

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

BC HOSPITALITY GROUP INC., *et al.*,  
Debtors.<sup>1</sup>

Chapter 11 (Subchapter V)

Case No. 20-13103 (BLS)

(Jointly Administered)

Ref. Docket No. 36

**DECLARATION OF MICHAEL MORTELL IN SUPPORT OF DEBTORS' MOTION  
FOR ENTRY OF AN ORDER (I) APPROVING THE BIDDING PROCEDURES,  
(II) SCHEDULING THE BID DEADLINE AND THE AUCTION, (III) APPROVING  
THE FORM AND MANNER OF NOTICE THEREOF, AND  
(IV) GRANTING RELATED RELIEF**

I, Michael Mortell, declare that the following is true and correct to the best of my knowledge, information, and belief:

1. I submit this declaration (the "Declaration") in support of the *Debtors' Motion for Entry of an Order (I) Approving the Bidding Procedures, (II) Scheduling the Bid Deadline and the Auction, (III) Approving the Form and Manner of Notice Thereof, and (IV) Granting Related Relief* [Docket No. 36] (the "Bidding Procedures Motion").<sup>2</sup>

2. I am over the age of 18 and am authorized to submit this Declaration on the Debtors' behalf. If called upon to testify, I could and would testify competently to the facts set forth herein.

**My Qualifications**

3. I am a Senior Managing Director of Ankura Consulting Group, LLC ("Ankura"), which serves as the financial and restructuring advisor and asset sale advisor to the debtors and

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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 are: BC Hospitality Group Inc. (8766); BC Hospitality Group LLC (9360); BC International LLC (1356); BC Commissary NJ LLC (0230); E2 185 Bleecker LLC (6862); E2 60 West 22nd Street LLC (9567); E2 Lafayette LLC (7419); BC Williamsburg LLC (8277); BCRC LLC (7297); CW SSS LLC (9958); BC Union Square LLC (5172); BC 1385 Broadway LLC (2138); BC 630 Lexington LLC (3202); CCSW Fenway LLC (5517); E2 Seaport LLC (9720); BC Back Bay LLC (0550); BC Providence LLC (0737); BC Silver Lake LLC (2825); BC Century City LLC (0901); and BC West Hollywood LLC (3878). The Debtors' mailing address is 205 Hudson Street, Suite 1001, New York, New York 10013.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Bidding Procedures Motion.

debtors in possession (collectively, the “Debtors” or the “Company”) in the above-captioned chapter 11 cases. Ankura was engaged by the Company in December 2020 to perform financial and restructuring advisory services and to assist with the Company’s marketing process for potential investors or purchasers of the Company’s business through a chapter 11 process.

4. I have over 30 years of experience advising companies on mergers, acquisitions, strategic and business planning, restructuring, and capital raising alternatives working on over 80 deals with deal values over \$2.5 billion working for a number of companies including Ankura, Prudential Securities, Zolfo Cooper & Co., and others. I am part of Ankura’s Turnaround and Restructuring Practice and I am also the head of Ankura Capital Advisors, Ankura’s wholly owned FINRA regulated, broker-dealer subsidiary. My experience has been in a number of different industries including consumer, retail, technology, digital media, manufacturing, and business services, among others. See Exhibit 1 for my CV.

5. I have worked closely with the Debtors’ management and other professionals retained by the Debtors with respect to the Debtors’ chapter 11 efforts. As a result, I have become well acquainted with the Debtors’ capital structure, liquidity needs, and business operations.

6. All facts and opinions set forth in this Declaration are based upon: (a) my personal knowledge; (b) information learned from my review of relevant documents; (c) information supplied to me or verified by the Debtors, counsel to the Debtors, or other members of my team at Ankura; and/or (d) my experience and knowledge concerning financial restructuring and asset sales.

### **General Background**

7. On December 14, 2020 (the “Petition Date”), each Debtor filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code and elected to proceed under Subchapter V of the Bankruptcy Code. Additional factual background regarding the Debtors, including their

business operations, their corporate and capital structure, and the events leading to the filing of these chapter 11 cases, is set forth in detail in the *Declaration of David Selinger in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”) [Docket No. 3], which was filed on the Petition Date and is incorporated herein by reference.

8. As described more fully in the First Day Declaration, the Debtors operate a fast-casual, 100% vegan, and plant-based restaurant chain under the “by CHLOE.” trade name. As a result of the continued effects on their business caused by the coronavirus disease 2019 pandemic, the Debtors are facing near-term liquidity issues. To address these issues, the Debtors and their professional advisors, after considering all available strategic options, determined that the best course of action to maximize the value of the Debtors’ estates for the benefit of all stakeholders is to explore a sale of their businesses through these chapter 11 cases.

