chapter 7

AA FLORIDA BRIDAL RETAIL
COMPANY, LLC, *et al.*,

(Jointly Administered)

Debtors.
_____ /

ORDER GRANTING EXPEDITED MOTION FOR AUTHORITY TO: (I) SELL CERTAIN PROPERTY OF THE ESTATES FREE AND CLEAR OF ALL LIENS, CLAIMS, AND ENCUMBRANCES THROUGH A COURT APPROVED AUCTION AND STALKING HORSE BID; (II) APPROVE BIDDING PROCEDURES; (III) APPROVE PLAN FOR DISTRIBUTION OF NET AUCTION PROCEEDS INCLUDING CARVE-OUT FOR THE ESTATES; AND (IV) APPROVE AND ALLOW SUPER- PRIORITY ADMINISTRATIVE CLAIMS AND REPLACEMENT LIENS IN FAVOR OF CARDCONNECT

This matter came on for hearing on October 11, 2017 at 9:30 a.m. (the "**Hearing**"), upon the expedited motion of Margaret J. Smith, the Chapter 7 Trustee (the "**Trustee**"), for the bankruptcy estates of AA Florida Bridal Retail Company, LLC ("**Alfred Angelo**") and Alfred Angelo – The Bride's Studio No. 3, Inc.; AA Bridal, LLC; AA Bridal Northeast, LLC; AA Bridal Midwest, LLC; AA Bridal Nebraska, LLC; Alfred Angelo Newco, Inc.; Alfred Angelo

Investment China I; Alfred Angelo Investment China III; Alfred Angelo Investment Company, Limited (Hong Kong); BridesMart, LP; DJ Fashions, LLC; Hacienda Brides; and Zhuhai Haiping Wedding DRESS Design LTD (collectively, the "**Affiliated Debtors**"), pursuant to 11 U.S.C. §§ 105(a), 327, 328, 361, 363, 364, 506(c) and 507(b), Federal Rules of Bankruptcy Procedure 2002, 4001, 6004, 6005, 9014 and 9019, and Local Rules 2002-1, 2014-1, 2016-1, 6004-1, 6005-1, 9014-1 and 9019-1, for authority to (i) sell certain property of the Debtors' estates free and clear of all liens, claims, and encumbrances through an auction process and Stalking Horse Bid, (ii) approve Bidding Procedures; (iii) approve plan of distribution from sale proceeds, including carve-out agreement; and (iv) approve super priority administrative expense claim and replacement liens in favor of Financial Transaction Services, LLC d/b/a CardConnect ("**CardConnect**") for the amount of the carve-out (the "**Motion**") (ECF No. 185), and the Court having reviewed and taken judicial notice of the file, heard argument and proffers of counsel and the Trustee, due and sufficient notice of the Motion having been provided, good cause appearing and for the reasons stated on the record at the Hearing, good and sufficient cause appearing it is hereby

ORDERED and ADJUDGED:

I. FINDINGS OF FACT AND CONCLUSIONS OF LAW:

1. Unless otherwise indicated herein, all capitalized terms used but not defined herein shall have the meanings given in the Motion.

2. On July 14, 2017, Alfred Angelo filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code (the "**Petition Date**"). On the same date, the Affiliated Debtors each filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code.

3. Pursuant to Court Order dated July 19, 2017, the Alfred Angelo Chapter 7 case and Affiliated Debtors' Chapter 7 cases are being jointly administered (ECF No. 16).

4. Margaret J. Smith is the duly appointed Chapter 7 Trustee of Alfred Angelo and the Affiliated Debtors' bankruptcy estates (collectively, the "**Debtors**").

