

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	CHAPTER 11
	)	
KG WINDDOWN, LLC, <i>et al.</i> , <sup>1</sup>	)	
	)	CASE NO. 20-11723 (MG)
Debtors.	)	
	)	(Jointly Administered)

**INITIAL ORDER (I) AUTHORIZING  
THE DEBTORS TO MAKE SPECIFIED DISTRIBUTIONS TO BUYER, DIP LENDER  
AND ALLOWED ADMINISTRATIVE EXPENSE CLAIMS; (II) DISMISSING  
THE DEBTORS’ CHAPTER 11 CASES; (III) ESTABLISHING PROCEDURES  
WITH RESPECT TO FINAL FEE APPLICATIONS; (IV) AUTHORIZING  
THE DEBTOR ENTITIES TO BE DISSOLVED IN ACCORDANCE  
WITH APPLICABLE STATE LAW; AND (V) GRANTING RELATED RELIEF**

Upon the Motion (the “**Motion**”)<sup>2</sup> of the above captioned debtors and debtors-in-possession (the “**Debtors**”), pursuant to Bankruptcy Code section 1112(b) and Bankruptcy Rules 1017(a) dismissing the Debtors’ Chapter 11 Cases and granting related relief; and the Court having subject matter jurisdiction to consider and determine the Motion, and grant the requested relief in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409 and it appearing that due and sufficient notice of the Motion has been given and upon the record of the hearings on the Motion and all of the proceedings had before this Court; and based upon the revised proposed *Initial Order (I) Authorizing the Debtors To Make Specified Distributions To Buyer, DIP Lender And Allowed Administrative Claims* (the “**Revised**

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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 (if any), include: KG Winddown, LLC (8556); KG USA Winddown, LLC (1682); KG III Winddown, LLC (2613); KG LV Winddown, LLC (9805); KG Florida Winddown, LLC (9385); KG Puerto Rico Winddown, LLC (0901); KG AC Winddown, LLC (5082); KG Products Winddown, LLC (0303); KG LI Restaurant Group Winddown, LLC (1623); KG LI Winddown, LLC (1488); KG Franchise Winddown, LLC (0565); KG 60<sup>th</sup> St Holdings Winddown, LLC (9997); KG Broadway Winddown, LLC (4335); KG Hamptons Winddown, LLC (0423) and KG Payroll Winddown, LLC (0807). For the purpose of these Chapter 11 Cases, the service address for the Debtors is: 12 Penns Trail, Suite 125, Newton, PA 18940.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

**Proposed Order**”) [Docket No. 487] as agreed to among the Debtors, the Buyer and the DIP Lenders<sup>3</sup> annexed to the *Notice of Filing of Stipulation Regarding Revised Proposed Order of Dismissal* (the “**Revised Order Stipulation**”) [Docket No. 486] and the representations and agreements set forth in the Revised Order Stipulation, and all objections to the Motion having been withdrawn, resolved, or overruled; and the Court having determined that the legal and factual bases set forth in the Motion and the Revised Order Stipulation establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Revised Order Stipulation is approved and the Motion is granted to the extent provided for herein.
2. Notwithstanding section 349 of the Bankruptcy Code, all prior Orders of this Court entered in the Chapter 11 Cases shall remain in full force and effect and shall survive the dismissal of the Chapter 11 Cases, shall continue in full force and effect and the Court retains jurisdiction to enforce the same.
3. Upon entry of this Order, in accordance with the Revised Order Stipulation and the representations and agreements set forth therein, the Debtors are authorized to pay and shall pay to: (i) the Buyer \$100,000 that was previously paid to the Debtors pursuant to the Sale Order expressly for distribution to general unsecured creditors (the “**Buyer Payment**”); (ii) to the DIP Lenders, \$100,000 to be applied to reduce the outstanding principal amounts due to the DIP Lenders (the “**DIP Lender Payment**”), and (iii) to the Buyer, the amounts required to

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<sup>3</sup> The terms Buyer and DIP Lenders shall have the meaning given to those terms in the Asset Purchase Agreement annexed to the *Order (I) Approving Asset Purchase Agreement Among Sellers and Buyer, (II) Authorizing Sale of Substantially All Of The Debtors’ Assets Free and Clear Of Liens, Claims, Interests And Encumbrances, (III) Authorizing Assumption And Assignment of Certain Executory Contracts And Leases In Connection Therewith, And (IV) Granting Related Relief* (Docket No. 392) (the “**Sale Order**”).

be paid to the Buyer under the Amended Transition Services Agreements [Docket No. 438], initially in the amount set forth in the Claims Waterfall Schedule annexed hereto as **Exhibit A**, and thereafter, in accordance with the Amended Transition Services Agreements [Docket No. 438].