9. As described in greater detail in the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Senior Secured Superpriority Postpetition Financing; (II) Granting Liens and Superpriority Administrative Expense Claims; (III) Authorizing Use of Cash Collateral; (IV) Modifying the Automatic Stay; (V) Scheduling a Final Hearing; and (VI) Granting Related Relief*, filed on the Petition Date [Docket No. 13], certain of the investors offered to provide the Debtors with a DIP facility (the “DIP Facility”) to support the Debtors’ sale process within the context of a chapter 11 proceeding.

10. The DIP Facility and related documents include certain milestones (the “Case Milestones”) related to the Debtors’ sale process. Since the Bidding Procedures Motion was filed, the Case Milestones have been extended by approximately two (2) weeks.

#### **The Proposed Bidding Procedures**

11. The Debtors filed the Bidding Procedures Motion seeking approval of the proposed Bidding Procedures to provide structure to the efforts of the Debtors and Ankura to market for sale

or an equity investment with respect to the Debtors' businesses. I believe that the current Case Milestones and the proposed Bidding Procedures will allow the Debtors to market the Debtors' businesses to potential purchasers and investors adequately and will promote a transparent and fair sale process where any and all interested bidders may participate.

12. Since the Petition Date, the Debtors and Ankura have received significant inbound calls with respect to the Debtors' assets. Further, Ankura has worked to prepare marketing materials for distribution to prospective buyers of the Debtors' assets, including a teaser and the aggregation of key company documents located in an online data room for further diligence. In addition, in consultation with the Debtors, Ankura has worked to develop a list of parties, who may be interested in, and would have the financial resources to consummate, a Transaction (as defined in the Bidding Procedures Motion). The list of parties includes both strategic investors and financial investors as well as the Debtors' existing equity holders who are also serving as lenders under the DIP Facility and the Debtors' former co-founder, Chef Chloe LLC (collectively, the "Contact Parties"). The Debtors and Ankura have begun the process of contacting the Contact Parties to explore their interest in pursuing a Transaction, and will continue to discuss and supplement the list of Contact Parties throughout the marketing process, as appropriate.

13. As of the date hereof, Ankura has contacted approximately 42 potential strategic and financial buyers and, in addition to this, has been contacted by approximately 11 additional potential buyers. Of these parties, approximately 15 have expressed interest in learning more about the Company to evaluate potentially submitting a bid. Ankura is in the process of executing confidentiality agreements with these parties and will provide them with a teaser and access to the additional diligence materials contained in the virtual data room within the next week.

14. The proposed marketing period, which will have spanned approximately eleven (11) weeks during these chapter 11 cases, is a reasonable and sufficient period to solicit bids on the

Debtors' assets or an equity investment in the Debtors given the current market. The Debtors must proceed swiftly to confirmation of the Plan (as defined in the Bidding Procedures Motion) to preserve the value of their estates for the benefit of all stakeholders and to minimize the effects of the chapter 11 cases on the Debtors' business. Further, I believe, in light of the circumstances of these cases, the proposed Bidding Procedures and marketing timeline will be sufficient to afford the Debtors an opportunity to receive the highest or otherwise best offer, particularly in light of the Debtors' limited financing options and their ongoing cash needs. Further, a delayed process, combined with the continuing uncertainty of the COVID-19 environment and its effect on consumers, would likely lead to the deterioration of the operating performance of the Debtors' businesses and depletion of the value of their assets.

15. Given the interest expressed to date by potential interested parties and the proposed continuing marketing efforts, it is my view, based on my experience, that the proposed post-petition sale process, including, without limitation, the Bidding Procedures, is reasonable and appropriate under the circumstances.

Pursuant to section 1746 of title 28 of the United States Code, I declare under penalty of perjury that the foregoing is true and correct.

Dated: January 6, 2021

/s/ Michael Mortell

Name: Michael Mortell

Title: Senior Managing Director

**Exhibit 1**  
**Michael Mortell Biography**

Michael Mortell is a Senior Managing Director at Ankura, based in New York. Mike is part of the Turnaround and Restructuring Group and also leads Ankura's wholly-owned investment bank, Ankura Capital Advisors. Mike has extensive experience advising companies on mergers, acquisitions, strategic and business planning, restructuring, and capital raising alternatives working on over 80 deals with deal values over \$2.5 billion. Mike has significant experience in a number of different industries including technology, digital media, consumer products, business services, e-commerce, software, retail, specialty manufacturing, and other areas.

