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*Proposed Counsel for the Debtors and
Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
: :
Glansaol Holdings Inc., et al.,¹ : Case No. 18-_____ ()
: :
Debtors. : (Joint Administration Pending)
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**DECLARATION OF JOHN P. MADDEN IN SUPPORT OF DEBTORS’ MOTION TO (I)
AUTHORIZE DEBTORS-IN-POSSESSION TO OBTAIN POST-PETITION
FINANCING PURSUANT TO 11 U.S.C. §§ 105, 362, 363, AND 364;
(II) GRANT LIENS AND SUPERPRIORITY CLAIMS TO POST-PETITION
LENDERS PURSUANT TO 11 U.S.C. §§ 364 AND 507;
(III) PROVIDE ADEQUATE PROTECTION TO PRE-PETITION CREDIT
PARTIES; (IV) MODIFY AUTOMATIC STAY PURSUANT TO
11 U.S.C. §§ 361, 362, 363, 364, AND 507; (V) SCHEDULE FINAL HEARING
PURSUANT TO BANKRUPTCY RULES 4001(B) AND (C) AND
LOCAL RULE 4001-2; AND (VI) GRANT RELATED RELIEF**

I, John P. Madden, hereby declare, pursuant to 28 U.S.C. § 1746, under penalty of perjury:

1. I am the Managing Partner and Founder of Emerald Capital Advisors Corp. (“**Emerald**”), a financial advisory firm having expertise in turnaround and bankruptcy issues. Emerald maintains an office located at 70 East 55th Street, 17th Floor, New York, New

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s federal taxpayer identification number are as follows: Clark’s Botanicals, Inc. (0754); Glansaol Holdings Inc. (9485); Glansaol LLC (2012); Glansaol Management LLC (6879); Julep Beauty, Inc. (7984); Laura Geller Beauty, LLC (1706); Laura Geller Brands, LLC (7428); and Laura Geller Holdings, LLC (7388). The Debtors’ executive headquarters are located at 575 Lexington Avenue, New York, NY 10022.

York 10022. I am a Certified Insolvency and Restructuring Advisor (CIRA) and hold Financial Industry Regulatory Authority (FINRA) Series 7, 63 and 79 licenses. On September 17, 2018, Emerald was retained by the above captioned debtors and debtors-in-possession (collectively the “**Debtors**”) to assist the Debtors with respect to strategic financial restructuring alternatives. I am one of the principal personnel working on Emerald’s engagement with the Debtors. As part of my employment and service in such capacity, I have become familiar with the history, day-to-day operations, business and financial affairs of the Debtors.

2. I submit this declaration (“**Declaration**”) in support of the *Debtors’ Motion to (I) Authorize Debtors-in-Possession to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Grant Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Provide Adequate Protection to Pre-Petition Credit Parties; (IV) Modify Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, 364, and 507; (V) Schedule Final Hearing Pursuant to Bankruptcy Rules 4001(B) and (C) and Local Rule 4001-2; and (VI) Grant Related Relief (the “**DIP Motion**”).*² The facts set forth in this Declaration are based upon my personal knowledge, information and belief, my review of relevant documents or my opinion based upon experience, knowledge and information concerning the Debtors, and upon information supplied to me by the Debtors’ professionals and consultants. If called as a witness, I could and would testify competently to the facts set forth herein.

3. In forming the opinions 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 (“**DIP**”) financing facilities; (b) the DIP Motion; (c) the Declaration of

² Capitalized terms used but not defined herein have the meaning given to them in the DIP Motion.

Nancy Bernardini in Support of Chapter 11 Petitions and First Day Pleadings (the “**First Day Declaration**”); (d) certain of the Debtors’ financial statements and reports; (e) documents related to the proposed DIP financing; (f) Emerald’s financial analyses regarding the proposed DIP financing and DIP financings in other chapter 11 cases; (g) discussions with the Debtors’ management concerning the Debtors’ business and finances; (h) discussions with, and proposals by, prospective sources of DIP financing, including with regard to the proposed DIP financing; and (i) discussions with certain other professionals at Emerald and other advisors to the Debtors.

A. Qualifications

4. I am the founder and managing partner of Emerald. As head of Emerald’s Restructuring Advisory practice, I have more than 20 years of direct experience assisting distressed companies, specializing in bankruptcy reorganizations, out-of-court restructurings, and interim management assignments during all phases of both financial and operational restructurings. Prior to founding Emerald, I was a Managing Director at Chanin Capital Partners, a subsidiary of Duff & Phelps Securities, LLC, where I led both in and out-of-court restructurings and recapitalizations, including mergers and acquisitions, exchange offerings, capital raisings, plan negotiations and structuring, waivers and amendments, rights offerings and operational improvement plans. Formerly, I was a Director at Zolfo Cooper, where I held positions of increasing responsibility for six years. I have developed and implemented financial and operational restructuring plans in turnaround and distressed situations, in addition to the preparation of debt and equity valuations of distressed companies. During my tenure at Zolfo Cooper, I served on the interim senior management team of Enron, as a Director of Restructuring.

5. Emerald specializes in distressed transactions, advising on restructurings and special situations. The professionals of Emerald have advised distressed companies or their

constituents across all levels of the capital structure on a myriad of transactions ranging from large complex deals to small unique situations, exceeding \$115 billion in aggregate debt restructured. Furthermore, Emerald's professionals have extensive experience working with financially troubled companies in complex financial restructurings both in and out of chapter 11. Emerald's professionals have advised debtors, creditors' committees, creditors and equity holders in numerous chapter 11 cases.

6. Notably, Emerald has been retained as a financial advisor and investment banker in numerous large and complex chapter 11 cases, including recent chapter 11 cases such as: In re Hobbico, Inc., No. 18-10055 (KG) (Bankr. D. Del. Jan. 10, 2018); In re A'GACI, L.L.C., No. 18-50049 (RBK) (Bankr. W.D. Tex. Jan. 9, 2018); In re Maurice Sporting Goods of Delaware, Inc., No. 17-12481 (CSS) (Bankr. D. Del. Nov. 20, 2017); In re Portrait Innovations, Inc., No. 17-31455 (JCW) (Bankr. W.D. N.C. Sept. 1, 2017); In re Suniva, Inc., No. 17-10837 (KG) (Bankr. D. Del. Apr. 17, 2017); In re DB Holdings Liquidation, Inc., No. 16-12435 (CSS) (Bankr. D. Del. Nov. 1, 2016); In re TPP Acquisition, Inc., No. 16-33437 (HDH) (Bankr. N.D. Tex. Sept. 2, 2016); In re Old EPP, Inc., No. 16-10221 (CSS) (Bankr. D. Del. Jan. 31, 2016); In re American Apparel Inc., Case No 15-12055 (BLS) (Bankr. D. Del. Oct. 5, 2015); In re Advance Watch Company Ltd., No. 15-12690 (MG) (Bankr. S.D.N.Y. Sept. 30, 2015); In re Karmaloop, Inc., No. 15-10635 (MFW) (Bankr. D. Del. Mar. 23, 2015); In re Kid Brands, Inc., No. 14-22582 (DHS) (Bankr. D. N.J. June 18, 2014); In re FAH Liquidating Corp., Case No. 13-13087 (KG) (Bankr. D. Del. Nov. 22, 2013); In re Coda Automotive, Inc., No. 13-11154 (CSS) (Bankr. D. Del. May 1, 2013).

B. Background

7. As explained in the First Day Declaration, the Debtors faced challenges leading to the commencement of their chapter 11 cases, including a highly competitive

marketplace. To address the negative effects of this environment on its operations, in mid-2018, the Debtors began implementing a number of cost-saving initiatives designed to streamline its business and extend their cash runway.

C. The DIP Financing Marketing Process

8. In anticipation of the commencement of these chapter 11 cases, Emerald launched a focused DIP financing marketing process designed to gauge the availability of financing, while limiting the breadth of the process in order to balance concerns regarding confidentiality, liquidity constraints and timing considerations. Emerald, on behalf of the Debtors, contacted six (6) potential financing sources (the “**Potential Lenders**”), comprising a cross-section of well-known, competitive, middle market debt financiers capable of providing the requisite financing to the Debtors, to determine whether such parties had an interest in providing financing, including the Debtors’ existing prepetition secured lenders. Other than the Debtors’ existing lenders, none of the contacted Potential Lenders offered to provide financing on terms acceptable to the Debtors.

9. As a result, the Debtors determined to secure financing from their prepetition secured lenders (the “**DIP Lenders**”). In connection therewith, the Debtors conducted several arm’s length discussions with the DIP Lenders and determined that in light of the Debtors’ circumstances, the amount of secured debt already encumbering the Debtors’ assets, the terms generally required in the market for loans of the size and nature of the DIP Facility, and considering the expense, time and risks associated with finding and obtaining court approval of alternative financing (which could have required a costly, uncertain and contested priming fight), the DIP Lenders’ final proposed terms for the DIP Facility were the best terms available to the Debtors for such financing.

10. The negotiations with the DIP Lenders culminated in the DIP Lenders' agreement to provide the proposed DIP Facility. The DIP Facility consists of a \$15 million superpriority senior secured ABL revolver, the proceeds of which will be used for the Debtors' working capital, general corporate purposes and the chapter 11 case expenses, and will be repaid from proceeds of the anticipated sale of substantially all of the Debtors' assets.

11. Due to the Debtors' razor thin liquidity profile, keeping costs at a minimum is of paramount importance to the success of these cases. The Debtors and their advisors endeavored throughout the prepetition period to minimize the operating costs in order to preserve the Debtors' liquidity, and by approving the repayment of the DIP Facility with the use of the sale proceeds, the Debtors can be assured they have the financial stability necessary to progress through these bankruptcy proceedings, and will be able to further minimize the costs of the Debtors' Estates and ensure that sufficient funds remain to pay all administrative claims and other parties in interest. As such, I believe entering into the DIP Facility poses little risk to the Debtors and is in the best interest of all parties.

D. The Terms of the Proposed DIP Facility Are Reasonable Under Current Market Conditions

12. Based upon my experience and the negotiations resulting in the proposed DIP Facility, I believe the terms are reasonable when evaluated within the backdrop of current market conditions. Negotiations were informed by the Debtors' circumstances and precedent DIP financings, as well as the financing terms the Debtors received under their prepetition credit facility. As a result, I believe the economic terms of the proposed DIP Facility are competitive and within the range of other comparable DIP facilities in recent years.

E. The DIP Facility Should Be Approved

13. I believe, based on my experience and involvement in the marketing and negotiation of the DIP financing in this matter, that the negotiations with the DIP Lenders were conducted at arm's length and in good faith.

14. I believe that the fees and expenses associated with obtaining the proposed DIP Facility are reasonable, and on the whole, the financing is the best option available to the Debtors.

15. I also believe that, based on the Debtors' projections, the proposed DIP Facility will provide the necessary liquidity to fund the Debtors' operating, working capital and capital expenditure needs during the course of these chapter 11 cases. Accordingly, if approved, the DIP Facility will give them liquidity that is essential to the restructuring process. As such, I believe that entry into the DIP Agreement is in the best interests of the Debtors, their creditors, and all other parties in interest.

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I, the undersigned, declare under penalty of perjury that the foregoing is true and correct.

Dated: December 19, 2018

/s/ John P. Madden

John P. Madden