5. This Court has jurisdiction over the Chapter 11 Cases and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2).

6. All of the Debtors are affiliates as such term is defined under 11 U.S.C. § 101(2) and several creditors allege secured claims against substantially all of the Debtors' estates including, *inter alia*: (i) CardConnect; and (ii) FSJC V, LLC ("**FSJC V**"), both of which assert blanket liens against substantially all of the Debtors' assets. For avoidance of doubt, the Trustee understands that the secured claim of CardConnect, which is currently estimated at the approximate amount of \$2.3 million has priority over the secured claim of FSJC V (which is in the asserted amount of approximately \$60 million) through an inter-creditor agreement between CardConnect and FSJC and various UCC filings.

7. Prior to the Petition Date, the Debtors were collectively in the business of purchasing and re-selling bridal dresses, bride's maid dresses, flower girl dresses and various related items and accessories (the "**Inventory**") through both wholesale and retail operations.

8. The majority of the Debtors' Inventory was manufactured in China and then shipped to the United States through Santa Fe Spring, California for ultimate distribution to the Debtors' wholesale and retail operations.

9. The Debtors primarily utilized the services of Dynamic Worldwide Logistics, Inc. ("**Dynamic**") to store the Debtors' Inventory manufactured in China through a warehouse owned or controlled by Dynamic and then ship the Inventory to Santa Fe Springs, California where the Inventory was stored in a different warehouse owned or controlled by Dynamic.

10. As of the Petition Date, the Debtors owned approximately 9,983 dresses and accessories held or stored by Dynamic in Santa Fe Springs, California (the "**California Inventory**"). A Schedule of the California Inventory is attached to the Motion as Exhibit A.

11. Dynamic claims to be owed in excess of \$275,000 for past, present and future shipping and storage charges ("the "**Dynamic Lien Claim**") for which it asserts a possessory maritime and warehouseman's lien against the California Inventory pursuant to section 7-209 of the Uniform Commercial Code, maritime law and other applicable law. Dynamic also asserts a claim against the Debtors for breach of its various agreements with the Debtors for a total claim amount in excess of \$700,000 inclusive of the Dynamic Lien Claim (the "**Total Dynamic Claim**").

12. On September 30, 2017, the Trustee and Dynamic (the "**Stalking Horse**" or "**Stalking Horse Bidder**") entered into an agreement to sell the California Inventory to Dynamic through a credit bid and auction seeking higher and better offers.

13. The "**Stalking Horse Bid**" of Dynamic includes the following material terms: A) Dynamic shall purchase the California Inventory through a credit bid \$225,000 of the Dynamic Lien Claim, free of liens, claims and encumbrances; B) Dynamic shall pay the Estates the sum of \$30,000 within five business days after Dynamic re-sells the California Inventory to a third party; C) to the extent an auction described below generates an offer greater than \$300,000, then the Estates and Dynamic will split any net proceeds above \$300,000 on a 50/50 basis; and D) Dynamic will reimburse the Estates up to \$5,000 for marketing and promotional expenses.

14. The Trustee intends to seek approval of the sale of the California Inventory to Dynamic or the Successful Bidder if an auction is held. To avoid irreparable harm to the Debtors' estates, the sale of the assets must close in the next 30 days.

15. If the sale does not close in that timeframe, the storage charges that are continuing to accrue against the California Inventory will significantly reduce the inventory's value to the estates.

16. The Stalking Horse Bid has been negotiated in good faith and at arm's length between the Trustee and Dynamic.

17. The Trustee exercised her sound business judgment in negotiating and entering into the Stalking Horse Bid.

18. The Bidding Procedures, including the Stalking Horse, are necessary to the efficient sale of the California Inventory and to maximize its value.

19. Based upon the foregoing findings and conclusions, and upon the record made before this Court at the Hearing, good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, DETERMINED AND DECREED that:

20. Motion Granted. The Motion is granted.

21. Bidding Procedures. The following Bidding Procedures are approved and shall constitute the procedures for persons seeking to bid on the sale of the California Inventory (the "Sale"):

To participate in the Auction, the Trustee proposes that all interested persons or parties comply with the Bidding Procedures set forth below, including the requirement that all bids be submitted in writing so as to be received by no later than **5:00 p.m., prevailing Eastern Time, on November 3, 2017**.

