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Proposed Counsel to the Debtors and Debtors in Possession

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

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| | : | |
| In re: | : | Chapter 11 |
| | : | |
| ADVANCE WATCH COMPANY LTD., <u>et al.</u> , | : | Case No. 15-12690 (___) |
| | : | |
| Debtors. ¹ | : | (Joint Administration Requested) |
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APPLICATION TO EMPLOY VENABLE LLP AS COUNSEL TO THE DEBTORS

The above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) file this application (the “**Application**”) for entry of an order, substantially in the form of order attached hereto as **Exhibit A** (the “**Order**”), seeking approval of the retention of Venable LLP, as counsel to the Debtors effective *nunc pro tunc* to the Petition Date (as defined herein). In support of this Application, the Debtors submit the declaration of Andrew J. Currie, a partner at Venable which is attached hereto as **Exhibit B** (the “**Currie Declaration**”) and the Disclosure Statement under Rule 2016 of the Federal Rules of Bankruptcy Procedure, which is attached hereto as **Exhibit C**. In further support of this Application, the Debtors respectfully state as follows.

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Advance Watch Company, Ltd. (8061); Binda USA Holdings, Inc. (8916); Sunburst Products, Inc. (5972), and GWG International, Ltd. (2468).

Jurisdiction and Venue

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are §§ 327 and 328(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Bankruptcy Rules**”).

Background²

3. On September 30, 2015 (the “**Petition Date**”), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

Relief Requested

4. By this Application, the Debtors seek entry of the Order authorizing the retention and employment of Venable as their attorneys in accordance with the terms and conditions set for in that certain engagement letter between the Debtors and Venable dated as of July 13, 2015 (the “**Engagement Letter**”), a copy of which is attached hereto as **Exhibit 1** to the Order and incorporated herein by reference.

² A detailed description of the Debtors’ businesses and the reasons for the filing of these chapter 11 cases and for the relief sought in this Motion are set forth in the Declaration of Jeffrey L. Gregg, Chief Restructuring Officer of the Debtors (I) in Support of Debtors’ Chapter 11 Petitions and First-Day Filings and (II) Pursuant to Local Bankruptcy Rule 1007-2 (the “**First-Day Declaration**”), being filed contemporaneously with this Application.

Venable's Qualifications

5. Venable has represented debtors in many Chapter 11 cases. In preparing for its representation of the Debtors in these chapter 11 cases, Venable has become familiar with the Debtors' businesses and many of the potential legal issues that may arise in the context of these chapter 11 cases. The Debtors believe that Venable is both well-qualified and uniquely able to represent the Debtors in these chapter 11 cases in an efficient and timely manner.

Services to be Provided

6. Subject to further order of this Court and consistent with the Engagement Letter, the Debtors request the retention and employment of Venable to render the following legal services:

- a. Advising the Debtors with respect to their powers and duties as debtors in possession in the continued management and operation of their businesses and properties;
- b. Advising and consulting on the conduct of these chapter 11 cases, including all of the legal and administrative requirements of operating in chapter 11;
- c. Attending meetings and negotiating with representatives of creditors and other parties in interest;
- d. Taking all necessary actions to protect and preserve the Debtors' estates, including prosecuting actions on the Debtors' behalf, defending any actions commenced against the Debtors, and representing the Debtors in negotiations concerning litigation in which the Debtors are involved, including objections to claims filed against the Debtors' estates;
- e. Preparing pleadings in connection with these chapter 11 cases, including motions, applications, answers, orders, reports, and papers necessary or otherwise beneficial to the administration of the Debtors' estates;
- f. Representing the Debtors in connection with obtaining authority to continue using cash collateral and postpetition financing;
- g. Advising the Debtors in connection with the potential sale of assets;
- h. Appearing before the Court and any appellate courts to represent the interests of the Debtors' estates;

- i. Advising the Debtors regarding tax matters;
- j. Taking any necessary action on behalf of the Debtors to negotiate, prepare, and obtain approval of a disclosure statement and confirmation of a chapter 11 plan of and all documents related thereto;
- k. Performing all other necessary legal services for the Debtors in connection with the prosecution of these chapter 11 cases, including (i) analyzing the Debtor's leases and contracts and the assumption and assignment or rejection thereof; (ii) analyzing the validity of liens against the Debtors; and (iii) advising the Debtors on corporate and litigation matters.

Professional Compensation

7. Venable intends to apply for compensation for professional services rendered on an hourly basis and reimbursement of expenses incurred in connection with these chapter 11 cases, subject to the Court's approval and in compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and any other applicable procedures and orders of the Court. The hourly rates and corresponding rate structure Venable will use in these chapter 11 cases are the same as the hourly rates and corresponding rate structure that Venable uses in other restructuring matters whether in court or otherwise, regardless of whether a fee application is required. These rates and the rate structure reflect that such restructuring and other complex matters typically involve complexity and considerable time pressure.

8. Venable operates in a national marketplace for legal services in which rates are driven by multiple factors relating to the individual lawyer, his or her area of specialization, the firm's expertise, performance and reputation, the nature of the work involved and other factors.

9. Venable's current hourly rates for matters related to these Chapter 11 cases range as follow:

| Billing Category | Hourly Rate Range |
|-------------------------|--------------------------|
| Partners | \$1,230-\$530 |
| Counsel | \$765-\$485 |
| Associates | \$580-\$315 |
| Paraprofessionals | \$365-\$165 |

10. The following professionals presently are expected to have primary responsibility for providing services to the Debtors; Ronn Davids (\$685); Andrew Currie (\$640) and Rishi Kapoor (\$535). In addition, other Venable professionals and paraprofessionals will provide services to the Debtors.

11. Venable's hourly rates are set at a level designed to compensate Venable fairly for the work of its attorneys and paraprofessionals and to cover fixed and routine expenses. Hourly rates vary with the experience and seniority of the individuals assigned. These hourly rates are subject to periodic adjustment to reflect economic and other conditions.³

12. Venable has represented the Debtors since February of 2013 on various matters and has represented them to prepare for this chapter 11 filing for approximately three months before the Petition Date using the same hourly billing rates and material financial terms as the engagement proposed herein, subject to the periodic adjustment described above. Venable's hourly rates are consistent with the rates that it charges other comparable chapter 11 clients, regardless of the location of the chapter 11 cases.

³ For example, like many of its peer law firms, Venable increases the hourly billing rate of attorneys and paraprofessionals annually in the form of step increases historically awarded in the ordinary course on the basis of advancing seniority and promotion. The step increases do not constitute "rate increases" (as the term is used in the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases Effective as of November 2, 2013). Venable will provide ten business days' notice to the Debtors, the United States Trustee, and any official committee before implementing any periodic increases, and shall file such notice with the Court.

13. As part of the compensation payable to Venable, the Debtors agreed that Venable shall be indemnified and be entitled to payment from the Debtors' estates, subject to approval by the Court pursuant to 11 U.S.C. §§ 330 and 331, for any fees, costs or expenses, arising out of the successful defense of any fee application by Venable in these bankruptcy cases in response to any objection to its fees or expenses in these Chapter 11 cases.

14. Venable's policy is to charge its clients in all areas of practice for identifiable, non-overhead expenses incurred in connection with the client's case that would not have been incurred except for representation of that particular client. It is also Venable's policy to charge its clients only the amount incurred by Venable in connection with such items. Examples of such expenses include overnight delivery, courier delivery, transportation, computer-assisted legal research, photocopying when in excess of 1,000 pages and when outsourced to third parties, large or bulk mailing postage costs, airfare, meals, and lodging. Venable does not charge for long distance telephone or routine copying and postage and does not charge for overtime incurred for administrative staff, overtime meals or overtime transportation.

15. Venable has negotiated discounted rates with computer-based legal research service providers. Computer-assisted legal research is used whenever the researcher determines that using on-line research resources is more cost effective than using traditional research sources.

