

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

CONNECTIONS COMMUNITY SUPPORT
PROGRAMS, INC.,

Debtor.¹

Chapter 11

Case No. 21-10723 (MFW)

Related Docket Nos. 54, 71

**DECLARATION OF J. SCOTT VICTOR IN SUPPORT OF (I) NON-MAT BIDDING
PROCEDURES MOTION AND (II) MAT BIDDING PROCEDURES MOTION**

I, J. Scott Victor, pursuant to 28 U.S.C. § 1746 declare as follows:

1. I am a Founding Partner and Managing Director of SSG Advisors, LLC (“SSG” or the “**Investment Banker**”), an investment banking firm that maintains offices at 300 Barr Harbor Drive, Suite 420, West Conshohocken, PA 19428.

2. I submit this Declaration (the “**Declaration**”) in support of the requested bidding procedures component of the *Motion of Debtor for Entry of Orders (I)(a) Establishing Bidding Procedures; (b) Approving Bid Protections; (c) Establishing Procedures Relating to Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts; (d) Approving Form and Manner of Notice; (e) Scheduling a Hearing to Consider Any Proposed Sale; and (f) Granting Certain Related Relief; and (II)(a) Approving a Sale of Some or All of the Assets of the Debtor; (b) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale; and (c) Granting Related Relief* filed by the Debtor on April 27, 2021 (Docket No. 54) (the “**Non-MAT Bidding Procedures Motion**”) and the *Motion of Debtor for Entry of Orders (I)(a) Approving Bidding Protections in*

¹ The Debtor in this chapter 11 case, along with the last four digits of its tax identification number, is as follows: Connections Community Support Programs, Inc. (3030). The address of the Debtor’s corporate headquarters is 3812 Lancaster Pike, Wilmington, Delaware 19805.

Connection with Sale of MAT Assets and Services; (b) Establishing Procedures Relating to Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts in Connection with Sale of MAT Assets; and (c) Granting Certain Related Relief; and (II)(a) Approving a Sale of the MAT Assets; (b) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the MAT Asset and Services Sale; and (c) Granting Related Relief(the “**MAT Bidding Procedures Motion**” and with the non-MAT Bidding Procedures Motion, collectively, the “**Bidding Procedures Motion**”).²

3. Except as otherwise stated herein, all facts set forth in this Declaration are based upon my personal knowledge of the matters set forth herein. I am over eighteen (18) years of age and I am authorized to submit this Declaration in support of the requested bidding procedures. If called upon to testify, I could and would competently testify to the facts set forth herein from my own personal knowledge, except as otherwise stated.

PROFESSIONAL BACKGROUND AND QUALIFICATIONS

4. SSG is an internationally recognized investment banking firm with offices in New York and Philadelphia. Since its founding, SSG has completed over 350 investment banking assignments in North America and Europe. I have over 35 years of experience representing companies in special situations.

5. SSG’s professionals have expertise in mergers and acquisitions, private placements, financial restructurings, valuations, and financial advisory services. Moreover, SSG has substantial expertise in advising troubled companies in numerous situations, including substantial experience

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Motions.

in healthcare and in connection with asset sales and related issues, and SSG is particularly well suited to serve as the Debtor's investment banker in this Chapter 11 Case.

THE DEBTOR'S MARKETING AND SALE EFFORTS

6. On February 24, 2021, the Debtor entered into an engagement letter with SSG to provide investment banking services in connection with the Debtor's Assets. SSG immediately began its efforts on behalf of the Debtor to sell the Debtor's asset as a going concern so that the Debtor's critical services could continue without disruption.

7. Specifically, since its retention by the Debtor, SSG has conducted a thorough market analysis for the Debtor, drafted marketing materials, completed a data room for the Debtor, contacted entities potentially interested in acquiring the Debtor's Assets, and responded to various inquiries from the Debtor, its advisors, and third parties who might be interested in serving as a stalking horse for any sale of the Debtor's Assets. Those efforts resulted in the Debtor's entry into the non-MAT Stalking Horse APA that is the subject of the non-MAT Bidding Procedures Motion and the MAT Stalking Horse APA that is the subject of the MAT Bidding Procedures Motion. The proposed Stalking Horse Bidder with respect to both Bidding Procedures Motions is Conexio Care, Inc., an affiliate of Inperium, Inc.

8. More specifically, in consultation with the Debtor's management, SSG prepared an information memorandum summarizing the Debtor's business and the opportunity presented as well as financial and other information. Based on prior industry relationships and additional research, SSG compiled a list of potential strategic and financial buyers who might be interested in investing in or acquiring the Debtor's assets. SSG, working with the Debtor and its professional advisors, also built a comprehensive online data room to facilitate due diligence requests from potential investors or buyers.

9. On April 19, 2021 (the "**Petition Date**"), the Debtor filed this bankruptcy case.

10. Thereafter, on April 27, 2021, the Debtor filed an application (Docket No. 59) (the “**SSG Retention Application**”) to retain and employ SSG as the Debtor’s investment banker effective as of the Petition Date. The SSG Retention Application remains pending and is scheduled for hearing with the Bidding Procedures Motions. On that same date, the Debtor filed the non-MAT Bidding Procedures Motion.

11. On April 30, 2021, the Debtor entered into the MAT Stalking Horse APA and promptly filed the MAT Bidding Procedures Motion.

