

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
	§	
BUDDY MAC HOLDINGS, LLC, <i>et al.</i> , ¹	§	Case No. 25-34839
	§	
Debtors.	§	(Joint Administration Requested)
	§	

**DECLARATION OF WM. IAN MACDONALD IN SUPPORT OF
THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, William Ian MacDonald, pursuant to 28 U.S.C. §1746, hereby declare that the following is true to the best of my knowledge, information and belief:

1. My name is William Ian MacDonald. I am over twenty-one years of age, and I am fully competent to make this Declaration. I have never been convicted of a felony or a crime of dishonesty or moral turpitude.

2. I am the managing member of Buddy Mac Holdings, LLC ("Buddy Mac Holdings," and together with its direct and indirect subsidiaries, the "Company") and each of the other Debtors

¹ The debtors in these chapter 11 cases (each, a "Debtor" and collectively, the "Debtors"), along with the last four digits of each Debtor's federal tax identification numbers, are: Buddy Mac Holdings, LLC (1297); BMH RTO, LLC (9489); Buddy Mac Twenty-One, LLC (1269); Buddy Mac Twenty-Two, LLC (6474); Buddy Mac Twenty-Three, LLC (3668); Buddy Mac Twenty-Four, LLC (3328); Buddy Mac Twenty-Five, LLC (5604); Buddy Mac Twenty-Six, LLC (5425); Buddy Mac Twenty-Seven, LLC (1574); BMH-TNM 28, LLC (5391); BMH-TNM 29, LLC (0350); BMH-TNM 30, LLC (5692); BMH-TNM 31, LLC (5137); BMH-TNM 32, LLC (3430); BMH-TNM 33, LLC (8037); BMH-RCL 34, LLC (7055); BMH-RCL 35, LLC (7332); BMH-RCL 36, LLC (4707); BMH-RCL 37, LLC (4598); BMH-RCL 38, LLC (7218); BMH-RCL 39, LLC (5340); BMH-RCL 40, LLC (8100); BMH-RCL 41, LLC (5735); BMH-RCL 42, LLC (3438); BMH-FAN 43, LLC (8956); BMH-FAN 44, LLC (9133); BMH-FAN 45, LLC (1642); BMH-FAN 46, LLC (1756); BMH-FAN 47, LLC (7435); BMH-FAN 48, LLC (7860); BMH-FAN 49, LLC (8079); BMH-FAN 50, LLC (8219); BMH-FAN 51, LLC (5786); BMH-FAN 52, LLC (6191); BMH-FAN 53, LLC (6281); BMH-FAN 54, LLC (6340); BMH-SM 79, LLC (9545); BMH-SM 80, LLC (9640); BMH-SM 81, LLC (9709); BMH-SM 82, LLC (0107); BMH-SM 83, LLC (0236); BMH-SM 84, LLC (0340); BMH-SM 85, LLC (2526); BMH-SM 86, LLC (2731); BMH-SM 87, LLC (2817); Buddy Mac One, LLC (0935); BMH One RE, LLC (4305); BMH 95 RE Caruthersville, LLC (1264); and BMH 96 RE Marion, LLC (0659). The Debtors' service address is 400 E. Centre Park Blvd., Suite 101, DeSoto, Texas 75115.

in these chapter 11 cases. I have been the Company's managing member since its founding in 2013.

3. I am knowledgeable of and familiar with the Company's daily operations, its books and records, and its business and financial affairs, as well as the circumstances leading to the filing of these chapter 11 bankruptcy cases on or about December 4, 2025 (the "Petition Date"). I am authorized to, and do hereby, make this Declaration in support of the Debtors' voluntary chapter 11 petitions and the relief sought in the Debtors' first-day motions and applications filed contemporaneously herewith.

4. Except as otherwise indicated, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents and information, my opinions based upon my experience, my knowledge of and experience with the Debtors' operations and financial condition and interviews my staff and I conducted with the Debtors' officers, managers, employees and professional advisors.