4. As soon as reasonably practicable after the resolution of the First Omnibus Objection to Claims, the Debtors shall file a schedule of all Allowed Administrative Claims (excluding Allowed Professional Fees) to be paid subject to and in accordance with the Revised Order Stipulation and the Claims Waterfall Schedule annexed hereto as **Exhibit A**, and thereafter (i) subject to paragraph 7 hereof, are authorized to distribute payments to holders of Allowed Administrative Claims (excluding Allowed Professional Fees) subject to and in accordance with the Revised Order Stipulation and the Claims Waterfall Schedule annexed hereto as **Exhibit A**.

5. After Final Fee Applications have been heard, and subject to paragraph 7 hereof, Allowed Professional Fees may be paid subject to and in accordance with the Revised Order Stipulation and the Claims Waterfall Schedule annexed hereto as **Exhibit A**.

6. The Debtors shall continue to calculate and either pay or reserve for all U.S. Trustee fees. The Debtors shall file all monthly operating reports and pay in full all U.S. Trustee fees with respect to the Debtors until such time as the chapter 11 case for a Debtor is dismissed.

7. As soon as reasonably practicable following the completion of the payments in accordance herewith of: (i) the Buyer Payment, (ii) the DIP Lender Payment, and (iii) the payment or reserve for U.S. Trustee fees, and subject to compliance with paragraphs 4 and 5, the Debtors are authorized to pay: (x) Allowed Administrative Claims; and (y) Allowed Professional Fees, and following such payments shall file a Certification of counsel requesting

entry of a Dismissal Order with respect to the Non-TSA Debtors substantially in the form attached hereto as **Exhibit B**. Among other things, the Certification should verify that (a) with respect to the Non-TSA Debtors, all U.S. Trustee fees have been paid in full and all monthly operating reports have been filed; and (b) the Buyer Payment, the DIP Lender Payment, and Allowed Administrative Claims (excluding Allowed Professional Fees) have been satisfied in full and, as applicable, the Allowed Professional Fees have been paid. A distribution schedule setting forth the Allowed Administrative Claims and Allowed Professional Fees to be paid in accordance with this Order and the Claims Waterfall Schedule annexed hereto as **Exhibit A** shall be filed on the docket in these Chapter 11 Cases no later than five business days prior to the date that the Certification is filed.

8. After payment of the Buyer Payment, the DIP Lender Payment, all Allowed Administrative Claims and Allowed Professional Fees as provided for in the Claims Waterfall Schedule annexed hereto as **Exhibit A**, and U.S. Trustee fees arising from the Non-TSA Debtors' Chapter 11 Cases, any remaining funds held by the Debtors, excluding, however, funds held in connection with the Amended Transition Services Agreements [Docket No. 438], shall be reserved (the "**TSA Debtors Winddown Reserve**"). The terms and conditions of the Amended Transition Services Agreements, as approved pursuant to the Sale Order, shall remain in effect. The Debtors are hereby authorized to utilize the TSA Debtors Winddown Reserve for payment of any U.S. Trustee Fees arising from the TSA Debtors' Chapter 11 Cases, and any other expenses of the TSA Debtors, subject to the prior approval of BSP with respect to other expenses of the TSA Debtors, or an order of this Court.

9. Upon entry of the Dismissal Order as provided in paragraph 7, the TSA Debtors shall be authorized to engage professionals and pay related fees and expenses in the

ordinary course of business without further order of this Court, subject to the prior approval of BSP, or an order of this Court.

10. The Debtors shall be authorized to file a Notice of Certification requesting dismissal of any of the TSA Debtors' Chapter 11 Cases upon the termination of the Amended Transition Services Agreement with respect to such TSA Debtor and such Notice of Certification shall (i) be served on the Master Service List in accordance with the Case Management Order entered in these chapter 11 cases (Docket No. 113); and (ii) provide that any party-in-interest may file an objection to the closing of a case for which a certification has been filed up to seven days after such certification has been filed after which, if a timely objection is filed, the Court may schedule a hearing or, if a timely objection is filed or no timely objection is filed, the Court may enter an order authorizing the closing of the case without any further notice or hearing.