1. Auction Qualification Process

To be eligible to participate in the Auction (defined below), each offer, solicitation or proposal (each, a "**Bid**"), and each party submitting such a Bid (each, a "**Bidder**"), must be determined by the Trustee to satisfy each of the following conditions ("**Qualified Bidder**"):

(a) **Good Faith Deposit**: Each Bid must be accompanied by a deposit in the amount of \$50,000 to the trust account of Akerman LLP (the "**Good Faith Deposit**").

(b) **Form of Bid:** A Bid must include executed transaction documents pursuant to which the Bidder proposes to effectuate the purchase of the California Inventory (the "**Transaction**"). A bidder may submit an offer for a bulk sale for all of the California Inventory.

(c) **Minimum Amount of Bid:** The minimum amount of a bid must be at least \$250,000 USD (*i.e.*, the Purchase Price, plus \$25,000) (the "**Initial Over Bid**").

(d) **Corporate Authority:** The Bid must include written evidence acceptable to the Trustee demonstrating appropriate corporate authorization to consummate the proposed Transaction; *provided, however*, that, if the Bidder is an entity specially formed for the purpose of effectuating the Transaction, then the Bidder must furnish written evidence reasonably acceptable to the Trustee of the approval of the Transaction by the equity holder(s) of such Bidder.

(e) **Proof of Financial Ability to Perform:** The Bid must include written evidence that the Trustee concludes demonstrates that the Bidder has the necessary financial ability to close the Transaction. Such information must include, *inter alia*, the following:

(i) contact names and numbers for verification of financing sources;

(ii) evidence of the Bidder's internal resources and proof of unconditional debt or equity funding commitments, from a recognized banking institution in the amount of the cash portion of such Bid or the posting of an irrevocable letter of credit from a recognized banking institution issued in favor of the Trustee in the amount of the cash portion of such Bid, in each case, as are needed to close the Transaction;

(iii) the Bidder's current financial statements (audited if they exist), *provided*, that if the Bidder is an entity formed solely for the purpose of the Bid, the Bidder shall include current financial statements (audited if they exist) for such Bidder's equity holders; or

(iv) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Trustee demonstrating that such Bidder has the ability to close the Transaction; *provided, however*, that the Trustee shall determine whether the written evidence of such financial wherewithal is acceptable, and shall not unreasonably withhold acceptance of a Bidder's financial qualifications.

(f) **No Contingencies:** A Bid may not be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence.

(g) **Irrevocable:** A Bid must be irrevocable through the time of the Auction (as defined herein), *provided, however*, that if such Bid is accepted as the Successful Bid or the Backup Bid (each as defined herein), such Bid shall continue to remain irrevocable, subject to the terms and conditions of these Bidding Procedures.

(h) **Bid Deadline:** Regardless of when a party qualifies as a Qualified Bidder, the following parties must actually receive a Bid in writing, on or before **November 3, 2017 at 5:00 p.m. (prevailing Eastern Time)** or such earlier date as may be agreed to by the Trustee (the “**Bid Deadline**”): (i) the Trustee, Margaret J. Smith, 1400 Centrepark Blvd., Suite 860, West Palm Beach, FL 33401 (Msmith@Mjstrustee.com); and (ii) Brett Marks, Esq., counsel for the Trustee, Akerman, LLP, 350 E. Las Olas Blvd., Suite 1600, Fort Lauderdale, FL 33302 (brett.marks@akerman.com). If the Trustee receives one or more Qualified Bids (as defined below), as soon as practicable after the Bid Deadline, the Trustee shall deliver to counsel for Dynamic and counsel for CardConnect copies of the Qualified Bid(s) and file a notice disclosing the identity and aggregate consideration offered by such Qualified Bid(s).