I. INTRODUCTION

5. The Company is a rent-to-own furniture and appliance retail business that sells home furnishings, electronics, and appliances on a rent-to-own basis, whereby customers make periodic payments with an option to make all payments in full or to stop making payments, and return the product, at any time. The customer executes a contract with the Company agreeing to make equal payments (calculated monthly or weekly) for the term of the contract, which is typically between twelve and eighteen months. The purchase price of the product is amortized over the term of the contract, and once all payments are made, the customer owns the product. Alternatively, customers can stop making payments and return the product at any time.

6. The Company began its rent-to-own business in 2014 as a franchisee of Buddy's Home Furnishings ("Buddy's").² In or around July 2014, Buddy Mac Holdings entered into a Franchise Development Agreement (together with the franchise agreements for the Company's stores and all other agreements executed in connection therewith, the "Franchise Agreements") with Buddy's Franchising and Licensing LLC (the "Franchisor") and began opening Buddy's store locations across the country. The Company was once the largest franchisee of the Buddy's franchise, with 84 store locations throughout Arkansas, Florida, Illinois, Kansas, Missouri, New Mexico, Oklahoma, and Texas. The Company currently operates 47 stores in those states. A list of the Company's current store locations is attached hereto as **Exhibit A**.

7. The Company has a history of sales growth and solid financial performance, particularly in recent years from 2020 through 2023. The Company generated revenues of more than \$73 million and \$74 million, respectively, in 2022 and 2023, and in 2022 was selected by the Franchisor as the Buddy's franchisee of the year. But while the Company was doing well, the Buddy's franchise was not. The owner of the franchise, Franchise Group, Inc. ("FRG")—which owned multiple franchises in addition to Buddy's, such as The Vitamin Shoppe, Pet Supplies Plus, and American Freight—faced liquidity challenges and was suffering losses from "an overleveraged balance sheet and rising interest expenses," among other things.³ On November 3, 2024, FRG and the Franchisor filed chapter 11 bankruptcy petitions in the United States Bankruptcy Court for the District of Delaware. FRG's bankruptcy presented many challenges for the Company, as further described herein, which have significantly contributed to the necessity of filing of these chapter 11 cases.

² "Buddy's," as used in this Declaration, refers collectively to the Franchisor (as defined herein) and the other affiliated entities associated with the Buddy's Home Furnishings brand.

³ See *In re: Franchise Group, Inc., et al.*, Case No. 24-12480-LSS, ECF #15, *Declaration of David Orlofsky in Support of Debtors' Chapter 11 Petitions and First Day Pleadings*, 4–5 (Bankr. D. Del. Nov. 3, 2024).

II. DEBTORS' CORPORATE STRUCTURE

8. In addition to Buddy Mac Holdings, the Debtors in these chapter 11 cases include BMH RTO, LLC (“BMH RTO”), Buddy Mac One, LLC, and BMH One RE, LLC, each of which is a wholly owned subsidiary of BMH. The Debtors also include forty-three (43) subsidiaries of RTO (collectively, the “RTO Subsidiaries,” and together with RTO, the “RTO Debtors”), each of which is wholly owned by RTO. The Debtors also include BMH 95 RE Caruthersville, LLC and BMH 96 RE Marion, LLC, which are wholly owned subsidiaries of MacDonald Capital Corporation. MacDonald Capital Corporation is not a Debtor in these chapter 11 cases. I own majority of the common membership interests in Buddy Mac Holdings, and I am the sole shareholder of MacDonald Capital Corporation.

9. The Debtors' corporate structure is illustrated in the organizational chart attached hereto as **Exhibit B**. Each Debtor is organized under the laws of the State of Texas.

10. Each of the RTO Subsidiaries currently operates, or formerly operated, one of the Debtors' store locations. Buddy Mac One, LLC also operates a current store location. Thirty-two (32) RTO Subsidiaries have open store locations; eleven (11) of the RTO Subsidiaries' stores have been closed (*see* Exhibits A and B).