Compensation Received by Venable from the Debtors

16. As set forth in the Currie Declaration, the Debtors have made various payments that total \$273,202.26 to Venable as a retainer.⁴ In addition to this retainer, the Debtors made payments on account of invoices for services related to the filing of this bankruptcy issued by Venable in the

⁴ The Engagement Letter recites that a \$350,000 retainer was to be paid. In lieu of this retainer, the Debtors paid Venable's invoices for preparation of this bankruptcy filing on a weekly basis in advance. The \$273,202.26 retainer was paid prior to the filing of this case for payment of postpetition legal services, subject to the fee application process.

amount of \$75,831.50 on July 23, 2015, \$89,024.75 on July 29, 2015, \$95,000.00 on August 5, 2015, \$56,180.00 on August 18, 2015, \$69,684.50 on August 19, 2015, \$142,276.00 on August 31, 2015, \$28,182.50 on September 8, 2015, \$34,474.00 on September 16, 2015, \$37,500.00 on September 28, 2015, and \$158,007.00 on September 30, 2015. Venable also received \$170,637.49 from the Debtors for payment of services rendered in 2015 for other legal work. The amounts Venable has invoiced to the Debtors for professional services and for the reimbursement of reasonable and necessary expenses incurred in connection therewith are set forth in the Currie Declaration.

17. Pursuant to Bankruptcy Rule 2016(b), Venable has neither shared nor agreed to share (i) any compensation it has received or may receive with another party or person, other than with the partners, associates, and contract attorneys associated with Venable or (ii) any compensation another person or party has received or may receive. As of the Petition Date, the Debtors did not owe Venable any amounts for legal services rendered before the Petition Date. Although certain expenses and fees may have been incurred, but not yet applied to Venable's retainer, such amounts, if any, would be less than the balance of Venable's retainer as of the Petition Date.

Disinterestedness

18. To the best of the Debtors' knowledge and as disclosed herein and in the Currie Declaration, (i) Venable is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and does not hold or represent an interest adverse to the Debtors' estates and (ii) Venable has no connection to the Debtors, their creditors, or other parties in interest, except as may be disclosed in the Currie Declaration.

19. Venable will review its files periodically during the pendency of these chapter 11 cases to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise, Venable will use reasonable efforts to identify such further developments and will promptly file a supplemental declaration, as required by Bankruptcy Rule 2014(a).

Supporting Authority

20. The Debtors seek retention of Venable as their attorneys pursuant to section 327(a) of the Bankruptcy Code, which provides that a debtor, subject to Court approval:

[M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor] in carrying out the [debtor]'s duties under this title.

11 U.S.C. § 327(a).

21. Bankruptcy Rule 2014(a) requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014.

22. The Debtors submit that for all the reasons stated above and in the Currie Declaration, the retention and employment of Venable as counsel to the Debtors is warranted. Further, as stated in the Currie Declaration, Venable is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and does not hold or represent an interest adverse to the Debtors' estates and

has no connection to the Debtors, their creditors, or other parties in interest, except as may be disclosed in the Currie Declaration.

NO PREVIOUS REQUEST

23. No prior motion for the relief requested herein has been made by the Debtors to this or any other court.

NOTICE

24. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of New York (United States Trustee's Office Region 2, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, New York 10014); (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims, filed pursuant to Bankruptcy Rule 1007(d); (c) the administrative agent under the Debtors' first lien credit facility (Wells Fargo Bank National Association, 100 Park Avenue, 14th Floor, New York, New York 10017, Attn: Portfolio Manager - Advance Watch, with a copy to Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, New York 10169, Attn: Mitchell M. Brand, Esq.); (d) Binda Italia Srl, Via Montefeltro, 4, 20156 Milano, Attention: Simone Binda, CEO, sbinda@bindagroup.com; (e) the Internal Revenue Service (Internal Revenue Service, Centralized Insolvency Operations, P.O. Box 7346, Philadelphia, Pennsylvania 19101-7346); (f) the United States Securities and Exchange Commission (U.S. Securities and Exchange Commission, New York Regional Office, Brookfield Place, 200 Vesey Street, Suite 400, New York, New York 10281-1022); and (g) all parties who have requested notice pursuant to

Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no other or further notice is necessary.

Dated: New York, New York
September 30, 2015

Respectfully submitted,

/s/ Jeffrey S. Sabin

Jeffrey S. Sabin

Rishi Kapoor

Venable LLP

1270 Avenue of the Americas

New York, New York 10020

Telephone: (212) 307-5500

Facsimile: (212) 307-5598

and

Andrew J. Currie (to be admitted *pro hac vice*)

Venable LLP

575 7th Street, NW

Washington, DC 20004

Telephone: (202) 344-4000

Facsimile: (202) 344-8300

*Proposed Counsel to the Debtors
and Debtors in Possession*

EXHIBIT A

PROPOSED ORDER

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

| | | |
|---|---|----------------------------------|
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| | : | |
| In re: | : | Chapter 11 |
| | : | |
| ADVANCE WATCH COMPANY LTD., <u>et al.</u> , | : | Case No. 15-12690 (___) |
| | : | |
| Debtors. ¹ | : | (Joint Administration Requested) |
| | : | |
| ----- | X | |

**ORDER APPROVING APPLICATION FOR AN ORDER
AUTHORIZING THE DEBTORS TO RETAIN VENABLE LLP AS
COUNSEL TO THE DEBTORS AND DEBTORS IN POSSESSION
NUNC PRO TUNC TO THE PETITION DATE**

Upon the application (the “**Application**”)² of Binda USA Holdings, Inc., Advance Watch Company Ltd., Sunburst Products, Inc., and GWG International, Ltd., the debtors and debtors-in-possession (collectively, the “**Debtors**”), pursuant to §§ 105(a), 327(a) and 328(a), of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2014-1, 2016-1, and 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Bankruptcy Rules**”) for entry of an order authorizing and approving the employment of Venable LLP as Counsel for the Debtors and Debtors in Possession *nunc pro tunc* to the Petition Date; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and Amended Standing Order of Reference M-431, dated January 31, 2012; and consideration of the Application and the relief requested therein being a core

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Advance Watch Company, Ltd. (8061); Binda USA Holdings, Inc. (8916); Sunburst Products, Inc. (5972), and GWG International, Ltd. (2468).

² Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Application.

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 due and proper notice of this Application having been provided to the (a) the Office of the U.S. Trustee for the Southern District of New York; (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to the Debtors' prepetition secured lender and proposed postpetition secured lender; (d) the Internal Revenue Service; and (e) the U.S. Securities and Exchange Commission; and upon the Declaration of Jeffrey L. Gregg, Chief Restructuring Officer of the Debtors (i) in Support of Debtors' Chapter 11 Petitions and First-Day Filings and (ii) Pursuant to Local Bankruptcy Rule 1007-2 (the "**First-Day Declaration**"); and the record of the Hearing and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Application in the best interests of the Debtors, their estates, creditors, and all parties in interest; and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is approved in its entirety, as provided herein; and it is further

ORDERED that, pursuant to §§ 105(a), 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rules 2014(a) and, and Local Bankruptcy Rules 2014-1, 2016-1, and 9013-1(a), the Debtors are authorized to engage Venable LLP as Special Counsel on the terms described in the Application and Engagement Letter, which is attached hereto as **Exhibit 1**, *nunc pro tunc* to the Petition Date, on the terms set forth in the Application and the Engagement Letter; and it is further

ORDERED that Venable is authorized to provide the Debtors with the professional services as described in the Application and Engagement Letter. Specifically, but without

limitation, Venable will render legal services and legal advice in connection with the above captioned bankruptcy cases; and it is further

ORDERED that Venable shall apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Debtors' chapter 11 cases in compliance with §§ 328(a), 330 and 331 of the Bankruptcy Code and applicable provisions of the Bankruptcy Rules, Local Bankruptcy Rules, and any other applicable procedures and orders of the Court; and it is further

ORDERED, that Venable shall be indemnified and be entitled to payment from the Debtors' estates for any fees or costs arising out of the successful defense of any fee application by Venable in response to any objection to its fees or expenses in these cases pursuant to section 328(a) of the Bankruptcy Code; and it is further