2. Auction

If one or more Qualified Bids are received by the Bid Deadline, the Trustee will conduct an auction (the “**Auction**”) to determine the highest and best Qualified Bid. The Auction shall take place on **November 6, 2017, 2017 at 10:00 a.m. (prevailing Eastern Time)** at the offices of **Akerman, LLP**, 350 East Las Olas Boulevard, Suite 1600, Fort Lauderdale, Florida 33301, or such other place and time as the Trustee shall notify all Qualified Bidders, including the Proposed Purchaser, and other invitees. The Auction shall be conducted according to the following procedures:

(a) The Trustee shall conduct the Auction, and

(b) The Auction may be transcribed by a certified court reporter and it may be videotaped should the Trustee elect to do so. The Trustee and her professionals shall direct and preside over the Auction. At the start of the Auction, the Trustee shall describe the terms of the highest and best Qualified Bid received prior to the Bid Deadline (such Qualified Bid, the “**Auction Baseline Bid**”). Each Qualified Bidder participating in the Auction must confirm that it has not engaged in any collusion with respect to the bidding or sale of the Purchased Assets and at the Trustee’s request, each Qualified Bidder must disclose the direct and indirect legal and beneficial owners of the Qualified Bidder. Unless otherwise agreed by the Trustee, only the Trustee, her counsel and other professionals, representatives of Dynamic and CardConnect and their counsel, and any Qualified Bidder, in each case, along with their representatives, shall attend the Auction in person, and only Qualified Bidders will be entitled to make any Bids at the Auction.

(c) Terms of Overbids.

An “Overbid” is any bid made at the Auction subsequent to the Trustee’s announcement of the Auction Baseline Bid. Any Incremental Bid after the Initial Overbid shall be made in increments valued at not less than \$10,000. Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above, *provided, however*, that the Bid Deadline shall not apply. Any Overbid must remain open and binding on the Bidder until and unless the Trustee accepts a higher Overbid. To the extent not previously

provided (which shall be determined by the Trustee in consultation with Dynamic and CardConnect), a Bidder submitting an Overbid must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Trustee) demonstrating such Bidder's ability to close the Transaction proposed by such Overbid and performance obligations under any assumed contracts.

(i) Announcing Overbids.

The Trustee shall announce at the Auction the material terms of each Overbid, the basis for calculating the total consideration offered in each such Overbid and the resulting benefit to the Debtors' estates based on, *inter alia*, the Bid Assessment Criteria.

(ii) Consideration of Overbids.

The Trustee reserves the right, in her reasonable business judgment and following consultation with Dynamic and CardConnect, to make one or more continuances of the Auction to, among other things: facilitate discussions between the Trustee and individual Bidders; allow individual Bidders to consider how they wish to proceed; and give Bidders the opportunity to provide the Trustee with such additional evidence as the Trustee in her reasonable business judgment may require, that the Bidder has sufficient internal resources, or has received sufficient noncontingent debt and/or equity funding commitments, to consummate the proposed Transaction at the prevailing Overbid amount.

(d) Backup Bidder.

Notwithstanding anything in these Bidding Procedures to the contrary, if an Auction is conducted, the party with the next highest Qualified Bid after the Bid made by the Prevailing Bidder (as defined herein) or otherwise next best Qualified Bid at the Auction, as determined by the Trustee, in the exercise of her reasonable business judgment and following consultation with Dynamic and CardConnect, will be designated as a backup bidder (the "**Backup Bidder**"). The Backup Bidder shall be required to keep its initial Bid, if any, (or if the Backup Bidder submitted one or more Overbids at the Auction, its final Overbid) (the "**Backup Bid**") open and irrevocable until the earlier of (i) 5:00 p.m. (prevailing Eastern time) on the date which is fourteen (14) days after the date of the Sale Hearing (the "**Outside Backup Date**"); or (ii) the date of closing of a transaction with the Prevailing Bidder or with the Backup Bidder. Following the Sale Hearing, if the Prevailing Bidder fails to consummate an approved transaction, because of a breach or failure to perform on the part of such Prevailing Bidder, the Trustee may designate the Backup Bidder to be the new Prevailing Bidder, and the Debtor will be authorized, but not required, to consummate the transaction, with the Backup Bidder without further order of the Bankruptcy Court. In such case, the defaulting Prevailing Bidder's deposit, if any, shall be forfeited to the Trustee. The deposit of the Backup Bidder, if any, shall be held by the Trustee until the earlier of 24 hours after the closing of the transaction with the Prevailing Bidder.