III. DEBTORS' PREPETITION CAPITAL STRUCTURE

A. RTO Loan

11. In or around December 2019, BMH RTO obtained a loan from INTRUST Bank, N.A. (“INTRUST”) in the original principal amount of approximately \$7 million (the “RTO Loan” or “Loan”), which was amended on multiple occasions to increase the RTO Loan amount as the Company added store locations. The RTO Loan is evidenced by, *inter alia*, (i) that certain Amended and Restated Loan, Security, and Guaranty Agreement dated February 28, 2025 (as further amended and restated or otherwise modified, the “Loan Agreement”), by and among BMH

RTO, as borrower, INTRUST, as lender, and the RTO Subsidiaries as guarantors, and (ii) that certain Amended and Restated Promissory Note dated February 28, 2025, payable to INTRUST (as further amended and restated or otherwise modified, the “Note,” and together with the Loan Agreement and all other documents, agreements, or instruments executed in connection with the Loan, each as amended and restated or otherwise modified, the “Loan Documents”).

12. The Loan Agreement and Note were amended on or about August 8, 2025, pursuant to (i) that certain First Amendment to Loan, Security, and Guaranty Agreement and Limited Waiver dated as of August 8, 2025, effective as of June 30, 2025, and (ii) that certain Second Amended and Restated Promissory Note dated effective as of June 30, 2025, payable to INTRUST in the principal amount of \$11,974,354.93. The amendment extended the maturity date of the Loan to August 31, 2025, in exchange for the Pledged Properties pledged as additional collateral.

13. The terms of the RTO Loan have been amended and modified on multiple occasions since 2019, and the principal balance was once approximately \$26 million. The Company has been able to pay down the principal balance from approximately \$26 million to approximately \$11.9 million.

14. The RTO Loan matured on August 31, 2025.

i. Loan Sale to Phonix

15. Almost immediately after the maturity date, INTRUST purportedly sold the RTO Loan to Phonix RBS, LLC (“Phonix”) and assigned the Loan Documents to Phonix pursuant to a Loan Sale Agreement dated as of September 2, 2025. On information and belief, and with a full reservation of rights, Phonix asserts (i) that approximately \$12.6 million is due and owing under the Loan Documents (the “Prepetition Indebtedness”) and (ii) that such Prepetition Indebtedness is secured by liens on substantially all assets of the RTO Debtors.

ii. Pledged Real Estate and Pending Foreclosures

16. The real property for eight of the Company's current store locations is owned by affiliates or subsidiaries of Buddy Mac Holdings. Of those eight properties, the following properties are owned by Debtor entities and were pledged to INTRUST as collateral for the RTO Loan: (i) 1404 W. Gentry Pkwy, Tyler, Texas 75702 [Store #488] (the "Tyler Property");⁴ (ii) 810 W. 13th St., Caruthersville, Missouri 63830 [Store #646] (the "Missouri Property"); and (iii) 103 N. Carbon St., Marion, Illinois 62959 [Store #644] (the "Illinois Property"). These three properties (collectively, the "Pledged Properties") are owned by Buddy Mac One, LLC, BMH 95 RE Caruthersville, LLC, and BMH 96 RE Marion, LLC, respectively.

17. Phonix seeks to enforce the Deed of Trust and Mortgage liens, as applicable, and has initiated foreclosure proceedings for each of the Pledged Properties. The Tyler Property and Missouri Property are set for non-judicial foreclosure sales on December 2, 2025, and December 18, 2025, respectively, and Phonix has initiated a judicial foreclosure proceeding for the Illinois Property. Phonix filed a lawsuit to foreclose on the Illinois Property on October 17, 2025, which is pending as Case No. 2025FC79 styled *Phonix RBS, LLC v. BMH 96 RE Marion, LLC, et al.* in the Fourth Judicial Circuit Court of Williamson County, Illinois.

B. Debentures and Preferred Equity

18. Since 2016, the Company has made multiple private investment offerings to raise debt and equity capital, including issuances of subordinated debentures and convertible promissory notes, and issuances of preferred equity shares in the Company. None of the debentures or convertible notes issued by the Company are secured by liens or security interests in any of the

⁴ Ownership of the Tyler Property is divided among four parties that own undivided interests in the property as tenants in common. Buddy Mac One owns a 56.46% interest in the Tyler Property. The remaining interests are owned by three different non-debtor third parties, none of which are affiliates or insiders of the Debtors.