ORDERED that Venable not charge a markup to the Debtors with respect to fees billed by any contract attorneys who are hired by Venable to provide services to the Debtors and shall ensure that any such contract attorneys are subject to conflict checks and disclosures in accordance with the requirements of the Bankruptcy Code and Bankruptcy Rules; and it is further

ORDERED that Venable shall provide ten business days' notice to the Debtors, the United States Trustee, and any official committee before any increases in the rates set forth in the Application or the Engagement Letter are implemented and shall file such notice with the Court; and it is further

ORDERED that the United States Trustee retains all rights to object to any rate increase on all grounds, including the reasonableness standard set forth in § 330 of the Bankruptcy Code, and the Court retains the right to review any rate increase pursuant to § 330 of the Bankruptcy Code; and it is further

ORDERED that Venable shall not withdraw as Debtors' counsel before the effective date of any chapter 11 plan confirmed in these chapter 11 cases without prior approval of the Court in accordance with Local Bankruptcy Rule 2090-1(e); and it is further

ORDERED that notwithstanding entry of this Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by any party; and it is further

ORDERED that the Debtors are authorized to take all steps necessary to carry out this Final Order; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: _____, 2015
New York, New York

United States Bankruptcy Judge

EXHIBIT 1

ENGAGEMENT LETTER



2049 CENTURY PARK EAST SUITE 2100 LOS ANGELES, CA 90067
T 310 229-9900 F 310 229-9801 www.Venable.com

July 13, 2015

T (310) 229-9970
F (310) 229-9901
RDavids@venable.com

Mr. Jeff Gregg
Advance Watch Company
1407 Broadway, Suite 400
New York, New York 10018

Re: Supplement to Engagement for Chapter 11 Filing

Dear Jeff:

This letter supplements the engagement letter that we previously entered into with Advance Watch Company Ltd., Binda USA Holdings, Inc., GWG International, Ltd., and Sunburst Products, Inc. (collectively, the "Debtors").

The purpose of this letter is to confirm our engagement as counsel, and to provide you with certain information concerning our fees, billing and collection policies, and other terms that will govern our relationship. The terms of our engagement are included in this letter and the attached Terms of Engagement. Please review these terms with care and let me know if you have any questions.

Legal Services

Our engagement in this matter involves representation of the Debtors in connection with the preparation and filing of chapter 11 bankruptcy petitions either in New York or Delaware (the "Bankruptcy Cases").

Fees and Charges

I will be the responsible partner in charge of this matter. My hourly rate is \$685. Andrew Currie will also be responsible for this matter, his hourly rate is \$650. Other partners, associates, or paralegals may assist me as appropriate and their hourly rates will be provided to you upon request. Our rates are subject to periodic review and prospective change, and we will reflect any changes in our regular fee billings.

Our fees will be based on the time spent by firm personnel, primarily lawyers or paralegals, who participate in our representation. We will charge for all time spent by such personnel in increments of tenths of an hour. Our practice is to bill weekly, based on services performed in the previous week, including charges incurred on your behalf. We request and expect payment upon receipt of the weekly statement.

Advance Watch Company
July 13, 2015
Page 2

In addition to our fees, we will bill you for disbursements and other charges as set out in the attached Terms of Engagement. Please review this statement carefully so that you understand our policies regarding these charges.

From time to time, we may furnish estimates of legal fees and other charges that we anticipate will be incurred in connection with our representation. Such estimates are by their nature inexact because of the potential for unforeseeable circumstances; and therefore, our actual fees and other charges may vary from such estimates. It is expressly understood that payment of our fees and charges is in no way contingent on the ultimate outcome of our representation.

Once the Debtors file chapter 11 bankruptcy petitions, the Debtors agree that Venable will be retained under Sections 327 and 328 of the Bankruptcy Code. The Debtors agree to pay all of Venable's fees, costs and expenses incurred in connection with this representation with approval from the bankruptcy court. Under Section 328(a) of the Bankruptcy Code, the Debtors agree to pay Venable for all fees, costs and expenses that Venable incurs in defending objections to any Venable fee application filed in the Bankruptcy Cases.

Responsibilities of the Parties

Upon accepting this engagement on your behalf, our responsibilities are to provide legal representation and advice in accordance with the terms of this engagement letter and to take reasonable steps to keep you informed about the status and progress of our representation and to respond promptly to your inquiries.

In connection with our representation, your responsibilities are to be truthful with us, to cooperate, to keep us informed of any information or developments relating to this matter which may come to your attention, to abide by this agreement, to pay our bills on time and to keep us advised of your address, telephone number and other means to reach you. You also will assist us in providing any necessary information and documents and will appear when necessary at all legal proceedings.

Retainer

You have agreed to pay us a retainer of Three Hundred Fifty Thousand Dollars (\$350,000) for this matter (the "Initial Retainer").

If we agree (in our sole and absolute discretion) to undertake and handle any additional work including any litigation, we will may require an additional retainer in an amount to be mutually agreed upon by us (the "Additional Retainer" and, together with the Initial Retainer, the "Retainer"). The Retainer will be held by us in a pooled escrow account, the interest on which is

Advance Watch Company
July 13, 2015
Page 3

payable to The State Bar of California and is paid to a charitable fund in accordance with State of California rules. The Retainer will be applied to the final invoice rendered in this matter. If at the end of our engagement there is any part of the Retainer remaining after payment of all outstanding invoices, we will promptly refund any surplus to you. If however, the Retainer is insufficient to pay all outstanding invoices, we expect you to pay promptly the remaining balance.

It is also agreed that we may apply the Retainer to our interim bills for fees and expenses, and each invoice will clearly show the amount of the Retainer that is so applied. Once the Retainer is exhausted, we will require successive additional deposits.

Communication

You acknowledge that from time to time we may list you as a client in our promotional materials as well as a description of matters we have assisted you with. Any such disclosure would be governed by the ethical rules of the State Bar of California that are applicable to California lawyers.

Venable encourages candid discussion about fees and invoices. We urge you to contact any Venable partner responsible for providing services included on a statement if you have any questions or comments on an invoice or any other matter.

Lien on Proceeds of Recovery

We shall have a lien for payment for services rendered and reimbursement of costs advanced on any monies or property recovered, whether by settlement or judgment, and satisfaction or partial satisfaction of your claims in the matter(s) in which you have retained us. Upon such recovery and at our request, you agree to execute documents for filing with the appropriate state or local government office that accurately reflects our existing security interest.

This letter and the attached Terms of Engagement constitute the entire agreement between Venable and you with respect to our representation in this matter and supersede any and all other agreements or understandings, whether oral or written, with respect to this matter. As you will see, Paragraph 8 of the attached Terms of Engagement requires that any dispute between Venable and you be submitted to binding arbitration rather than court proceedings. We believe this requirement to be fair and reasonable, and we encourage you to review it, along with the entire Terms of Engagement, carefully and to let me know if you have any questions.


This letter and the attached Terms of Engagement can be modified only by further written agreement signed both by Venable and you. Unless expressly stated in this letter and the

Advance Watch Company
July 13, 2015
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attached Terms of Engagement, no obligation or undertaking shall be implied on the part of either Venable or you. If this letter and the attached Terms of Engagement are acceptable, please sign and date both duplicate originals where indicated, retain one copy for your records, and return the other to us.

Again, thank you for selecting Venable as your counsel, and we very much look forward to working with you on this matter

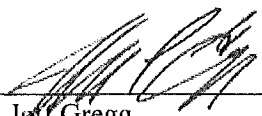
Sincerely,



Ronn S. Davids

THE UNDERSIGNED HAS READ AND UNDERSTOOD THE FOREGOING LETTER AND ATTACHED TERMS OF ENGAGEMENT AND AGREES TO RETAIN VENABLE LLP ON THE TERMS, CONDITIONS, AND LIMITATIONS SET FORTH HEREIN.

Advance Watch Company, Ltd.
Binda USA Holdings, Inc.
GWG International, Ltd.
Sunburst Products, Inc.