(e) Credit Bidding.

The Stalking Horse (defined below) may credit bid at the sale in an amount up to amount of the Dynamic Lien of \$275,000; however, Dynamic shall pay over to the Trustee any additional sale funds above \$300,000 in cash based on the Stalking Horse Bid.

(f) Additional Procedures.

The Trustee may, following consultation with Dynamic and CardConnect, announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction so long as such rules are not inconsistent with these Bidding Procedures.

(g) Consent to Jurisdiction as Condition to Bidding.

All Qualified Bidders at the Auction, including Dynamic, shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to these Bidding Procedures, the Auction or the construction and enforcement of any documents delivered in connection with a Bid.

(h) Sale Is As Is/Where Is.

The California Inventory shall be conveyed at Closing free and clear of all liens, claims, interests and encumbrances, and in their then present condition, **“AS IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED”**.

(i) Due Diligence.

Any potential bidder may contact counsel for the Trustee to arrange an inspection of the California Inventory at the California Warehouse. Dynamic shall provide reasonable access to the California Warehouse during normal business hours through a duly arranged appointment with Dynamic and satisfaction of any entry requirements of Dynamic or local, state and/or federal agencies.

(j) Closing the Auction.

The Auction shall continue until there is only one Qualified Bid that the Trustee determines in her reasonable business judgment, and following consultation with Dynamic and CardConnect, is the highest and best Qualified Bid at the Auction (the **“Successful Bid”** and the Bidder submitting such Successful Bid, the **“Prevailing Bidder”**). The Trustee shall not consider any Bids submitted after the conclusion of the Auction.

(k) Sale Hearing

The Court will conduct a hearing (the “**Sale Hearing**”) on **November 8, 2017 at 1:30 p.m. (prevailing Eastern Time)**, at which the Trustee will seek approval of the Highest and Best Bid and the Back-Up Bid. Objections, if any, to the sale of the California Inventory to the Prevailing Bidder and the transactions contemplated therewith must be in writing and filed with the Court on or before **November 7, 2017 at 5:00 p.m.** and be served such that they are actually received by (a) counsel to the Trustee, Akerman, LLP, Attn: Brett Marks, Esq., (brett.marks@akerman.com), 350 E. Las Olas Avenue, Suite 1600, Fort Lauderdale, FL 33301; and, (b) the Office of the United States Trustee, Attn: Heidi Feinman, Esq. (Heidi.a.feinman@usdoj.gov), 51 SW 1st Ave # 1204, Miami, FL 33130-1614.

(l) Closing

Closing of the Transaction shall take place no later than **November 11, 2017**. Closing documents shall include: (i) entry of a sale order authorizing the sale free and clear of liens, claims and encumbrances; (ii) a bill of sale to be executed by the Trustee; and (iii) any lien release documents necessary to be executed by Dynamic and CardConnect.

3. Return of Good Faith Deposit

The Good Faith Deposits of all Qualified Bidders, if any, shall be held in one or more interest-bearing escrow accounts by the Trustee, but shall not become property of the Debtors' estates, absent further order of the Court. The Good Faith Deposit of any Qualified Bidder that is neither the Prevailing Bidder nor the Backup Bidder, if any, shall be returned to such Qualified Bidder not later than three (3) business days after the Sale Hearing. The Good Faith Deposit, if any, of the Backup Bidder shall be returned to the Backup Bidder on the date that is the earlier of 24 hours after (a) the closing of the transaction with the Prevailing Bidder and (b) the Outside Backup Date. Upon the return of the Good Faith Deposits, if any, their respective owners shall receive any and all interest that will have accrued thereon. If the Prevailing Bidder timely closes the winning transaction, its Good Faith Deposit, if any, shall be credited towards its purchase price.