Company's assets. It is my understanding that, as of the Petition Date, the Company's aggregate liability for all outstanding debentures and convertible notes totals approximately \$3.4 million.

C. Alleged Franchisee Obligations

19. The Franchisor has asserted that the Company is liable for past due and owing amounts totaling approximately \$643,000 under the Franchise Agreements. On November 6, 2025, the Franchisor filed a lawsuit against Buddy Mac Holdings in 9th Judicial Circuit Court of Orange County, Florida, Case No. 2025-CA-010986-O styled *Buddy's Franchising and Licensing LLC v. Buddy Mac Holdings, LLC, et al.*, asserting claims for damages and injunctive relief under the Franchise Agreements. The Company disputes any liability to the Franchisor, and the Company asserts claims against the Franchisor that significantly exceed what it seeks to recover from the Company. The Company asserts claims of approximately \$38 million against the Franchisor, including damages of approximately \$34 million for breaches of the Company's exclusive territory rights and rights of first refusal under the Franchise Agreements.

D. Trade Debt

20. In the ordinary course of its business, the Company incurs trade payables to inventory suppliers, landlords, utility providers, and other similar vendors. It is my understanding that, as of the Petition Date, the Debtors' accounts payable to such trade vendors totals approximately \$3.3 million in the aggregate.

IV. EVENTS LEADING TO BANKRUPTCY

21. Numerous events and factors have contributed to the Debtors' need for bankruptcy relief, many of which began unfolding around the time of FRG's and Franchisor's bankruptcy filing. The events and factors leading to these chapter 11 cases include, without limitation, the following.

A. FRG Bankruptcy

22. FRG's bankruptcy filing in November 2024 had numerous unanticipated consequences for the Company. Almost immediately, the Company began experiencing serious difficulties in keeping its stores stocked with inventory, because suppliers associated the Company with the Buddy's franchise and stopped extending credit to the Company once FRG's bankruptcy case was filed. For years leading up to FRG's bankruptcy, the Company maintained its own agreements with suppliers, independent of the Franchisor's inventory purchasing program used by other Buddy's franchisees, but the filing of FRG's bankruptcy cast a cloud over all related to FRG, including the Company as a franchisee. The Company's inability to restock stores reduced its fill rate and had a significant negative impact on the Company's revenues. Similarly, but of lesser significance than its vendor relationships, the Company's customers also associated the Company with the Buddy's franchise, and the Company experienced increased difficulty collecting payments from customers once the FRG bankruptcy case was filed.

B. Inability to Renew or Extend the RTO Loan

23. A further consequence of FRG's bankruptcy was that it caused (in whole or in part) the Company's inability to extend or renew the RTO Loan with INTRUST. The Company always had a positive working relationship with INTRUST from the time the Loan was first originated, as evidenced by INTRUST'S willingness to renew the Loan and/or to extend additional credit on numerous occasions. Once FRG filed bankruptcy, however, INTRUST was not willing to renew the Loan on any terms, and the Company was unable to secure financing from any other lenders. It is my belief that, given FRG's bankruptcy and all the publicity surrounding it, INTRUST and other lenders were not willing to take on any new exposure in the rent-to-own industry. The inability to renew the RTO Loan or obtain alternative financing severely hindered the Company's

ability to purchase new inventory, which, following the credit issues with its suppliers, as discussed above, led to even further declines in the Company's revenues.

C. Phonix's Acquisition of RTO Loan

24. Almost immediately upon acquiring the RTO Loan from INTRUST, Phonix began seeking to enforce remedies under the Loan Documents. On October 23, 2025, Phonix filed a lawsuit against each of the RTO Debtors for defaults under the Loan Documents, which is pending as Case No. SG-2025-CV-002754 styled *Phonix RBS LLC v. BMH RTO, LLC, et al.* in the 18th Judicial District Court of Sedgwick County, Kansas, and Phonix filed an application to appoint a receiver on emergency basis that was set for hearing on December 2, 2025, but is currently pending removal to federal court. Phonix has also initiated foreclosure proceedings for each of the Pledged Properties, as noted herein above. On information and belief, Phonix has threatened to commence an Article 9 foreclosure sale in connection with the RTO Loan. The Company has made repeated good faith efforts to negotiate and reach a resolution with Phonix to no avail.