By: Jeff Gregg
Title: Chief Restructuring Officer
Date: July 13, 2015

TERMS OF ENGAGEMENT OF VENABLE LLP

Except as modified in writing, the provisions set forth below in these Terms of Engagement shall apply to the relationship between Venable LLP, a Maryland limited liability partnership ("Venable," the "Firm" or "we"), and Client (collectively "you", "your" or "Client"), as identified in the accompanying engagement letter. These Terms of Engagement and the accompanying engagement letter are collectively referred to herein as the "Agreement."

1. Billing and Payment. Fees and expenses will be billed weekly and are payable in full upon delivery of our statement. We expect prompt payment, and our experience indicates that prompt billing and prompt payment enhance the working relationship. We reserve the right to (a) postpone or defer providing additional services or to terminate our representation if billed amounts are not paid when due, and (b) charge a late fee at the lesser of the maximum amount allowed under applicable law or 15% per annum (1.25% per month) on all sums that are not paid within 30 days of delivery of our statement. Any late charges assessed will be added to your statements. You agree that you will promptly review our statements and raise any questions regarding the amounts and items billed within 30 days of delivery. If you object to only a portion of the charges on a statement, then you agree to pay the remainder of the charges, which partial payment will not constitute a waiver of your objection. In certain matters, we recognize that the timing of the payment may be subject to court approval or consent.

2. Professional Fees. The Firm will bill you for the services we provide based on the time expended by our personnel, including attorneys, advisors, paralegals, patent agents, and, in certain instances, information technology employees. We record time in increments of tenths (0.1) of an hour. The hourly billing rates of our personnel vary, depending generally upon the experience and capabilities of the attorney, paralegal, or other professional involved, and we adjust these rates from time to time. The Firm typically adjusts its hourly rates on an annual basis, with the new rates becoming effective on January 1. Unless otherwise agreed in writing, or where a statute or court establishes the amount of the fee, we will charge you for services at the hourly rates in effect at the time of the performance of the services.

3. Costs and Ancillary Services. The Firm will invoice you for the cost of certain ancillary services incurred on your behalf. These costs will be

posted to our monthly statements as disbursements when the Firm incurs the cost, and we may defer payment of the cost until after we have received payment from you of our statement. Under certain circumstances, we may ask you to advance anticipated costs or to pay outside vendors directly for their services. For example, outside charges in excess of \$1,000 will be sent directly to you for payment, or, if you prefer, we can establish a separate expense retainer that will be held in escrow to be applied against expenses. Unless otherwise agreed in writing, the Firm will not advance or pay on your behalf outside expenses in excess of \$1,000. It is your obligation to pay those expenses directly, and, if you fail to do so, the Firm has the right to withdraw from the representation.

The primary ancillary services and our specific policies regarding billing are set forth below. Other services may be rendered during the course of our engagement that will also be billed to Client. Our charges for these costs and ancillary services are subject to change from time to time.

3.1 Duplicating/Copying. In-house copying will generally not be billed, except where copying exceeds 1,000 pages, in which case you will be charged for the total number of copies made at the rate of \$0.10 per page for black and white copies and \$0.25 per page for color copies. Outside duplicating services are charged to you at our cost.

3.2 Legal Research. Costs for computerized research (such as Lexis and Westlaw) are billed at a discounted rate of 20% off of the Firm's actual cost of the vendor list price.

3.3 Overnight and Local Deliveries. We will charge for overnight deliveries and local deliveries by outside messenger services at our cost.

3.4 Postage. The Firm does not charge for routine postage. In the event of large individual mailings or bulk mailings, we may charge for the postage associated with such mailings. If the Firm is charged for postage in connection with mailings made by the court to interested persons, those charges will appear on our statement.

3.5 Closed File Storage. Upon completion of the representation, we do not charge for the storage of files associated with the representation, except in extraordinary circumstances and only after consultation with you and your agreement. We may,

in our discretion, choose to store files electronically rather than by hardcopy. A different policy applies to voluminous electronic data and ancillary electronic files hosted by the Firm, as set forth in Paragraphs 3.12 and 19.

3.6 Office Supplies. We do not charge for routine quantities of office supplies. You will be charged for substantial and unusual orders of office supplies required for a particular matter. For example, if a litigation (or other) matter requires a large number of notebooks or binders for organizing documents, the cost of such supplies will be charged to you.

3.7 Travel and Subsistence. Travel and subsistence costs include transportation, meals, lodging, and other related expenses. We will bill you for all travel and subsistence costs at our cost, including passing along any direct discount offered by airline carriers, incurred in connection with our representation of you. From time to time additional travel benefits from certain carriers based on volume are received by the Firm; all such benefits are retained by the Firm. If you wish to provide us with written policies or instructions regarding travel expenses or airline use, the Firm will discuss those policies or instructions with you.

3.8 Overtime. When the demands of a particular matter require staff overtime, charges incurred due to those demands will not be billed to you. Other expenses, such as meals and local transportation, within reason, are provided at no charge.

3.9 Meetings/Meals (Other than Travel Related). Meals, food, or beverages provided at working meetings for your benefit will be charged to you at our cost.

3.10 Experts and Consultants. If we engage third party experts, consultants, or other professionals on your behalf, you may be expected to sign the engagement letter with that professional and to be responsible for payment directly of all fees, costs, and expenses of the professional. We will not assume or accept responsibility for paying any expert, consultant, or other professional engaged on your behalf. The invoices of such professionals will be sent to you for payment.

3.11 Other Costs and Third Party Vendors. Other costs that we incur for your benefit

(such as witness or subpoena fees and filing fees) will be billed at our cost. The services provided to you may involve services provided by third parties outside the Firm, such as court reporters, process servers, searching services, title insurance companies, and third-party storage/hosting of electronic data. You are required to pay for these outside services directly, or to reimburse us if we make payment for these services on your behalf. As noted earlier, if the fees for any outside services exceed \$1,000, we will require either that you pay those sums to us before we expend them or that you directly pay the outside vendor.

3.12 Data Storage/Hosting. On matters as to which the Firm and Client have agreed that the Firm will host electronic data in excess of 5 gigabytes ("GB"), we will bill you at \$10 per hosted GB per month. These hosting charges may continue to be billed for as long as we continue to host the data in an active server environment. Paragraph 3.11 applies to expenses incurred for third-party storage/hosting of electronic data.

4. Retainer Payments. The Firm may have required a retainer or advance payment before working on this matter. Unless otherwise agreed in writing, all retainer amounts shall be held by us until completion of the representation and applied by the Firm to its final statement for the representation; provided, however, that, if any statement remains outstanding and unpaid in whole or in part, we shall be entitled to apply the retainer amount to pay that invoice and to require that you replenish the retainer amount by making another advance payment to the Firm upon our request. Your failure to replenish the retainer amount within that time period will give us the right to terminate our representation of you.

The amount of any retainer or advance payment does not in any way represent an estimate of the total charges that may be incurred. We reserve the right, as a condition to providing further services, to require a retainer payment if none has previously been provided and/or an increase in any retainer or advance payment. When our representation ends, we will refund to you any portion of any advance payment that has not been used by services rendered or payment to third parties made or incurred.

For litigation matters, preparing for and conducting a trial or a hearing is often time-consuming and expensive. Thus, if the matter appears headed for trial or an evidentiary hearing, we

may require a retainer payment (or an increase in an existing retainer amount) before our commencement of preparation for the trial or hearing. We will determine the amount of the retainer payment once the trial or hearing appears likely and as soon as possible before the date the matter is set for trial or hearing, based in part upon an estimate of the magnitude of service and expenditures included. If you fail to provide us this retainer payment for a trial or hearing within 15 days after our request, we have the right to terminate our representation of you in accordance with the applicable ethical rules.

5. Escrow Account. If we receive funds belonging to you, including retainer payments, that, in our judgment, are large enough to earn a material amount of interest, we will discuss investment options with you. If in our judgment the funds are not large enough or are not to be held long enough to earn at least \$75 in interest, we will place these funds in a pooled trust account, pursuant to local rules, the interest on which is payable to a charitable organization.

