Presentment Date: January 6, 2021, at 12:00 p.m. (ET)
Objection Deadline: January 5, 2021, at 4:00 p.m. (ET)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11**
HSP LIQUIDATION, LLC, et al.,[1]	:	**Case No. 19-11608 (MEW)**
	:	**Jointly Administered**
Debtors.	:	

NOTICE OF PRESENTMENT OF STIPULATION AND AGREED ORDER RESOLVING CLAIMS OF ARGONAUT INSURANCE COMPANY CLAIM NOS. 19, 22, AND 309

PLEASE TAKE NOTICE that on December 29, 2020, Drivetrain, LLC, in its capacity as the trustee and administrator of the Wind-Down Trust (the "Plan Administrator"), filed the annexed *Stipulation and Agreed Order Resolving Claims of Argonaut Insurance Company Claim Nos. 19, 22, and 309* (the "Stipulated Order").[2]

[1] The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor's federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

[2] Capitalized termed used but not otherwise defined herein shall have the meanings ascribed to such terms in the Stipulated Order.

PLEASE TAKE FURTHER NOTICE that the parties to the Stipulated Order hereby provide notice of presentment of the Stipulated Order, as set forth below.

PLEASE TAKE FURTHER NOTICE that the Plan Administrator, by and through undersigned counsel, will present the Stipulated Order, agreed to between the Plan Administrator and Argonaut Insurance Company, to the Honorable Michael E. Wiles, United States Bankruptcy Judge, at the United States Bankruptcy Court of the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, on January 6, 2021 at 12:00 pm (prevailing Eastern Time).

PLEASE TAKE FURTHER NOTICE that any responses or objections (each, an "Objection") to the Stipulated Order shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York, and the *Order (I) Establishing Certain Notice, Case Management, and Administrative Procedures and (II) Granting Related Relief* [Docket No. 184] (the "Case Management Order"), shall set forth the basis for the Objection and the specific grounds therefor, and shall be filed with the Court electronically in accordance with General Order M-399 by registered users of the Court's case filing system (the User's Manual for the Electronic Case Filing System can be found at http://www.nysb.uscourts.gov, the official website for the Court), with a hard copy delivered directly to chambers pursuant to Local Rule 9070-1 and served so as to be actually received no later than **January 5, 2021 at 4:00 p.m. (prevailing Eastern Time)** (the "Objection Deadline").

PLEASE TAKE FURTHER NOTICE that if no Objection is filed and served by the Objection Deadline in accordance with the preceding paragraph, there will not be a hearing and the Stipulated Order may be signed.

PLEASE TAKE FURTHER NOTICE that if an Objection is timely filed and served, the Court will notify the moving and objecting parties of the date and time of the hearing and of the moving party's obligation to notify all other parties entitled to receive notice. The moving and objecting parties are required to attend the hearing, and failure to attend in person or by counsel may result in relief being granted or denied upon default.

Dated: December 29, 2020

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Beth E. Levine

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Counsel to the Plan Administrator

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11**
HSP LIQUIDATION, LLC, et al.,[1]	:	**Case No. 19-11608 (MEW)**
	:	**Jointly Administered**
Debtors.	:	

STIPULATION AND AGREED ORDER RESOLVING CLAIMS OF ARGONAUT INSURANCE COMPANY CLAIM NOS. 19, 22, AND 309

This stipulation (the "Stipulation") is made between Drivetrain, LLC, in its capacity as the trustee and administrator of the Wind-Down Trust[2] (the "Plan Administrator"), acting on behalf of HSP Liquidation, LLC (f/k/a Hollander Sleep Products, LLC), and its affiliated post-effective date debtors (collectively, the "Post-Effective Date Debtors" and before the Effective Date of the Plan, the "Debtors") on the one hand and Argonaut Insurance Company ("Argonaut") on the other hand (the

[1] The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor's federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

[2] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

Plan Administrator and Argonaut, collectively, the "Parties"), by and through the undersigned counsel.

RECITALS

WHEREAS, on May 19, 2019, Hollander Sleep Products, LLC and its affiliated Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the Bankruptcy Cases") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"); and

WHEREAS, on September 3, 2019, the Debtors filed the *Debtors' Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan") [Docket No. 346]; and

WHEREAS, on September 5, 2019, the Court entered the *Findings of Fact, Conclusions of Law, and Order Confirming the Debtors' Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 356]; and

WHEREAS, on September 13, 2019, the Effective Date occurred; and

WHEREAS, on September 13, 2019, the Debtors filed the *Fourth Amended Plan Supplement for the Debtors' Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code*, which included the Wind-Down Trust Agreement at Exhibit G (the "Wind-Down Trust") [Docket No. 370]; and

WHEREAS, pursuant to the Wind-Down Trust Agreement, Drivetrain, LLC was appointed as the trustee and administrator of the Wind-Down Trust in its capacity as the Plan Administrator; and

WHEREAS, pursuant to Article IV.D of the Plan, the Plan Administrator is responsible for resolving Claims; and

WHEREAS, on July 26, 2019, Argonaut filed a proof of claim identified as claim number 19 ("Claim 19") on the Claims Register asserting a non-priority general unsecured claim in the amount of $7,800,000.00 against Debtor HHFH Liquidation, LLC (f/k/a Hollander Home Fashions Holdings, LLC).