D. Franchisor Disputes

25. Another factor contributing to the Debtors' current financial duress is the numerous disputes between the Company and the Franchisor that have arisen in recent years. Among other things, the Company asserts that the Franchisor breached the Franchise Agreements by enabling another FRG franchise, American Freight, to sell furniture and appliances on a rent-to-own basis in certain of the Company's franchise territories, in violation of the Company's exclusive right to conduct rent-to-own operations in those territories. The Franchisor also would not agree to let the Company close certain unprofitable store locations, which, to be clear, was within the Franchisor's rights and discretion under the Franchise Agreement, but which nonetheless required the Company to continue paying franchise royalties to the Franchisor for numerous stores despite the significant losses that those stores were incurring. As noted above, the Company asserts claims of more than

\$34 million against the Franchisor based on its breaches of the Company's exclusive territory rights and rights of first refusal under the Franchise Agreements.

V. CONSIDERATION OF STRATEGIC ALTERNATIVES

26. Having considered and discussed all known and reasonable alternatives with the Debtors' legal and financial advisors, the Debtors' management believes that chapter 11 is in the best interest of the Debtors' creditors and is most likely to maximize the value of the Debtors' assets for the benefit of creditors. Management believes that a reorganization or a going concern sale, as opposed to a liquidation, will generate greater returns for creditors.

VI. CONCLUSION

27. I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: December 4, 2025
Dallas County, Texas

Signed by:
William Ian MacDonald
/s/ _____
EFD8FED0026C420...
William Ian MacDonald