6. Estimates Not Binding. If requested and subject to the provisions of this paragraph, we will provide an estimate or budget for a particular representation. It shall be your responsibility, if you wish to do so, to track the actual fees and charges of the Firm against the estimate or budget and to bring promptly to our attention any concerns or questions that you may have if there are any variances between the actual billings and the estimate or budget. It is often impracticable to determine in advance the amount of effort that will be needed to complete all of the necessary work on a matter or the total amount of fees and costs that may be incurred. Moreover, these estimates and budgets are not intended to be binding, are subject to unforeseen circumstances, and by their nature are inexact.

7. Termination of Representation.

7.1 Termination by You. You have the right to terminate our services at any time. If you decide to terminate our services, you agree to give us prompt written notice of such termination. Upon our termination, you will remain obligated to pay for all services rendered and costs or expenses paid or incurred on your behalf prior to the date of such termination or that are reasonably necessary thereafter. If we are attorneys of record in any proceeding, you agree to execute and return promptly to us a substitution of attorney or such other

document as may be necessary to effect the withdrawal of our appearance on your behalf. Once you give us notice of termination under this subparagraph, we shall have no obligation to provide any further service, including taking any further action on your behalf in any judicial, administrative, or other proceeding.

7.2 Termination by Us. We have the right to withdraw from this representation if, among other things, you fail to honor the terms of our engagement letter and these Terms of Engagement, you fail to make timely payment of any of our statements, you fail to cooperate or to follow our advice on a material matter, or any fact or circumstance occurs that would, in our view, render our continuing representation unlawful or unethical, and we determine that we are permitted to withdraw from the representation under the applicable ethical rules. For the avoidance of doubt and without limiting the scope of the preceding sentence, subject to the applicable ethical rules and the timing of payments that are subject to court approval or consent, we shall have the right to end our work and terminate the representation if we do not receive payment in full of any statement for services within 45 days from the date of that statement. If we elect to withdraw, you will take all steps necessary to free us of any obligation to perform further services, including the execution and delivery of any documents necessary to complete our withdrawal. Notwithstanding such termination, you will remain obligated to pay us for all services provided and to reimburse us for all costs and expenses paid or incurred on your behalf.

7.3 Date of Termination. Our representation of you will be considered terminated at the earlier of (a) your termination of our representation, (b) our withdrawal from our representation of you, or (c) the substantial completion of our work for you. If no work has been performed by our attorneys on your behalf for a period of 3 consecutive months, unless we remain as counsel of record in a pending proceeding, you agree that our attorney-client relationship will have been terminated.

7.4 Duties upon Termination. Upon termination of our involvement in a particular matter for which we were engaged, we shall have no duty to inform you of any subsequent events, developments, or changes in law that may be relevant to such matter or that could affect your rights and liabilities. Unless you and the Firm agree in writing to the contrary, we

shall have no obligation to monitor renewal or notice duties or similar deadlines that may arise from the matters for which we had been engaged.

8. ARBITRATION.

8.1 Arbitration of All Disputes, Claims, or Controversies. As a material part of our agreement, you and the Firm agree that any and all disputes, claims, or controversies arising out of or relating to this Agreement, our relationship, or the services performed or any other matter or thing (collectively "Dispute" or "Disputes"), shall be determined exclusively by final, binding, and conclusive arbitration as follows:

8.1.1 The Dispute submitted to arbitration shall be heard and determined by a single arbitrator in Washington, D.C. or another mutually agreed upon venue, in accordance with the then existing comprehensive arbitration rules or, if the Dispute does not exceed \$250,000, not including interest or attorneys' fees, the streamlined arbitration rules of the Judicial Arbitration and Mediation Services ("JAMS"), and such arbitration and all proceedings shall be confidential.

8.1.2 Disputes subject to final, binding, and conclusive arbitration under this Agreement include, without limitation, all those that otherwise could be tried in court before a judge or jury in the absence of this Agreement. Such Disputes include, without limitation, claims for professional malpractice, conflicts of interest, disputes over our fees and expenses, any disputes over the quality of services that we may render, any claims relating to or arising out of your or our performance under this Agreement, and any other claims arising out of any alleged act or omission by you or the Firm.

8.1.3 The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any Dispute relating to the interpretation, applicability, enforceability, or formation of this Agreement including, but not limited to, any claim that all or any part of this Agreement is void or voidable.

8.1.4 Except as otherwise determined by the arbitrator, the fees of the

arbitration initially will be paid equally by both the Firm and you. However, the arbitrator shall have the right to award to the prevailing party attorneys' fees and costs incurred in connection with the arbitration proceeding, including, but not limited to, the value of the time spent by Venable attorneys to prosecute or defend the proceeding (calculated at the standard hourly rates charged by us to clients that we represent on an hourly basis), as part of the award.

8.1.5 The arbitrator shall apply Maryland substantive law to the proceeding, except to the extent federal substantive law would apply to any claim. An award may be entered against a party who fails to appear at a duly noticed hearing.

8.2 Mandatory Dispute Resolution Requirements. Where there are applicable laws or rules of a state or jurisdiction that require that any Dispute between us be submitted to certain mandatory dispute resolution procedures before this private arbitration clause is triggered, you may, of course, elect to pursue those procedures. If you did not elect to pursue such procedures, the arbitration procedure outlined in this Paragraph 8 shall apply. To the extent that any such mandatory dispute resolution procedures do not apply to the Dispute (or some part of the Dispute) between us, the arbitration procedure outlined in this Paragraph 8 shall apply.

8.3 Independent Advice. We urge you to consider carefully the provisions of this Paragraph 8 for arbitration, as well as all of the provisions of this Agreement, and to seek the advice of an independent attorney before agreeing to this provision or to the entire Agreement, if you have any questions or concerns.

9. Intellectual Property Matters. In providing services for intellectual property matters, particularly the prosecution of patent or trademark applications, the Firm may assist the Client in seeking protection for those matters in countries or jurisdictions other than the United States ("Foreign Prosecution Work"). Client shall be responsible for the payment of all fees and costs associated with Foreign Prosecution Work, including the fees and charges of foreign associates or law firms engaged for purposes of that Work on behalf of the Client. Client agrees that we shall have no responsibility and

shall not be liable for the services provided by any other law firm or any foreign associates in connection with the Foreign Prosecution Work. Venable assumes no responsibility for sending reminders for, or payment of, U.S. patent maintenance fees or patent annuities in other countries.

10. Other Advisors. When we are asked to recommend the services of another advisor or service provider, we will do so in good faith, but without liability and without warranting the ability or standing of that advisor or provider. We will not be responsible for monitoring or reviewing their work or for the quality of that work. In some cases, where attorneys working on the matter believe that a particular advisor or provider is the appropriate choice, they may recommend as an advisor or provider a person or firm by whom the Firm has been retained as counsel in other matters or by whom the Firm may have an expectation of being retained in the future.

11. Waiver of Potential Conflicts between Client and the Firm. The occasion might arise for the Firm to consult with our own counsel – our Firm Counsel or other firm lawyers working with our Firm Counsel or with our own outside counsel – regarding our representation or engagement for you. This will be done at our expense. To the extent that we are addressing our own rights or responsibilities, a conflict of interest might be deemed to exist between the Firm and you as to such consultation or resulting communications, particularly if a dispute were to arise between the Firm and you regarding the Firm's representation of you. As an express condition of this engagement, in such circumstances, you hereby consent to the Firm consulting with our own counsel, including our Firm Counsel; you specifically waive any claim of conflict of interest based on such consultation or resulting communications; and you agree that such communications are protected by the Firm's own attorney-client privilege from disclosure to you or anyone else outside the Firm.

12. Conflicts of Interest. Venable is a large firm with offices in the District of Columbia, New York, California, Maryland, Virginia, and Delaware, and we represent many other companies and individuals. We also represent the State of Maryland, the District of Columbia, and the State of New York plus Baltimore and other Maryland counties and various other federal agencies and departments.