4. Reservation of Rights

Except as otherwise provided in the Bidding Procedures or the Sale Order, the Trustee further reserves the right as she may reasonably determine to be in the best interests of the estates, following consultation with Dynamic and CardConnect to: (a) determine which bidders are Qualified Bidders; (b) determine which Bids are Qualified Bids; (c) determine which Qualified Bid is the highest and best proposal and which is the next highest and best proposal; (d) reject any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of these Bidding Procedures or the requirements of the Bankruptcy Code or (iii) contrary to the best interests of the Debtors and their estates; (e) remove some or all of the AA Inventory from the Auction; (f) waive terms and conditions set forth herein with respect to all potential bidders; (g) impose additional

terms and conditions with respect to all potential bidders; (h) extend the deadlines set forth herein; (i) continue or cancel the Auction and/or Sale Hearing in open court without further notice; and (j) modify these Bidding Procedures as they may determine to be in the best interests of the estates or to withdraw the Motion at any time with or without prejudice.

22. Approval of APA and Stalking Horse. The Stalking Horse Bid is approved and the Stalking Horse Bid shall form the basis for the Potential Bidders to bid as more fully set forth above.

23. Approval of Distribution of Net Sale Proceeds and Carve-Out for the Estates. From the \$30,000 paid to the Estates pursuant to the Stalking Horse Bid, CardConnect shall receive 50% of the sale proceeds as a pay down on its secured claim and the Estates shall retain the other 50% for the benefit of the Estates (the "Carve-Out"). In the event sale funds exceed \$300,000 and the Estates are entitled to additional sale proceeds as outlined above, then the Trustee and CardConnect shall share those excess sale proceeds 50/50 ("Additional Carve-Out"). To the extent the Successful Bidder pays cash for the California Inventory, the Trustee is authorized to distribute the cash to Dynamic and CardConnect at the time of closing and retain the remainder for the benefit of the Estates.

24. Approval of Marketing Expenses; Advertising. The Trustee is authorized to expend up to \$5,000 marketing the Sale and Auction and Dynamic shall reimburse the Trustee for such expenses. As soon as practicable, the Trustee shall publish notice of the Sale in an appropriate industry specific periodical, newsletter or website to generate the maximum amount of publicity of the Auction as possible under the circumstances.

25. Approval and Allowance of Super-Priority Administrative Claims and Granting of Replacement Lien. CardConnect is granted super-priority administrative claims pursuant to 11 U.S.C. § 507(b) on assets of the Debtors' estates up to the amount of Carve-Out and

Additional Carve-Out. In addition, CardConnect is granted super-priority administrative claims and replacement liens on all current and/or future assets of the Debtors, including any after-acquired property and the proceeds thereof, including for the avoidance of doubt, proceeds of the Auction (less the expenses approved in paragraph 24 herein) and the proceeds (through insurance, settlement, or otherwise) of pending and/or future litigation, including under chapter 5 of the Bankruptcy Code or similar state law claims, commenced by or on behalf of the Debtors and/or the Debtors' estates, in the amount of the Carve-Out and the Additional Carve-Out pursuant to sections 507(a)(2), 507(b) and 726(a)(1) of the Bankruptcy Code, which shall not be subject to any carve-outs, including, for the avoidance of doubt, section 726(b) of the Bankruptcy Code and shall not be subject to reduction until CardConnect's claims against the Debtors' estates are otherwise paid in full.

26. Sale Hearing. A hearing on approval of the Sale to the Stalking Horse or Successful Bidder shall be held before this Court on November 8, 2017 at 1:30 p.m. (the "Sale Hearing"), at which time all interested parties shall have an opportunity to object to the Sale of the California Inventory as contemplated by the Bid Procedures.

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Submitted by:

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(Attorney Marks is directed to serve a conformed copy of this Order and to file a Certificate of Service with the Court).