MacDonald Declaration

EXHIBIT A

List of Company Store Locations

Company Store Locations

Row #	Entity Name [1]	Parent [2]	Store #	City, State	Street Address	ZIP	Status
1	Buddy Mac One, LLC	BMH	#488	Tyler, TX	1404 W. GENTRY	75702	Open
2	Buddy Mac Two, LLC	BMH	#489	San Angelo, TX	2725 SHERWOOD WAY, 500	76901	Open
3	Buddy Mac Six, LLC	BMH	#496	Gallup, NM	1100 N. HWY 491	87301	Open
4	Buddy Mac Eight, LLC	BMH	#602	Los Lunas, NM	1044 MAIN ST., NE	87031	Open
5	Buddy Mac Eleven, LLC	BMH	#601	Farmington, NM	2330 E. MAIN ST.	87401	Open
6	Buddy Mac Twelve, LLC	BMH	#497	Sherman, TX	1727 TEXOMA PKWY.	75090	Open
7	Buddy Mac Eighteen, LLC	BMH	#430	Nacogdoches, TX	1008 NORTH ST., 1	75961	Open
8	Buddy Mac Nineteen, LLC	BMH	#615	Norman, OK	1337 E. LINDSEY ST.	73701	Open
9	Buddy Mac Twenty-One, LLC	RTO	#432	Shawnee, OK	1803 N HARRISON	74804	Open
10	Buddy Mac Twenty-Three, LLC	RTO	#434	Pryor, OK	104 E GRAHAM AVE	74361	Open
11	Buddy Mac Twenty-Four, LLC	RTO	#435	Seminole, OK	218 N MAIN ST	74868	Open
12	Buddy Mac Twenty-Six, LLC	RTO	#437	Tahlequah, OK	1366 S MUSKOGEE AVE, 7A	74464	Open
13	BMH-TNM 28, LLC	RTO	#375	Hobbs, NM	1301 N TURNER SUITE A	88240	Open
14	BMH-TNM 30, LLC	RTO	#376	Odessa, TX	2261 LINDA AVE	79763	Open
15	BMH-TNM 31, LLC	RTO	#377	Lubbock, TX	2014 50TH STREET	79412	Open
16	BMH-TNM 32, LLC	RTO	#378	Plainview, TX	414 N. COLUMBIA AVE	79073	Open
17	BMH-TNM 33, LLC	RTO	#592	Brownfield, TX	501 W. MAIN STREET	79316	Open
18	BMH-RCL 37, LLC	RTO	#307	Springdale, AR	1810 W SUNSET SUITE A	72762	Open
19	BMH-RCL 39, LLC	RTO	#313	Sallisaw, OK	412 CHEROKEE	74955	Open
20	BMH-RCL 40, LLC	RTO	#309	Pittsburg, KS	2524 NO BROADWAY	66762	Open
21	BMH-RCL 41, LLC	RTO	#305	Texarkana, TX	1706 NEW BOSTON ROAD	75501	Open
22	BMH-FAN 43, LLC	RTO	#612	West Plains, MO	1413 MITCHELL ROAD	65775	Open
23	BMH-FAN 44, LLC	RTO	#603	Batesville, AR	2330 HARRISON STREET	72501	Open
24	BMH-FAN 45, LLC	RTO	#604	Clarksville, AR	140 W. MARKET STREET	72830	Open
25	BMH-FAN 46, LLC	RTO	#605	Trumann, AR	500 HWY 463 N.	72472	Open
26	BMH-FAN 47, LLC	RTO	#614	Poteau, OK	2801 N. BROADWAY	74953	Open
27	BMH-FAN 48, LLC	RTO	#606	Wynne, AR	1600 N. FALLS BLVD.	72396	Open
28	BMH-FAN 49, LLC	RTO	#607	Malvern, AR	1025 MLK BLVD.	72104	Open
29	BMH-FAN 50, LLC	RTO	#608	Walnut Ridge, AR	610 N. HWY 67 B	72476	Open
30	BMH-FAN 51, LLC	RTO	#609	Fort Smith, AR	8117 ROGERS AVE.	72903	Open
31	BMH-FAN 52, LLC	RTO	#610	Van Buren, AR	2425 FAYETTEVILLE ROAD	72956	Open
32	BMH-FAN 53, LLC	RTO	#613	Dexter, MO	907 HWY BUSINESS 60 WEST	63841	Open
33	BMH-NEW 58, LLC	BMH	#620	Lawton, OK	1001 NW SHERIDAN ROAD	73505	Open
34	BMH-NEW 62, LLC	BMH	#641	Amarillo, TX	4301 SW 45TH AVE. SUITE 400	79109	Open
35	BMH-WF TX 67, LLC	BMH	#643	Wichita Falls, TX	2924 KEMP BLVD	76308	Open
36	BMH-TB 75, LLC	BMH	#007	Tampa, FL	2211 E HILLSBOROUGH AVE	33610	Open
37	BMH-SM 79, LLC	RTO	#631	Park Hills, MO	102-B STRAUSS DRIVE	63601	Open
38	BMH-SM 80, LLC	RTO	#632	Crystal City, MO	129 TWIN CITY MALL	63019	Open
39	BMH-SM 81, LLC	RTO	#633	Potosi, MO	#3 PARKWAY SHOPPING CENTER	63664	Open
40	BMH-SM 82, LLC	RTO	#634	Perryville, MO	121 PERRY PLAZA	63775	Open
41	BMH-SM 83, LLC	RTO	#635	Farmington, MO	616 WAL-MART DRIVE	63640	Open
42	BMH-SM 85, LLC	RTO	#636	Sikeston, MO	1055 E MALONE	63801	Open
43	BMH-SM 86, LLC	RTO	#637	Fredericktown, MO	409 WEST MAIN	63645	Open
44	BMH-SM 87, LLC	RTO	#638	Kennett, MO	600 COTTONWOOD PLAZA	63857	Open
45	BMH Prime 95, LLC	BMH	#646	Caruthersville, MO	810 W 13TH ST	63830	Open
46	BMH Prime 96, LLC	BMH	#644	Marion, IL	103 N CARBON	62959	Open
47	BMH Prime 97, LLC	BMH	#645	Joplin, MO	1710 WEST 7TH ST	64801	Open

[1] Red = Debtor entity.