It is possible that during the time we are representing you, some of our present or future clients will be engaged in transactions, or encounter disputes, with you. You agree that we may continue to represent, and may undertake in the future to represent, existing or new clients in any matter, including litigation, that is not substantially related to our work for you even if the interests of such clients in those matters are directly adverse to you. We agree, however, that in any instance where, as a result of our representation of you, we have obtained proprietary or other confidential information of a non-public nature that, if known by such other client, could be used in such other matter to your material disadvantage, we will, as appropriate, construct a firewall to prevent Venable lawyers representing the other client in such other matter from learning that information.

13. Identity of the Client. The Firm's client for purposes of this engagement is only the person(s) or entity(ies) identified in the accompanying letter agreement. Unless expressly agreed, we are not undertaking the representation of any related or affiliated person or entity, or any family member, parent corporation or entity, subsidiary, or affiliated corporation or entity, or any of your or their owners, investors, officers, directors, members, agents, partners, or employees (collectively, "Related Entities"). We generally will not be precluded from representing other existing clients or future clients in legal matters relating or adverse to the Related Entities or any of them.

14. No Liability to Third Parties. Any advice or services provided by the Firm are for Client's benefit alone, are given solely for the purpose of the engagement in respect of which they are sought, and are not to be used by or relied upon for other purposes or by third parties. The Firm's duty of care is to its Client alone and does not extend to third parties (including affiliates, directors, officers or other agents, or shareholders or other owners or investors) unless the Firm shall have accepted such responsibility in writing.

15. Insurance Matters. Where the scope of our representation involves or may involve a claim or potential claim against you, you may have an insurance policy that may provide all or partial coverage for the claim or potential claim. Insurers offer a wide variety of insurance products, and we urge you to consult with your insurance representative (or carrier), risk manager, or other appropriate persons about the potential for insurance coverage for

any claim or potential claim. Unless you specifically request in writing our advice and provide us with a copy of the policy, we assume no obligation to advise you with respect to insurance coverage for any claim or potential claim within the scope of our representation of you. Even if requested, before we may advise you on insurance matters, we would first need to know the identity of the insurer(s) involved and check to determine whether we have a conflict of interest that may prevent us from advising you on insurance matters. In all events, your obligation to pay us under this engagement is not conditioned or contingent on any insurance coverage or payment to you by any insurer. The payment obligation to Venable is yours, not any insurer's.

16. Subpoena or Lawful Process. If the Firm or any of its personnel are required by subpoena or other lawful process to provide testimony or produce documents or records, including electronic records, relating to the Firm's representation of you, or if we must defend the confidentiality of your communications with us in any proceeding, you agree to pay us for our time, at the standard hourly rate for the particular individuals involved, and expenses, even if our representation of you has ended, in addressing and responding to any such matter.

17. Electronic Communications. You acknowledge that in connection with our work on this matter, we may correspond or convey documentation via Internet email unless you expressly request otherwise and that neither you nor Venable has control over the performance, reliability, availability, or security of Internet email. The Firm makes available, at the user's discretion, encryption or other special security devices to protect the confidentiality of email communications. We caution you that you should not communicate with us through an email system belonging to another person or entity as those communications may not be privileged. For example, communications from an individual who is being represented personally through the email system of the individual's employer may not be protected by the attorney-client privilege because a court may conclude that the individual has no reasonable expectation of confidentiality in using his or her employer's email system, particularly, which is often the case, when the employer has reserved the right to review all email communications through its system. An individual client should use a personal email system or account in communicating with us.

18. No Guarantee of Outcome. We do not and cannot guarantee the outcome in any matter. Any comments about the outcome of your matter are expressions of opinion only.

19. Document Retention and Destruction; Hosted Data. In the course of our representation of you, we may come into possession of copies or originals of documents or other materials belonging to you or others (collectively, "Materials"). Once the particular matter to which those Materials relate has been concluded, we will make arrangements either to return the Materials to you, retain them in our storage facilities, or dispose of them. In the absence of any other arrangements made with you, we reserve the right, upon the expiration of 7 years after a matter file has been closed, to dispose of all Materials in the file without further notice to you. Accordingly, if there are any Materials you wish to have retrieved from your file at the conclusion of a matter, it will be necessary for you to advise us in writing of that request to ensure that they are not destroyed. You agree that all Materials retained by the Firm after the conclusion of the matter shall be the sole property of Venable.

In the absence of any other arrangements made with you, the Firm reserves the right, upon the expiration of 3 months after the closing of the last matter to which the hosted data relates, to transfer hosted data and any ancillary electronic files to a suitable off-line storage medium, with reasonable one-time storage media and IT costs to be charged to, and payable by, you. Upon transfer to such suitable storage media, the data and ancillary electronic files will be treated as Materials in accordance with the immediately preceding paragraph.

The Firm's files pertaining to the matter will not be delivered to you. You agree that the Firm's files include, for example, Firm administrative records, time and expense reports, personnel and staffing materials, and credit and accounting records, as well as internal lawyers' work product (such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports and mental impressions, prepared by us for our internal use). You agree that the Firm's files remain our property and for various reasons, including the minimization of unnecessary storage expenses, or for no reason, we may destroy or otherwise dispose of the Firm's files at any time after the conclusion of the matter.

20. Application to Subsequent Matters. This Agreement shall apply to our present representation of you and to any subsequent matters that we may agree to undertake on your behalf, unless Client and the Firm agree in writing to a different arrangement.

21. Entire Agreement. This Agreement supersedes all other prior and contemporaneous written and oral agreements and understandings between us and contains the entire agreement between the parties. This Agreement may be modified only by subsequent written agreement of the parties.

22. Applicable Law. This Agreement shall be governed by the internal law, and not the law pertaining to choice or conflict of laws, of the State of Maryland.

EXHIBIT B

DECLARATION OF ANDREW J. CURRIE

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Rishi Kapoor
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Facsimile: (202) 344-8300

Proposed Counsel to the Debtors and Debtors in Possession

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

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| ----- | X | |
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| In re: | : | Chapter 11 |
| | : | |
| ADVANCE WATCH COMPANY LTD., <u>et al.</u> , | : | Case No. 15-12690 (___) |
| | : | |
| Debtors. ¹ | : | (Joint Administration Requested) |
| | : | |
| ----- | X | |

**DECLARATION OF ANDREW J. CURRIE IN
SUPPORT OF THE DEBTORS' APPLICATION FOR ENTRY
OF AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT
OF VENABLE LLP AS ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION EFFECTIVE *NUNC PRO TUNC*
TO THE PETITION DATE**

I, Andrew J. Currie, being duly sworn, state the following under penalty of perjury:

1. I am a partner in the law firm of Venable LLP ("**Venable**"). I am licensed to practice law and am in good standing in the states of Michigan and Maryland and the District of Columbia, and I have been admitted to practice in the United States District Court for the Eastern District of Michigan, the District of Maryland and the District of Columbia. An application for admission to practice *pro hac vice* has been or will be promptly filed in the United States Bankruptcy Court for the Southern District of New York in the captioned bankruptcy cases. There

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Advance Watch Company, Ltd. (8061); Binda USA Holdings, Inc. (8916); Sunburst Products, Inc. (5972), and GWG International, Ltd. (2468).

are no disciplinary proceedings pending against me. Venable is a law firm of over 600 attorneys, which maintains offices at 1270 Avenue of the Americas, New York, New York 10020, and other offices in Maryland, Virginia, Los Angeles, California, and Washington, D.C.

2. I submit this declaration (the “**Declaration**”) in support of the Debtors’ Application for Entry of an Order Authorizing the Retention and Employment of Venable LLP as Attorneys for the Debtors and Debtors in Possession Effective Nunc Pro Tunc to the Petition Date (the “**Application**”).²

3. Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein. I have relied on the work of other attorneys and staff at Venable in ascertaining and confirming certain information set forth herein. To the extent that any information disclosed herein requires amendment or modification upon Venable’s completion of further analysis or as additional information becomes available to it, a supplemental Declaration will be submitted to the Court reflecting such amended or modified information.

4. By the accompanying Application, the Debtors seek to employ and to retain Venable as their counsel in connection with the Debtors’ chapter 11 cases. This Declaration is submitted in support of that Application in accordance with Rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure.