12. I have reviewed the facts set forth in the Bidding Procedures Motion and believe that such facts are true and correct to the best of my knowledge, information, and belief.

13. To date, SSG has contacted 340 potential purchasers and distributed an information memorandum to 41 such entities, all of which have executed non-disclosure agreements. Of those parties 20 requested and were provided access to the confidential data room established by SSG, which contains critical information with respect to the Debtor’s operations and assets (collectively, “**Diligence Information**”). Specifically, the Diligence Information provided prospective investors or buyers with detailed information on, among other topics, the Debtor’s business, strategy, growth opportunities, technology, legal and regulatory matters, and historical financial performance.

14. Throughout this entire process, I and other representatives of SSG also have participated in numerous meetings with the Debtor’s management and advisors regarding the status of the sale process and have provided weekly updates to the Debtor and its Board and provided numerous telephone or video updates for parties in interest, including the Debtor’s critical partners, like the State of Delaware, WSFS, and counsel to the Official Committee of Unsecured Creditors. SSG has also participated in multiple management presentations with potential buyers and went on several site visits with potential buyers.

15. In consultation with the Debtor's other advisors, the Debtor has determined that, under the circumstances, the best way to establish and preserve value for its estate and creditors is to pursue a marketing process (the "**Marketing Process**") for any and all of the Debtor's Assets and seek an order from this Court permitting the Debtor to enter into a stalking horse agreement with customary bid protections for any such stalking horse bidder after providing appropriate notice thereof.

16. The Debtor's proposed Marketing Process will enable the Debtor to establish the value of the Debtor's assets and provide a clear path through and out of chapter 11 (the "**Chapter 11 Case**" or "**Bankruptcy Proceedings**"). The proposed Marketing Process will further allow the Debtor to complete its sale process and maximize value for stakeholders within the tight constraints imposed by the Debtor's limited liquidity, while ensuring the Debtor's operations emerge from this bankruptcy case for the benefit of its patients and clients before the Debtor's use of cash collateral terminates and the Debtor otherwise lacks sufficient capital to continue providing its critical services and care.

17. In short, I believe the Marketing Process is appropriate and that the assets are primed for auction. Although the Debtor has requested a sale hearing on or about June 15, 2021, I believe that the Debtor's lack of funding beginning on or about June 15, 2021, including for critical expenses like payroll and related employee costs, necessitates an earlier hearing date. Substantial progress has been made to date marketing the Debtor's assets and operations.

18. I believe that further time to market the Debtor's assets will most likely not result in any additional bids nor can the Debtor afford any delays in approval and closing of the sales. Every two weeks that the sales are delayed costs the Debtors \$1.8 million in payroll and other costs the Debtor simply cannot afford. Given the current state of the Debtor's operations, I believe that the

hearing to consider approval of one or more sales should occur on or around June 8, 2021, subject to the availability of the Court and necessary parties for such hearing.

THE PROPOSED BIDDING PROTECTIONS

19. In the Stalking Horse APAs, the proposed Stalking Horse Bidder requires certain bidding protections, including a break-up fee equal to three percent (3%) of the purchase price offered in the Stalking Horse APAs, and expense reimbursements totaling \$400,000 - \$350,000 in connection with the non-MAT Stalking Horse APA and \$50,000 in connection with the MAT Stalking Horse APA.

20. Based on my experience, the proposed Bidding Protections requested in the Bidding Procedures Motions helped to ensure a sale to a contractually committed bidder at a price the Debtor believes is fair, and sets a floor that encourages an active process to generate additional value for the Debtor's estate. Moreover, the proposed Bidding Protections were heavily negotiated by the parties and their respective advisors at arms' length and the proposed Stalking Horse Bidder would not have agreed to serve as the stalking horse and would not have entered into either of the Stalking Horse APAs without the proposed Bidding Protections.

21. In my experience, the amount of the proposed Bidding Protections is reasonable and appropriate in light of the size and nature of the two proposed sales and the efforts that have been and will be expended by the proposed Stalking Horse Bidder. The proposed Stalking Horse Bidder has performed and will continue to perform substantial work to formulate, document, and close the proposed sales, and has conducted substantial due diligence concerning the Debtor's business and operations and the Debtor's assets generally.

22. In short, payment of the Bid Protections is customary and will not diminish the Debtor's estates as the amount of the Bid Protections will be covered in the Minimum Initial Overbid amount.

THE PROPOSED STALKING HORSE BIDDER

23. Based on my interactions with and knowledge of the proposed Stalking Horse Bidder, such Stalking Horse Bidder is not an “insider” or “affiliate” of the Debtor, as those terms are defined in section 101 of the Bankruptcy Code, and no common identity of incorporators, directors, or controlling stakeholders exist between the proposed Stalking Horse Bidder and the Debtor.

24. To my knowledge, the Stalking Horse Bidder and its counsel and advisors have acted in “good faith” within the meaning of section 363(m) of the Bankruptcy Code in connection with the Stalking Horse Bidder’s negotiation of the Bid Protections and the Bidding Procedures and entry into the proposed Stalking Horse APA

CONCLUSION

25. I believe that the Bidding Procedures in this case, including the time frame for a post-petition marketing process and auction, is sufficient and appropriate under the circumstances and affords known potentially interested parties ample opportunity to evaluate a potential transaction and submit an offer with respect to the Debtor’s assets.

26. In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge, and belief.

Date: May 13, 2021

By: /s/ J. Scott Victor
J. Scott Victor