Prior to joining Ankura, Mike was a Managing Director/Senior Advisor at AdMedia Partners/GP Bullhound. He previously ran the Private Equity Financing Group of Prudential Securities and worked for Zolfo, Cooper and Company where he was a consultant to troubled companies and their creditors. Mike also co-founded and managed Grandwood Capital LLC, an investment bank and advisory firm focused on middle-market companies.

Mike's professional experience includes:

- o Article 9 Sale of Assets: Advised the secured lender of a distressed medical device technology company on the sale of assets in an Article 9 asset sale. Conducted a full marketing process and was the auctioneer in an online auction sale of the assets.
- o Shareholder Advisory, High Times: Advised the shareholders of the publisher, events management, and online media company in its sale to Oreva Capital Group. Mike maximized the sale value.
- o Equity Stake Sale, Code & Theory: Advised the full-service digital media agency on the sale of a controlling equity stake to The Stagwell Group, a private equity firm run by Mark Penn and backed by Steve Ballmer.
- o Sale Advisory, Mediacurrent: Worked with the owners of this full-service digital media agency focused on Drupal, an open-sourced, content management system in their sale of the company.
- o Sale Advisory, Specialty Technology Manufacturer: Mike ran a successful sales process and arranged both the equity and the debt to consummate the sale of the company to a private investor-led group.
- o Sale, Specialty Manufacturing: Advised a private equity-backed metal parts manufacturer in its sale to a strategic competitor. Despite significant issues that included a consolidating market, declining sales, operational challenges, and operating losses at a foreign

subsidiary, the final deal significantly surpassed the private-equity owners' expectations on value.

- o Merger Advisory, Food Service: Advised the management team and prepared a fairness opinion presented to the shareholders of an international hospitality food service and restaurant company in its merger into a special purpose acquisition company (SPAC).
- o Sale Advisory, Technology Services: Handled the sale of an IT services and software development firm that specialized in trading systems for major financial institutions and hedge funds to SunGard.
- o Bankruptcy Advisory, Retail Sector: Represented and advised the largest franchisee of Blockbuster Entertainment on evaluating the purchase of select assets and capital raising options to finance it during the restructuring and Chapter 11 process.
- o Out-of-Court Restructuring, Food Service Franchisee: Represented the debtor of the chain's largest franchise whom was struggling with overleverage resulting from a leveraged buyout based on inflated values with the owner/operator also having had a personal guaranty on all of the debt. Mike was able to restructure, then refinance the senior and mezzanine debt through an investment by a distressed investor. As a result, the shareholder kept his entire equity position and was released from his personal guaranty.
- o Private Equity Advisory and Capital Raising Services: Mapquest.com: Managed the competitive process of Mapquest's only significant capital raise and managed to secure a participation in the round by Prudential Securities private equity group.
- o Private Equity Advisory and Capital Raising Services: LendingTree.com: Managed the competitive process of the largest round of private equity investment before the company's initial public offering. Efforts included participation by both leading private equity and strategic investors.
- o Private Equity Financing, Entertainment Communications Corporation: Raised \$25 million in private equity investments for the company known as Entercom, which used the proceeds to grow into one of the largest radio broadcasters in North America.
- o Private Equity Advisory Services, Various Client: Highly successful efforts helped companies in a broad range of industries raise capital from private-equity investors. Clients included Kik Corporation, Ballard Petroleum, Shenandoah Energy Company, Insweb.com, Flashpoint Technology, Casella Waste Systems, Zoots Inc., and Equitrac Corporation, among others.
- o Restructuring Advisor, Retail: Represented an \$80 million women's apparel retailer with 125 stores in successful turnaround. Mike initially advised out of court, helped prepare the company for bankruptcy, then advised the debtor during Chapter 11 bankruptcy proceedings. He also served as interim CFO for six months.

o Bankruptcy Advisory, Manufacturing and Retail Sector: Represented secured lenders in a contentious, drawn-out Chapter 11 proceeding for this large apparel maker-retailer. The client group of banks recovered 100 percent of their \$120 million facility in this lengthy proceeding

## **EDUCATION**

MBA, University of Chicago Booth School of Business  
BS, Finance Fairfield University

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## **CERTIFICATIONS**

FINRA Series 24, 7, 79 and 63