VENABLE’S CONNECTIONS WITH THE DEBTORS

5. Venable utilizes a number of procedures (“**Procedures**”) to determine its relationships, if any, to parties that may have connections to a client debtor. In implementing the Procedures, Venable took the following actions to identify parties that may have connections with the Debtors and Venable’s connections with such parties:

² Capitalized terms not otherwise defined herein have the meaning ascribe to such terms in the Application.

- a. Venable reviewed a list of parties in interest, including the Debtors, their officers and directors and significant creditors of the Debtors identified on **Exhibit 1** hereto (the “**Initial Conflicts Checklist**”).
- b. Venable compared the Initial Conflicts Checklist with the names of its current and former clients in its electronic database. This database generally includes the name of each client of Venable and the names of each party known to be adverse or potentially adverse to the client.

6. As a result of the foregoing Procedures, Venable has determined that it represents, in matters unrelated to these cases, the following entities that are creditors or affiliates of creditors in these cases: Amazon.com, US Lacrosse, Deloitte, LLP and the National Football League. Amounts billed since January 1, 2014 by Venable to these parties represent less than (1%) of Venable’s revenues.

7. The Initial Conflicts List is being further developed. This Declaration will be supplemented as necessary promptly upon completion of such review.

8. Venable has represented the Debtors since February of 2013 in connection with a financing with Wells Fargo Bank, N.A. (“**Wells Fargo**”) and other matters and has represented the Debtors since June 15, 2015 with regard to the filing of these bankruptcy cases.

9. Venable represents numerous commercial mortgage backed securities (“**CMBS**”) trusts. For certain of those trusts, Wells Fargo is or was the trustee of those trusts. As with all of the CMBS trusts Venable represents, Venable does not represent the bank, but the trustee solely in its capacity as trustee. Venable is engaged by, takes direction from, and gives advice only to the special servicers of those trusts, not Wells Fargo, pursuant to certain agreements between the special servicers and trustee. The special servicers are different entities from Wells Fargo and are unrelated to Wells Fargo. Furthermore, all of the CMBS matters that may involve Wells Fargo as trustee are unrelated to this case or the Debtors.

10. Since June of 2015, Venable has represented the Debtors in connection with the liquidation of Advance Watch Company (Far East) Limited, a company incorporated and registered in Hong Kong (“**Far East**”), a wholly-owned subsidiary of Advance Watch Company Ltd. Such representation has included the negotiation, preparation, execution and performance of an agreement for the purchase of certain assets (including IT and inventory) from the liquidators of Far East. Venable also assisted the Debtors in connection with other transactions that were not consummated.

11. Neither I, Venable, nor any member, counsel or associate thereof, insofar as I have been able to ascertain, has any current connection with the Debtors, their creditors, or any other party-in-interest herein, or their respective attorneys, other than as mentioned above. I know of no other connections of Venable to these cases.

12. The Debtors has or will file applications to retain other professionals during the pendency of these cases, including Tanner De Witt as special Hong Kong counsel and Epiq Systems, Inc., as claims, notice and balloting agent. The Debtors may retain other professionals after the date of the filing of their chapter 11 petitions (the “**Petition Date**”). Venable has previously worked and will continue to work with these professionals on various representations, at times representing the same parties and at other times representing parties with similar interests or parties with adverse interests.

13. As part of its practice, Venable appears in cases, proceedings and transactions involving many different creditors, shareholders, attorneys, accountants, financial consultants, investment bankers and other entities, some of which may be or may represent claimants and parties in interest in these cases. Venable does not represent any such entity in connection with the pending cases or have a relationship with any such entity or professionals which would be

adverse to the Debtors. Venable, however, may represent in the future parties in interest in these cases in matters that are wholly unrelated to the instant cases. Venable will not represent any entity other than the Debtors in these cases. In addition, if Venable has or hires associates who worked at a prior firm on any matter in a material way for any party actually or potentially adverse to the Debtors, Venable procedurally “walls off” such associates from those that work on these cases.

14. I therefore believe that Venable is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code in that Venable, its partners, associates and counsel:

- a. are not creditors, equity security holders or insiders of the Debtors;
- b. are not and were not within two (2) years before the date of the filing of the petition, directors, officers, or employees of the Debtors; and
- c. do not have an interest materially adverse to the interest of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason.

VENABLE’S COMPENSATION

15. As set forth in the Currie Declaration, the Debtors have made various payments that total \$273,202.26 to Venable as a retainer.³ In addition to this retainer, the Debtors made payments on account of invoices for services related to the filing of this bankruptcy issued by Venable in the amount of \$75,831.50 on July 23, 2015, \$89,024.75 on July 29, 2015, \$95,000.00 on August 5, 2015, \$56,180.00 on August 18, 2015, \$69,684.50 on August 19, 2015, \$142,276.00 on August 31, 2015, \$28,182.50 on September 8, 2015, \$34,474.00 on September 16, 2015, \$37,500.00 on September 28, 2015, and \$158,007.00 on September 30, 2015.. Venable also received \$170,637.49 from the Debtors for payment of services rendered in 2015 for other legal work. The

³ The Engagement Letter recites that a \$350,000 retainer was to be paid. In lieu of this retainer, the Debtors paid Venable’s invoices for preparation of this bankruptcy filing on a weekly basis in advance. The \$273,202.26 retainer was paid prior to the filing of this case for payment of postpetition legal services, subject to the fee application process.

amounts Venable has invoiced to the Debtors for professional services and for the reimbursement of reasonable and necessary expenses incurred in connection therewith are set forth in the Currie Declaration.

16. Venable intends to apply for compensation for professional services rendered in connection with these chapter 11 cases on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by Venable, from the Debtors subject to the approval of this Court and in compliance with applicable provisions of the Bankruptcy Code, Federal Rules of Bankruptcy Procedure and any other procedures as may be adopted by the Court in these chapter 11 cases. The principal attorneys and paralegal designated to represent the Debtors and their current standard hourly rates (effective as of January 1, 2015) are: Ronn Davids (\$685); Andrew Currie (\$640) and Rishi Kapoor (\$535). Other Venable attorneys and paralegals may from time to time serve the Debtors in connection with the matters herein described.

17. The hourly rates set forth above are subject to periodic adjustments (generally as of January 1 of each year).⁴ The hourly rates set forth above are Venable's standard hourly rates for work of this nature. These rates are set at a level designed to compensate fairly Venable for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses.

18. Venable's policy is to charge its clients in all areas of practice for identifiable, non-overhead expenses incurred in connection with the client's case that would not have been incurred except for representation of that particular client. It is also Venable's policy to charge its clients only the amount incurred by Venable in connection with such items. Examples of such expenses

⁴ Like many of its peer law firms, Venable increases the hourly billing rate of attorneys and paraprofessionals annually in the form of step increases historically awarded in the ordinary course on the basis of advancing seniority and promotion. The step increases do not constitute "rate increases" (as the term is used in the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases Effective as of November 2, 2013). Venable will provide ten business days' notice to the Debtors, the United States Trustee, and any official committee before implementing any periodic increases, and shall file such notice with the Court.

include overnight delivery, courier delivery, transportation, computer-assisted legal research, photocopying when in excess of 1,000 pages and when outsourced to third parties, large or bulk mailing postage costs, airfare, meals, and lodging. Venable does not charge for long distance telephone or routine copying and postage and does not charge for overtime incurred for administrative staff, overtime meals or overtime transportation.

19. The professional services that Venable will render to the Debtors include, but shall not be limited to, the following:

- a. rendering assistance and advice and representing the Debtors with respect to the administration of these cases and oversight of the Debtors' affairs, including all issues arising from or impacting the Debtors or these chapter 11 cases;
- b. taking all necessary action to protect and preserve the Debtors' estates during the administration of these chapter 11 cases, including prosecuting actions by the Debtors, defending actions commenced against the Debtors, negotiating and objecting, where necessary, to claims filed against the estates;
- c. assisting the Debtors in maximizing the value of their assets for the benefit of all creditors, including, without limitation, in connection with assumption and/or rejection of executory contracts and unexpired leases;
- d. preparing, on behalf of the Debtors, necessary applications, motions, answers, orders, reports and other legal papers;
- e. appearing in Court and representing the interests of the Debtors;
- f. preparing and pursuing confirmation of a chapter 11 plan and approval of an associated disclosure statement; and
- g. performing all other legal services for the Debtors which are appropriate, necessary and proper in these chapter 11 proceedings.