11. Except as is otherwise provided for in the Revised Order Stipulation, the Claims Waterfall Scheduled annexed hereto as **Exhibit A** and this Order, the DIP Lenders shall continue to have all of its rights and remedies under the Final DIP Order and DIP Credit Agreement and, as such, except as expressly provided for herein, the Debtors are not otherwise authorized to use its cash or property without the consent of the DIP Lenders or further order of this Court. The Debtors shall be authorized to remit any funds remaining in the TSA Debtors Winddown Reserve after dismissal of all of the TSA Debtors' Chapter 11 Cases to the DIP Lenders in accordance with the Final DIP Order and the DIP Credit Agreement.

12. All Certifications and this Order shall be served on the Master Service List and no further notice regarding the dismissal of any of the Chapter 11 Cases shall be required. The Debtors' creditors and parties in interest have received reasonable notice of the proposed dismissals through notice of this Motion and the Dismissal Notice.

13. All of the Debtors' executory contracts and unexpired leases, to the extent not assumed and assigned, rejected by prior Court order or having expired by their own terms, shall be deemed rejected as of the date of entry of this Order.

14. Notwithstanding any provision of this Order to the contrary, the obligation of each Debtor to file a monthly operating report and to pay quarterly fees to the U.S. Trustee shall continue until such Debtor's case is dismissed pursuant to the provisions of this Order.

15. To the extent applicable, Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure are waived and this Order shall be effective and enforceable immediately upon entry.

16. The Debtors are authorized to take any and all actions necessary to effectuate the relief granted pursuant to this Order.

17. Notwithstanding the dismissal of any of the Chapter 11 Cases, this Court shall retain jurisdiction with respect to: (i) the adversary proceeding captioned *BSP Agency LLC, et al., v. Katzoff et al.*, Adv. Pro. No. 21-01006; (ii) any matters, claims, rights or disputes arising from or relating to the implementation of this or any other Order of this Court entered in the Chapter 11 Cases; (iii) the adjudication of final fee applications and related issues of professionals retained in the Chapter 11 Cases; and (iv) the adjudication of any objections to claims filed in these Chapter 11 Cases.

**IT IS SO ORDERED.**

Dated: June 11, 2021  
New York, New York

/s/ Martin Glenn  
MARTIN GLENN  
United States Bankruptcy Judge

**Exhibit A**  
**Claims Waterfall**

**IM Debtor Entity**  
**Debtor Liquidation Waterfall**

	Waterfall (v5.28)
<i>Available Cash</i>	
Beginning Cash as of 5/28/21 <sup>(1)</sup>	\$ 1,256,188
Transfer to NewCo as of 5/28/21 <sup>(2)</sup>	(115,915)
Refund of GUC sale proceeds	(100,000)
DIP Payment	(100,000)
<b>Debtor Consolidated Cash Balance</b>	<b>\$ 940,273</b>
<b>Unpaid Pre-petition Wages</b>	<b>\$ -</b>
<i>Remaining Administrative Expenses</i>	
CRO - Mackinac <sup>1</sup>	\$ -
Debtor Counsel - Alston <sup>1</sup>	352,701
Claims Agent	139,060
Investment Banker	-
Goodwin - DIP Fees	-
Keen Summit	-
US Trustee	9,925
Unpaid Tax Claims under Tax Motion	103,555
Unpaid Employee Claims under Wages Motion	50,000
Accrued and Unpaid Admin Expenses	250,033
Restructuring Wind Down Costs	35,000
<b>Total Administrative Claims</b>	<b>\$ 940,273</b>
<b>Proceeds Remaining For Priority Unsecured Claims</b>	<b>\$ -</b>
<i>Pre Petition Claims <sup>(4)</sup></i>	
<i>Priority Tax</i>	
Puerto Rico Sales Tax	\$ 65,369
Other Tax Claims	44,445
<b>Total Priority Tax</b>	<b>\$ 109,815</b>
<b>Proceeds Remaining For Pre-Petition Priority Claims</b>	<b>\$ (109,815)</b>
<i>Other Pre-Petition Priority Claims</i>	
Critical Vendors	\$ -
PACA / PASA	-
<b>Total Other Pre-Petition Priority Claims</b>	<b>\$ -</b>
<b>Proceeds Remaining For Unsecured Claims</b>	<b>\$ (109,815)</b>

(1) The Beginning Cash Balance is at a point in time and subject to daily change based on the transactions running through the debtors operating under the TSA. The beginning cash balance also includes the GUC fund sale proceeds and amounts due to Newco based on a the most recent weekly reconciliation.

(2) Transfer to Newco is the net amount due to Newco based on the weekly reconciliation of cash transactions running through the Debtor entities operating under the TSA.