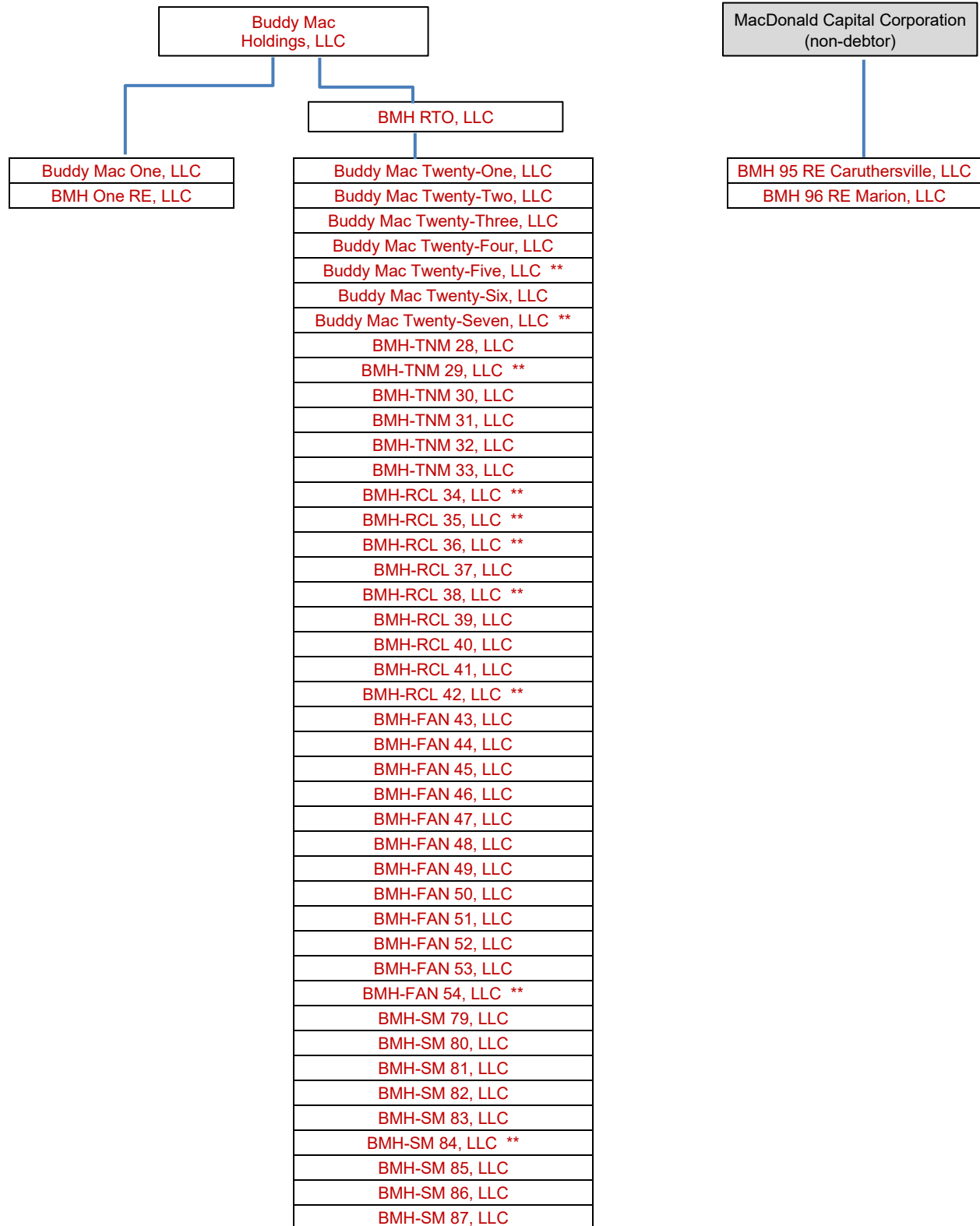
[2] "BMH" means the entity is a wholly owned subsidiary of Buddy Mac Holdings, LLC.

"RTO" means the entity is a wholly owned subsidiary of BMH RTO, LLC.

MacDonald Declaration

EXHIBIT B

Corporate Organizational Chart

Debtors' Corporate Organizational Structure

** Closed store locations.