20. Based on the foregoing, I respectfully request that an order be entered authorizing the employment and retention of Venable LLP upon the terms, and to perform the services, described above.

I certify under penalty of perjury that the foregoing is true and correct as set forth in this declaration. To the extent that any information disclosed herein requires amendment or

modification upon further analysis or as subsequent information becomes available to me, I will submit supplemental declarations to the Court.

Dated: September 30, 2015.

/s/ Andrew J. Currie
Andrew J. Currie

EXHIBIT 1

In re Advance Watch, Ltd.

Interested Parties List

Debtors

Advance Watch Company, Ltd
Binda USA Holdings, Inc.
Sunburst Products, Inc.
GWG International, Ltd.

Non-Debtor Parent and Subsidiaries

Binda SpA
Advance Watch Co. SpA
Advance Far East Trading Co. Ltd.
Zhongshan Advance Company Limited

Significant Creditors/Adverse Parties/Parties In Interest

Wells Fargo Bank, N.A.

Insurance Companies

Lloyds of London Underwriters
Great Northern Insurance Company
Federal Insurance Company
Westchester Surplus Lines Insurance Co.
Hiscox Insurance Co
Massachusetts Bay Ins. Co.
Chubb Insurance
CIGNA
First Rehabilitation Resources, Inc.

Professionals

Alan J. Garfunkel
Littler Mendelson, PC
Wormser, Kiely, Galef & Jacobs LLP
Proskauer Rose, LLP
Troutman Sanders, LLP
Cowan Liebowitz & Latman PC
Deloitte & Touch, LLC
KPMG, LLP
Matthews Panariello P.C.

Officers, Directors and Their Affiliates

Jeffrey Gregg
Kevin Hall
Alberto Elli
John Cuccurullo
Nick Lancellotti
Simone Binda
Marcello Binda

Litigation Plaintiffs

Tissot S.A.
Asulab S.A.
Peter Kravitz, litigation trustee for LHI Liquidation Co.
Talenthub Worldwide, Inc.
KMJ Brand Holdings, LLC

30 Largest Creditors

Dillard's Department Store
G&Y Company Limited
State Electronics Ltd
Prime Time International Limited
Moore Wallace and RR Donnelley
Itsy Bitsy Media, Inc
Rebel Interactive Group, LLC
Staffing Network LLC
Precision Time
Stingmars Limited
47440 Michigan Ave, LLC
Jeff Smith Consulting, LLC
Publicis Kaplan Thaler
Jolly Come International Limit
Deloitte & Touche LLC
Douglas R Bennett
Zy Holdings LLC
Allari Solutions
Masterson Staffing Solutions
Cindy Riccio Communications Inc.
Rodale Inc.
HBI Branded Apparel Enterprise
Grand Glory Manufacturing Ltd.
Second Nature Technologies Inc.
Burwood Products Co.
Socialyte Collective

Ultimos Manufacturing PTE Ltd.
Conde Nast Publications
Costco Wholesale
Macy's

License Agreement Counterparties

Kenneth Cole Productions, Inc.
Tommy Bahama Group, Inc.
No Ordinary Designer Label Limited d/b/a Ted Baker
Christian Casey LLC
NBA Properties, Inc.
NFL Properties, LLC
Game Time, LLC
NHL Enterprises, LP
NHL Enterprises Canada, LP
Collegiate Licensing Company
Michigan State University
Burwood Productions Company
The Curtis Publishing Company
Sundance Group
Morning Glory Licensing, LLC
KMJ Brand Holdings LLC
HBI Branded Apparel Enterprises
Sperry Top-Sider LLC
Steve Harvey Productions, Inc./Steve Harvey
IP Holdings Unlimited, LLC
ZY Holdings LLC
US Lacrosse, Inc.
Soccer United Marketing, LLC
Artista Singapore Pte. Ltd.
Carmen Jewelers
GDL Manufacturing Ltd.
Global Tic Sales Inc.
Priority Marketing PVT, Ltd.
Timestore, AG
Chronosoft Pte. Ltd.
CNB Distributors, LLC
Commercializadore E-Akluck, S.A. de C.V.
Marlox AG
Merkez Saat TIC A.A.
New City, Inc.
New Sense Development Ltd.
Pt. Sukses Sinar Abadi
Sung Won Co., Ltd.

TBN Time Distribution LLC
Time Deco Corporation Limited
Paidel Watch Co., Ltd.
Styleright Global Corporation
Boscov's Department Store, LLC
Helzberg's Diamond Shops, Inc.
Amazon
Amazon Fulfillment Services, Inc.
The Nuance Group
Mathey Tissot International, Ltd.
Mathey Tissot S.A.
JBM Venture Co., Inc.
Jan Bell Marketing, Inc.

EXHIBIT C

DISCLOSURE STATEMENT

Jeffrey S. Sabin
Rishi Kapoor
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Andrew J. Currie
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Washington, DC 20004
Telephone: (202) 344-4000
Facsimile: (202) 344-8300

Proposed Counsel to the Debtors and Debtors in Possession

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

| | | |
|---|---|----------------------------------|
| ----- | X | |
| | : | |
| In re: | : | Chapter 11 |
| | : | |
| ADVANCE WATCH COMPANY LTD., <u>et al.</u> , | : | Case No. 15-12690 (___) |
| | : | |
| Debtors. ¹ | : | (Joint Administration Requested) |
| | : | |
| ----- | X | |

**DISCLOSURE STATEMENT UNDER RULE 2016 OF THE
FEDERAL RULES OF BANKRUPTCY PROCEDURE**

Venable LLP (“**Venable**”), submits the following statement pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and section 329 of title 11 of the United States Code (the “**Bankruptcy Code**”), as counsel to the above-captioned debtors and debtors in possession (the “**Debtors**”).

1. The compensation paid, or agreed to be paid, by the Debtors to Venable is for legal services to be rendered in contemplation of, or in connection with, these cases consists of payment to Venable of all fees for services rendered (at Venable’s customary hourly rates) plus reimbursement for all out-of-pocket disbursements and expenses.

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Advance Watch Company, Ltd. (8061); Binda USA Holdings, Inc. (8916); Sunburst Products, Inc. (5972), and GWG International, Ltd. (2468).

2. Venable has represented the Debtors since February of 2013 in connection with a financing and has represented the Debtors since June 15, 2015 with regard to the filing of these bankruptcy cases. Venable has invoiced for prepetition bankruptcy services rendered and expenses incurred since January 1, 2015 in the amount of \$786,160.25, including \$7,244.00 in filing fees for the cases, which the Debtors paid in full prior to the petition date. In addition, the Debtors have made various payments that total \$273,202.26 to Venable as a retainer to be applied against postpetition fees and expenses in these cases. Venable has not received any other payment from the Debtors or any other source in connection with these cases.

3. Venable will seek approval of payment of compensation upon the filing of appropriate applications for allowance of interim or final compensation pursuant to §§ 328(a), 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and orders of this Court.

4. The services to be rendered include all those services set forth in the Application Pursuant to Section 327(a) and 328(a) of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure for Authorization to Employ and Retain Venable LLP as Counsel for the Debtors and Debtors in Possession, filed concurrently herewith.

5. Venable further states that it has neither shared nor agreed to share (a) any compensation it has received or may receive in this matter with another party or person, other than with the partners, of counsel, and associates of Venable, or (b) any compensation another person or party has received or may have received in this matter.

Dated: New York, New York
September 30, 2015

Respectfully submitted,

/s/ Jeffrey S. Sabin

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and

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vice)
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*Proposed Counsel to the Debtors
and Debtors in Possession*