(3) To the extent that any Administrative Claim(s) (other than Professional Fees) is reduced to an amount lower than listed in the Waterfall, the difference between the listed amount and the reduced amount shall be applied as follows: first, to any Administrative Claim(s) this is allowed in an amount higher than that listed in the Waterfall (other than Professional Fees) so that all such Administrative Claims are paid in full; and the balance, if any, to be paid fifty percent (50%) to the DIP Lenders and fifty percent (50%) to any Professional Fees of Alston & Bird and Mackinac as authorized and approved by order of the Court.

(4) Assumes Debtors' First Omnibus Objection (Dkt. No. 469) is granted in full.



**Schedule 1**

**EXHIBIT B**

**ALSTON & BIRD LLP**

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*Counsel to the Debtors and  
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	CHAPTER 11
	)	
KG WINDDOWN, LLC, <i>et al.</i> , <sup>1</sup>	)	
	)	CASE NO. 20-11723 (MG)
Debtors.	)	
	)	(Jointly Administered)

**CERTIFICATION OF COUNSEL REGARDING ORDER (I) AUTHORIZING  
THE DEBTORS TO MAKE DISTRIBUTIONS TO ALLOWED  
ADMINISTRATIVE EXPENSE CLAIMS; (II) DISMISSING THE  
DEBTORS’ CHAPTER 11 CASES; (III) ESTABLISHING PROCEDURES WITH  
RESPECT TO FINAL FEE APPLICATIONS; (IV) AUTHORIZING  
THE DEBTOR ENTITIES TO BE DISSOLVED IN ACCORDANCE WITH  
APPLICABLE STATE LAW; AND (V) GRANTING RELATED RELIEF**

K.G. Winddown, LLC and its affiliated debtors and debtors in possession (each a “Debtor” and collectively, the “Debtors”) submit this certification (the “Certification”) pursuant to paragraphs 4 and 5 of the Court’s *Initial Order (I) Authorizing the Debtors to Make Distributions*

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number (if any), include: KG Winddown, LLC (8556); KG USA Winddown, LLC (1682); KG III Winddown, LLC (2613); KG LV Winddown, LLC (9805); KG Florida Winddown, LLC (9385); KG Puerto Rico Winddown, LLC (0901); KG AC Winddown, LLC (5082); KG Products Winddown, LLC (0303); KG LI Restaurant Group Winddown, LLC (1623); KG LI Winddown, LLC (1488); KG Franchise Winddown, LLC (0565); KG 60<sup>th</sup> St Holdings Winddown, LLC (9997); KG Broadway Winddown, LLC (4335); KG Hamptons Winddown, LLC (0423) and KG Payroll Winddown, LLC (0807). For the purpose of these Chapter 11 Cases, the service address for the Debtors is: 12 Penns Trail, Suite 125, Newton, PA 18940.

to Allowed Administrative Expense Claims; (II) Dismissing the Debtors' Chapter 11 Cases; (III) Establishing Procedures with Respect to Final Fee Applications; (IV) Authorizing the Debtor Entities to be Dissolved in Accordance with Applicable State Law; and (V) Granting Related Relief (the "**Initial Order**"), and respectfully represents as follows:

1. The Court entered that certain *Order Granting Applications for Allowance of Final Compensation for Services Rendered and Reimbursement of Expenses Incurred for the Period from July 28, 2020 through [INSERT]* [Dkt. TBD] on *[INSERT]*, and all amounts owing on account of Allowed Professional Fees to the Debtors' professionals set forth in the Final Fee Applications<sup>2</sup> have been paid by the Debtors.<sup>3</sup>

2. The Debtors have filed all Monthly Operating Reports required to be filed in these Chapter 11 Cases with respect to the Non-TSA Debtors. *See, e.g., Monthly Operating Report for KG Winddown, LLC for the Period [INSERT] to [INSERT]* [Dkt. TBD].

3. The Debtors have calculated and paid all outstanding fees to the Office of the United States Trustee for the District of New York with respect to the Non-TSA Debtors.

4. The Debtors have paid all Allowed Administrative Claims, as set forth in that certain *Notice of Filing of Distribution Schedule* [Dkt. TBD], which was filed with the Court on *[INSERT]*.

WHEREFORE, as (a) the Debtors have met the requirements set forth in the Initial Order which, in turn, allows the Court to dismiss the Chapter 11 Cases of the Non-TSA Debtors, (b) the Dismissal Order was approved, in substantially final order, by the Initial Order, and (c) the Court

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<sup>2</sup> Capitalized terms not defined herein shall have the meanings ascribed to them in the Initial Order.