WHEREAS, on July 26, 2019, Argonaut filed a proof of claim identified as claim number 22 ("Claim 22") on the Claims Register asserting a non-priority general unsecured claim in the amount of $7,800,000.00 against Debtor Dream II Holdings, LLC.

WHEREAS, on July 26, 2019, Argonaut filed a proof of claim identified as claim number 309 ("Claim 309" and together with Claim 19 and Claim 22, the "Claims") on the Claims Register asserting a priority claim in an unliquidated amount and non-priority general unsecured claim in the amount of $7,800,000.00 against HSP Liquidation, LLC (f/k/a Hollander Sleep Products, LLC), on account of amounts owed as surety under U.S. Customs and Border Protection bonds (the "Argonaut Bonds").

WHEREAS, on August 21, 2020, the U.S. Customs and Border Protection ("CBP") filed an amended proof of claim identified as claim number 421 ("CBP Claim No. 421") on the Claims Register asserting a priority claim in the amount of $168,099.85, and a non-priority general unsecured claim in the amount of $199,099.23, for a total claim of $367,199.08 against HSP Liquidation, LLC (f/k/a Hollander Sleep Products, LLC), on account of customs, duties, fees and other amounts due.

WHEREAS, on November 4, 2020, Argonaut filed the action entitled *Argonaut Insurance Company v. Drivetrain, LLC, et al.*, (Index No. 656014/2020), in the Supreme Court of the State of New York, County of New York (the "NY State Court Action").

WHEREAS, on December 10, 2020, Drivetrain filed a Notice of Removal in the United States District Court for the Southern District of New York, removing the NY State Court Action. It is currently pending as U.S.D.C. Case No. 1:20-cv-10434-JGK (the "Removed Action").

WHEREAS, the Plan Administrator and Argonaut have agreed to resolve all disputes regarding the Claims on the terms and conditions set forth in this Stipulation.

STIPULATION

NOW, THEREFORE, in consideration of the foregoing, the Parties hereby agree and stipulate as follows:

1. The foregoing recitals are hereby fully incorporated into and made an express part of this Stipulation.

2. Within five (5) days of the execution of this Stipulation, the Plan Administrator shall to pay to CBP the sum of $101,215.69 on account of the priority portion of CBP Claim No. 421 and direct CBP to apply such payment on account of the Argonaut-related bill numbers 48038453-48038455 and 48038457-48038459 (the "Priority Claim Payment").

3. Upon entry of an Order approving this Stipulation, Claim No. 309 shall be deemed to be allowed as a priority claim in the amount of $50,000.00 (the "Settlement Amount"), and Argonaut shall be deemed to have waived the remaining deficiency amount under Claim No. 309. The Settlement Amount shall be in full and final satisfaction of any and all claims, including the Claims, that Argonaut has against the Debtors, the Post-Effective Date Debtors, the Plan Administrator, the Wind Down Estates or the Wind-Down Trust on account of the Claims. The Settlement Amount shall be paid within ten (10) days of entry of an Order by the Bankruptcy Court approving the Stipulation, provided that Argonaut has provided its tax identification information

to the Plan Administrator and dismissed the NY State Court Action (as defined below) with prejudice.

4. Upon entry of an Order approving this Stipulation, Claim No. 19 and Claim No. 22 shall be deemed to be disallowed and shall be expunged from the Claims Register promptly thereafter.

5. Within five (5) days of execution of this Stipulation, Argonaut shall dismiss the complaint filed against Drivetrain, LLC in the NY State Action with prejudice.

6. Within five (5) days of the dismissal of the NY State Court Action, the Plan Administrator shall dismiss the Removed Action with prejudice. The Parties shall work cooperatively to execute any further documentation as may be necessary to achieve dismissal of the NY State Action and the Removed Action.

7. Upon entry of an Order approving this Stipulation and dismissal of the NY State Court Action, the Debtors, the Post-Effective Debtors, the Wind-Down Trust, the Wind-Down Estates, and the Plan Administrator release, acquit and forever discharge Argonaut from any and all claims, causes of action, suits, debts, liens, obligations, liabilities, demands, losses, costs and expenses (including attorneys' fees) of any kind, character, or nature whatsoever, known or unknown, or which may become known at a later date, fixed or contingent, arising out of or related to any surety bond issued by Argonaut to the Debtors and/or Argonaut's filing of the NY State Court Action. Upon the payment of the Priority Claim Payment and the Settlement Amount by the Plan Administrator, Argonaut releases, acquits and forever discharges the Debtors, the Post-Effective Debtors, the Wind-Down Trust, the Wind-Down Estates, and the Plan Administrator from any and all claims, causes of action, suits, debts, liens, obligations, liabilities, demands, losses, costs and expenses (including attorneys' fees) of any kind, character, or nature whatsoever,

known or unknown, or which may become known at a later date, fixed or contingent, arising out of or related to the Claims or any future amounts that may be asserted by CBP against Argonaut.

8. This Stipulation is of no force and effect and shall not become effective until the Bankruptcy Court enters an Order approving its terms. If the Court does not enter such an Order, the Parties will be deemed to have returned to their respective positions immediately prior to the execution of this Stipulation with all rights and privileges reserved.

Dated: December 29, 2020

DRIVETRAIN, LLC

/s/ Beth E. Levine

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Dated: December 29, 2020

ARGONAUT INSURANCE COMPANY

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