<sup>3</sup> Certain of the Final Fee Applications provided that additional amounts may be paid by the Debtors to certain of the Professionals for the period after that covered by the Final Fee Applications and prior to the dismissal of these Chapter 11 Cases. The Debtors have paid or will pay such amounts prior to entry of the Dismissal Order.

authorized the Debtors to file this Certification seeking entry of the Dismissal Order upon satisfaction of the tasks listed above, the Debtors respectfully request entry of the Dismissal Order, a copy of which is annexed hereto as Exhibit 1, without further notice or hearing, at the Court's earliest convenience.

Dated: March \_\_, 2021

**ALSTON & BIRD LLP**

By: \_\_\_\_\_

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*Counsel to the Debtors and  
Debtors in Possession*

**EXHIBIT 1**

**Proposed Dismissal Order**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	CHAPTER 11
	)	
KG WINDDOWN, LLC, <i>et al.</i> , <sup>1</sup>	)	
	)	CASE NO. 20-11723 (MG)
Debtors.	)	
	)	(Jointly Administered)

**ORDER (I) AUTHORIZING  
THE DEBTORS TO MAKE DISTRIBUTIONS TO ALLOWED  
ADMINISTRATIVE EXPENSE CLAIMS; (II) DISMISSING CERTAIN OF THE  
DEBTORS’ CHAPTER 11 CASES; (III) ESTABLISHING PROCEDURES  
WITH RESPECT TO FINAL FEE APPLICATIONS; (IV) AUTHORIZING  
CERTAIN OF THE DEBTOR ENTITIES TO BE DISSOLVED IN ACCORDANCE  
WITH APPLICABLE STATE LAW; AND (V) GRANTING RELATED RELIEF**

Upon the Motion (the “**Motion**”)<sup>2</sup> of the above captioned debtors and debtors-in-possession (the “**Debtors**”), pursuant to Bankruptcy Code section 1112(b) and Bankruptcy Rules 1017(a) dismissing the Debtors’ Chapter 11 Cases and granting related relief; and the Court having subject matter jurisdiction to consider and determine the Motion, and grant the requested relief in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409 and it appearing that due and sufficient notice of the Motion has been given and upon the record of the hearings on the Motion and all of the proceedings had before this Court; and all objections to the Motion having been withdrawn, resolved, or overruled; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause

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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 (if any), include: KG Winddown, LLC (8556); KG USA Winddown, LLC (1682); KG III Winddown, LLC (2613); KG LV Winddown, LLC (9805); KG Florida Winddown, LLC (9385); KG Puerto Rico Winddown, LLC (0901); KG AC Winddown, LLC (5082); KG Products Winddown, LLC (0303); KG LI Restaurant Group Winddown, LLC (1623); KG LI Winddown, LLC (1488); KG Franchise Winddown, LLC (0565); KG 60<sup>th</sup> St Holdings Winddown, LLC (9997); KG Broadway Winddown, LLC (4335); KG Hamptons Winddown, LLC (0423) and KG Payroll Winddown, LLC (0807). For the purpose of these Chapter 11 Cases, the service address for the Debtors is: 12 Penns Trail, Suite 125, Newton, PA 18940.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted to the extent set forth herein.
2. Pursuant to sections 1112(b) of the Bankruptcy Code, each of the Chapter 11 Cases set forth on Schedule 1 hereto (the “**Dismissing Debtors**”) are dismissed effective as of the entry of this Order.
3. Notwithstanding anything to the contrary, including, without limitation, section 349 of the Bankruptcy Code, all prior orders, releases, stipulations, settlements, rulings, orders and judgments of this Court made during the course of the Chapter 11 Cases, including, without limitation, the Sale Order and the Final DIP Order, shall remain in full force and effect, shall be unaffected by the dismissal of these Chapter 11 Cases, are specifically preserved for purposes of finality of judgment and *res judicata* unless expressly amended or overruled by a subsequent stipulation, settlement, order or judgment of this Court, as applicable, and this Court retains and reserves jurisdiction to enforce the same.
4. The Debtors are hereby authorized and empowered to take any and all steps necessary and appropriate to effectuate the terms of this Order.
5. To the extent applicable, the 14-day stay to effectiveness of this Order provided by Bankruptcy Rule 6004(h) is waived and this Order shall be effective and enforceable immediately upon entry.
6. Notwithstanding the dismissal of the Chapter 11 Cases of the Dismissing Debtors, this Court shall retain jurisdiction with respect to (i) any matters, claims, rights or disputes arising from or related to the implementation, interpretation, or



enforcement of this or any other Order of this Court entered in the Chapter 11 Cases; and  
(ii) the BSP Katzoff Adversary Proceeding.

Dated: \_\_\_\_\_  
New York, New York

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE