

**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> , <sup>1</sup>	§	Case No. 25-34839
	§	
Debtors.	§	(Joint Administration Requested)
	§	

**DECLARATION OF MARK SHAPIRO IN SUPPORT OF  
THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, Mark Shapiro, 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 Mark Shapiro. 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 Chief Restructuring Officer ("CRO") of Buddy Mac Holdings, LLC and its affiliates (collectively, the "Company"), including the debtors and debtors-in-possession in the above-referenced chapter 11 cases (each, a "Debtor" and collectively, the "Debtors") and their non-Debtor affiliates. I have served as the Company's CRO since November 25, 2025.

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<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification 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.

3. I am a Senior Managing Director of GlassRatner Advisory & Capital Group LLC (“GlassRatner”). I have over twenty-eight years of professional experience in guiding restructuring alternatives, executing turnarounds, and otherwise providing financial guidance to companies in distress or need. My experience crosses various industries, including healthcare, retail, distribution, commercial and financial services, metals and manufacturing, consumer products and telecommunications. As a turnaround consultant, I have experience in a number of disciplines needed to help improve a company’s performance including assessing a company’s financial performance, comparing operating results to industry norms, providing financial forecasts, providing cash management assistance, developing and executing business strategy and plans, analyzing markets, recreating a company’s prior year financial statements, assessing business valuations, determining cost reduction opportunities, among others.

4. My prior engagements in bankruptcy cases filed in the Northern District of Texas include:

- Financial Advisor to the Debtors for Eye Care Leaders Portfolio Holdings LLC, *et al.* (Case No. 24-80001);
- Chief Restructuring Officer to Bela Flor Nurseries Inc., *et al.* (Case No. 23-42469);
- Chief Restructuring Officer and Plan Administrator to Christian Care Centers, Inc., *et al.* (Case No. 22-80000);
- Chief Restructuring Officer of Fresh Acquisitions LLC, *et al.* (Case No. 21-30721);
- Financial Advisor to the Debtors and Liquidating Trustee for GGI Holdings LLC, *et al.* (Gold’s Gym) (Case No. 20-31318); and
- Chief Restructuring Officer of Pine Creek Medical Center LLC (19-33079).

5. In my capacity as CRO, I am familiar with the Debtors’ daily operations, their books and records, and their business and financial affairs. 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 first-day pleadings filed contemporaneously herewith (collectively, the "First Day Motions").

6. The Debtors' First Day Motions include the following:
  - a. Notice of Designation as Complex Chapter 11 Bankruptcy Case (the "Complex Case Designation")
  - b. Debtors' Emergency Motion for Entry of Interim and Final Orders: (I) Authorizing the Debtors to Use Cash Collateral; (II) Granting Adequate Protection; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief (the "Cash Collateral Motion");
  - c. Debtors' Emergency Motion for Entry of an Order Authorizing the Debtors to Pay Prepetition Wages, Compensation, and Employee Benefits (the "Wages Motion");
  - d. Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue Operating Their Cash Management System, Maintain Existing Bank Accounts and Business Forms, and Honor Certain Prepetition Obligations Related to the Use Thereof, and (B) Continue Performing Intercompany Transactions; and (II) Granting Related Relief (the "Cash Management Motion");
  - e. Debtors' Emergency Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Bankruptcy Cases and (II) Granting Related Relief (the "Joint Administration Motion");
  - f. Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) File a Consolidated Creditor Matrix and (B) File a Consolidated List of 30 Largest Unsecured Creditors; (II) Establishing Complex Case Service List; (III) Approving the Form and Manner of Notice of Commencement; and (IV) Granting Related Relief (the "Consolidated Creditor Motion");
  - g. Debtors' Emergency Motion for Entry of an Order Authorizing (I) the Debtors to Redact Certain Personally Identifiable Information and (II) the Implementation of Procedures to Protect Confidential Creditor Information (the "PII Redaction Motion");
  - h. Debtors' Emergency Application for Entry of an Order Authorizing the Employment and Retention of Epiq Corporate Restructuring as Claims, Noticing, and Solicitation Agent (the "Epiq Retention Application"); and
  - i. Debtors' Emergency Motion for Entry of an Order (I) Extending Time to File Schedules of Assets and Liabilities and Statements of Financial Affairs and (II) Granting Related Relief (the "Schedules Extension Motion").

7. 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 discussions with the Debtors' management team, employees and professional advisors, or my opinions based upon experience, knowledge and information concerning the Debtors' operations and financial affairs. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

## **I. BACKGROUND**

### **A. Chapter 11 Filings**

8. On December 4, 2025 (the "Petition Date"), Buddy Mac Holdings, LLC ("Buddy Mac Holdings" or "Holdings"), BMH RTO, LLC ("BMH RTO"), and the forty-three subsidiaries of BMH RTO (collectively, the "RTO Subsidiaries," and together with BMH RTO, the "RTO Debtors") each filed a voluntary petition for relief in this Court under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The remaining Debtors (Buddy Mac One, LLC, BMH One RE, LLC, BMH 95 RE Caruthersville, LLC, and BMH 96 RE Marion, LLC) filed voluntary chapter 11 petitions in this Court on December 1, 2025.

### **B. Debtors' History and Business Operations**

9. The Company<sup>2</sup> 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

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<sup>2</sup> "Company," as used herein, includes reference to all subsidiaries of Buddy Mac Holdings, including non-Debtors.

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.

10. The Company began its rent-to-own business in 2014 as a franchisee of Buddy's Home Furnishings ("Buddy's").<sup>3</sup> In or around July 2014, BMH 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.

11. On November 3, 2024, the owner of the Buddy's franchise, Franchise Group, Inc. ("FRG"), along with the Franchisor and other Buddy's franchise affiliates, filed chapter 11 bankruptcy petitions in the United States Bankruptcy Court for the District of Delaware. *See In re: Franchise Group, Inc., et al.*, Case No. 24-12480-LSS (Bankr. D. Del. Nov. 3, 2024) (the "FRG Bankruptcy").<sup>4</sup> FRG's bankruptcy filing presented many challenges for the Company, as further discussed herein.

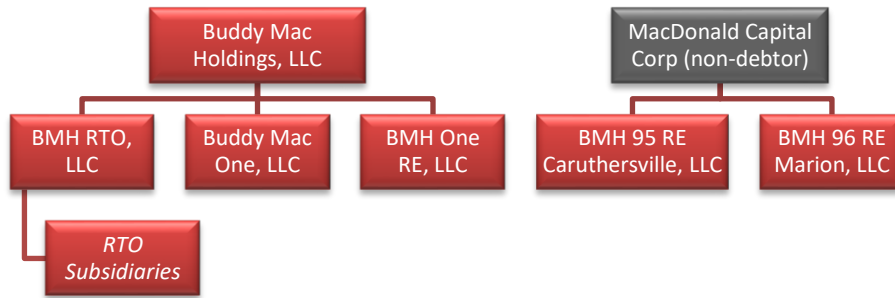
### C. Corporate Structure

12. The Debtors' corporate organizational structure is set forth in the Declaration of *Wm. Ian MacDonald in Support of the Debtors' Chapter 11 Petitions and First Day Motions* (the "MacDonald Declaration") filed contemporaneously herewith. The following is a summary of the Debtors' corporate structure:

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<sup>3</sup> "Buddy's," as used herein, refers collectively to the Franchisor (as defined herein) and the other affiliated entities associated with the Buddy's Home Furnishings brand.

<sup>4</sup> FRG owned multiple other franchises in addition to Buddy's, such as The Vitamin Shoppe, Pet Supplies Plus, and American Freight, that were also part of the FRG Bankruptcy.



13. 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. The RTO Subsidiaries and Buddy Mac One, LLC are each referenced individually as a "Store Entity," and collectively as the "Store Entities."

### D. Prepetition Capital Structure

*i. RTO Loan*

14. 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”). 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”).

15. The Loan Agreement and the 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.

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

17. 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 that approximately \$12.6 million is due and owing under the Loan Documents.

***ii. Debentures and Convertible Notes***

18. I am informed that 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, but that none of the debentures or convertible notes issued by the Company are secured by liens or security interests in any of the 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.

***iii. Trade Debt***

19. It is my understanding that, as of the Petition Date, the Debtors’ accounts payable to trade vendors (such as inventory suppliers, landlords, utility providers, etc.) totals approximately \$3.3 million in the aggregate.

**E. Events Leading to Bankruptcy**

20. Numerous events and factors have contributed to the Debtors’ need for bankruptcy relief, many of which began unfolding around the time of FRG’s bankruptcy filing. Those events and factors are more fully discussed in the MacDonald Declaration.

## **II. FIRST DAY MOTIONS**

21. The Debtors request that the Court grant each of the First Day Motions, because the relief sought therein is essential to ensuring the stabilization of the Debtors' business operations at the outset of these chapter 11 cases and protecting the value of the Debtors' assets. Capitalized terms not defined in this Declaration shall have the meanings provided in the applicable First Day Motion.

### **A. Complex Case Designation**

22. On the Petition Date, the Debtors filed the Complex Case Designation, which I understand is in accordance with the General Orders of the Court when commencing the contemplated complex cases. I believe this designation is warranted because (a) there are more than one hundred (100) creditors and parties in interest in these chapter 11 cases, including trade vendors, landlords, customers, investors, and employees, and other interested parties. Based on these factors, I believe the Debtors' chapter 11 cases should be designated and treated as complex chapter 11 cases, which I understand will allow the Debtors and their counsel to use a limited service list and set hearings on a more frequent basis. I believe that such treatment will help the Debtors complete an effective and efficient restructuring without incurring unnecessary administrative costs or prejudicing the interests of creditors or parties in interest.

### **B. Cash Collateral Motion**

23. The Debtors filed the Cash Collateral Motion requesting entry of interim and final orders authorizing the Debtors' post-petition use of cash in which Phonix, or any other parties, assert an interest (as defined in section 363(a) of the Bankruptcy Code, "Cash Collateral"). As noted above, Phonix is the purported assignee of the RTO Debtors' prepetition Loan Documents with INTRUST. On information and belief, and with a full reservation of rights, Phonix asserts a lien on all or substantially all assets of the RTO Debtors (the "Prepetition Collateral") securing



amounts due and owing under the terms of the Loan Documents as of the Petition Date (the “Prepetition Indebtedness”).

24. The Debtors seek entry of the proposed interim order attached to the Cash Collateral Motion (the “Interim Cash Collateral Order”) authorizing the Debtors to use Cash Collateral in accordance with the budget attached hereto as Exhibit A (the “Budget”).

25. The use of Cash Collateral is imperative to preserve the assets of the Debtors’ bankruptcy estates. If not allowed to use Cash Collateral, the Debtors and the value of their assets would suffer greatly and irreparably. Significant damage would be done to the Debtors’ business operations. Use of Cash Collateral is necessary to continue operating the Debtors’ stores, including payment of rent, employee wages, utilities, vendors and back-office operations. Moreover, use of Cash Collateral is needed to replace and expand inventory in the Debtors’ stores. Without the use of Cash Collateral, the Debtors, their assets, the Debtors’ creditors and other constituencies will be severely and irreparably harmed and damaged, because, among other things, (a) the Debtors will not be able to maintain store operations, and (b) the Debtors will not be able to purchase additional inventory and products necessary to generate new contracts and receivables, meaning the Debtors’ revenues will continue to decline as existing contracts come to term. Without the use of Cash Collateral, the Debtors will have to cease operations, terminate over 200 employees, and lose the going concern value of its customer contracts and other assets.

26. The Debtors propose to provide Phonix with adequate protection for their use of Cash Collateral (“Adequate Protection”) in the form of Replacement Liens and Superpriority Claims, among other protections, as set forth in the Interim Cash Collateral Order. Phonix’s Adequate Protection under the Interim Cash Collateral Order is summarized as follows:

- a. *Replacement Liens.* To the extent of any diminution in the value of its interests in property of the Debtors’ estates resulting from the Debtors’ use

of Cash Collateral, and subject to the Challenge Period and other terms of the Interim Cash Collateral Order, the RTO Debtors will grant Phonix replacement liens and security interests in substantially all of the RTO Debtors' assets, including (i) accounts and inventory acquired by the RTO Debtors after the Petition Date and (ii) cash proceeds arising from such accounts and inventory acquired after the Petition Date, but excluding any causes of action under Chapter 5 of the Bankruptcy Code and any proceeds thereof, in the same nature, extent, priority, and validity that such liens existed on the Petition Date (the "Replacement Liens"). The Replacement Liens will be junior to the Carve-Out (as defined in the Interim Cash Collateral Order).

- b. *Super-Priority Claims.* To the extent that the Replacement Liens do not adequately protect its interests in Cash Collateral, Phonix will have, upon notice and hearing and a subsequent Court Order, super-priority administrative expense claims in each of the Debtors' chapter 11 cases under section 507(b) of the Bankruptcy Code with priority over every other administrative claim of any kind (the "Super-Priority Claims"), except the Carve Out.
- c. *Reporting.* The Debtors will continue to satisfy the reporting requirements set forth in the Loan Documents, as well as a weekly budget-to-actual report due on the Friday next following the prior week's use of Cash Collateral.

27. I believe that the proposed Adequate Protection provided to Phonix under the Interim Cash Collateral Order, as summarized above, is sufficient to secure the Debtors' projected use of Cash Collateral.

### **C. Wages Motion**

28. In order to preserve the Debtors' ability to continue operations for the benefit of the estates, as well as to preserve employee morale, the Debtors filed the Wages Motion seeking authority to do the following, without limitation, in the ordinary course of business post-petition:

- a. pay all pre- and post-petition obligations for or related to (i) employee wages, salaries, and other compensation, payroll taxes and deductions, 401(k) matching, and employees' reimbursable expenses (collectively, "Employee Compensation"); (ii) medical insurance, dental insurance, vision insurance, life insurance, accidental death and dismemberment insurance, short-term and long-term disability insurance, and the employees' 401(k) plan (collectively, "Employee Benefits," and together with Employee Compensation, "Employee Obligations");

- b. collect and pay all pre- and post-petition Payroll Taxes (as defined in the Wages Motion);
- c. reimburse employees for all pre- and post-petition Business Expenses (as defined in the Wages Motion);
- d. maintain and continue established practices, programs, and policies in place for employees, including those related to Employee Benefits, and pay all pre- and post-petition obligations related to Employee Benefits;
- e. continue using ADP, Inc. ("ADP") as a third-party provider of payroll, benefits, and human resource functions; and
- f. pay all pre- and post-petition processing fees, costs, and expenses associated with the payment and administration of Employee Compensation and Employee Benefits, including fees and charges owed to ADP.

29. I believe that failure to pay the Debtors' employees will certainly jeopardize the stability of the Debtors' employment force and thereby the Debtors' ability to continue operations as necessary to reorganize in Chapter 11. To maintain employee stability and productivity, it is important that pre- and post-petition Employee Obligations are paid in full, and that the Employee Benefits are continued post-petition without interruption.

30. The Company has approximately 230 employees ("Employees"),<sup>5</sup> approximately 159 of which are Employees of the Debtors. Substantially all of Company's Employees are full-time salaried employees. The Company has two part-time hourly employees.

31. Employees are paid on a bi-weekly basis, one week in arrears. Payroll services are performed by ADP. On average, ADP is paid approximately \$5,584 per month for services provided to the Company, with \$4,112 being attributable to the Debtors. The Debtors seek authority to pay any prepetition fees or costs that may be owed to ADP (although the Debtors do not believe that ADP is owed any amounts as of the Petition Date) and to continue using ADP's

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<sup>5</sup> The Company's Employees include approximately: (i) 136 employees at Debtor store locations; (ii) 74 employees at non-Debtor store locations; (iii) 8 district and regional managers; and (iv) 15 home office employees.

services in the ordinary course of business post-petition. ADP provides an efficient means of administering payroll and benefits for the Debtors' Employees.

32. The Debtors' last payroll cycle covered the period from November 13, 2025, through November 26, 2026, and Employee Obligations for that period were funded to ADP on or about December 2, 2025. Accordingly, the Debtors seek authority to pay all Employee Obligations owed for the period from November 27, 2025, through the Petition Date ("Prepetition Employee Obligations") in the following estimated amounts:

<b>Prepetition Employee Compensation<sup>6</sup></b>	
Wages (Stores)	\$74,960.23
Overtime (Stores)	\$715.84
Bonus (Stores)	\$4,553.59
Wages (Support)	\$30,893.45
Bonus (Support)	\$0.00
Employer Payroll Taxes (Stores)	\$4,998.91
Employer Payroll Taxes (Support)	\$2,110.24
Business Expense Reimbursements	\$0.00
401(k) Match (Stores)	\$476.40
401(k) Match (Support)	\$533.25
Benefits Deductions (Stores)	\$3,656.27
Benefits Deductions (Support)	\$5,783.61
Subtotal:	\$128,681.79
<b>Prepetition Employee Benefits</b>	
Medical Plans (Total) <sup>7</sup>	\$0.00
Dental & Vision Plans (Total)	\$393.44
Life, AD&D, and Disability Insurance Plans (Total)	\$759.88
Wellness Care	\$2,443.11
Subtotal:	\$3,596.43
<b>TOTAL:</b>	<b>\$132,278.22</b>

33. I understand that the Prepetition Employee Obligations do not exceed the \$15,150 statutory cap under section 507(a)(4) of the Bankruptcy Code for any single Employee.

<sup>6</sup> The Company employs staff that supports both Debtor and Non-Debtor entities as part of their job functions. The categories designated as "(Support)" are allocated to include only the estimated percentage attributable to the Debtor entities that are currently operating and generating revenue. Actual amounts for support staff costs equal 3 ½ percent of each individual store's revenue (both Debtor and Non-Debtor Entities).

<sup>7</sup> The monthly premium for December medical coverage was paid prior to the Petition Date.

34. The Debtors' Employees are hired through BMH-HR, LLC ("BMH-HR"), a wholly owned, non-debtor subsidiary of Holdings. Each Debtor that has Employees at its store location is responsible for all payroll obligations for those Employees and funds those obligations to BMH-HR in the ordinary course of its business. BMH-HR then administers (through ADP) all wages and compensation paid to Employees, as well as the Employee Benefits programs.

35. The Debtors have established certain practices, programs, and policies related to Employee Benefits in the ordinary course of business. Employee Benefits provided by the Debtors include: (i) medical insurance, dental insurance and vision insurance; (ii) life insurance, accidental death and dismemberment insurance, and short-term and long-term disability insurance; and (iii) a 401(k) plan.

36. On average, the Debtors' Employee Obligations total approximately \$432,595 per month, including Employee Compensation of approximately \$337,028 per month and Employee Benefits of approximately \$95,567 per month.

37. Absent the relief sought in the Wages Motion, the Debtors' Employees will experience significant economic hardship and will likely seek other employment, thus jeopardizing the Debtors' ability to continue operating as necessary to reorganize in Chapter 11. To maintain Employee stability and productivity, it is important for the Debtors to pay all pre- and post-petition Employee Obligations in full and continue providing all Employee Benefits are continued post-petition without interruption. For these reasons, on behalf of the Debtors, I respectfully request that the Court grant the Wages Motion.

#### **D. Cash Management Motion**

38. Pursuant to the Cash Management Motion, the Debtors seek entry of an order (a) authorizing the Debtors to (i) continue using their existing Cash Management System (defined below), maintain their existing bank accounts and business forms and honor certain prepetition

obligations related thereto, and (ii) continue performing certain intercompany transactions necessary to the Cash Management System, and (b) granting related relief.

39. As of the Petition Date, in the ordinary course of business, the Debtors utilize a centralized cash management system (the “Cash Management System”) through which funds are received, consolidated, and disbursed to pay various business-related expenses. On a daily basis, the Debtors process a large number of transactions through the Cash Management System. In doing so, the Debtors routinely deposit, withdraw, and otherwise transfer funds to, from, and between bank accounts by various methods, including by wire transfer, automated clearing house (“ACH”) transfer, and electronic funds transfer. The Debtors maintain current and accurate records of all transactions processed through the Cash Management System, including intercompany obligations between Debtor entities. The Debtors maintain daily oversight over the Cash Management System and implement controls for entering, processing, and releasing funds. The Debtors’ accounting department regularly reconciles books and records to ensure that all transfers are accounted for properly.

40. I understand that the U.S. Trustee has established certain operating guidelines for debtors-in-possession to supervise administration of chapter 11 bankruptcy cases (the “U.S. Trustee Guidelines”), which generally require chapter 11 debtors to, among other things: (a) close all existing bank accounts and open new “debtor-in-possession” bank accounts; (b) establish one debtor-in-possession account for all estate monies required for payment of taxes, including payroll; (c) maintain a separate debtor-in-possession account for cash collateral; and (d) obtain checks for all debtor-in-possession accounts that bear the designation “Debtor-in-Possession,” the bankruptcy case number, and the type of accounts. The Debtors submit, however, that implementing these

guidelines would require a substantial modification, if not abandonment, of their pre-petition Cash Management System, and would disrupt ongoing operations.

*i. Bank Accounts*

41. The Debtors' Cash Management System is comprised of approximately 88 bank accounts (collectively, the "Bank Accounts"), a list of which is attached as **Exhibit B**, and which are summarized as follows:

- a. Buddy Mac Holdings has one account with SouthState Bank;
- b. BMH RTO has one account with SouthState Bank; and
- c. Each Store Entity has two accounts: (i) an account at the local branch of the applicable Cash Bank identified on Exhibit A (the "Store Level Banks"); and (ii) an account with SouthState Bank.

42. SouthState Bank and certain of the Store Level Banks are not included on the list of Authorized Depository Institutions approved by the U.S. Trustee for Region 6. The Store Level Banks approved by the U.S. Trustee include Chase Bank, Regions Bank, and Wells Fargo.

43. Each operating Store Entity deposits its daily cash receipts into its account at the applicable Store Level Bank identified on Exhibit B, on a daily basis. The Debtors' accounting team does an ACH cash concentration each Monday to pull the balance of the Store Entities' Bank Accounts into the Buddy Mac Holdings SouthState Bank operating account (no. xxxxxx5044) to fund disbursements for current liabilities.

44. Merchant receipts for each store are deposited daily into the Store Entity's SouthState Bank account identified on Exhibit B. The SouthState Bank account for each Store Entity is where the respective stores' daily merchant deposits settle. Those deposits are swept overnight into the Buddy Mac Holdings SouthState Bank operating account to fund disbursements for current Debtor liabilities. A schematic representation of cash flow as of the Petition Date is attached hereto as **Exhibit C**.

45. All disbursements for liabilities of the Debtors fund out of Buddy Mac Holdings operating account (SouthState Bank account no. xxxxxx5044), except that payroll for all Debtors' employees is paid out of BMH-HR, which in turn includes funds that are pulled from Buddy Mac Holdings SouthState Bank account and transferred to BMH-HR to satisfy these payroll obligations.

46. The Debtors incur periodic service charges and other fees, costs, and expenses in connection with the maintenance of the Cash Management System (the "Bank Fees"). The Bank Fees are paid monthly and are withdrawn directly from the Bank Accounts as they are assessed by the respective Bank. The Debtors pay approximately \$2,000.00 per month in Bank Fees. As of the Petition Date, the Debtors estimate that they owe approximately the same amount on account of Bank Fees.

*ii. Payment Processing*

47. The Debtors use credit and debit card processors to process noncash payments (collectively, the "Non-Cash Payments"). To process the Non-Cash Payments, the Debtors are party to certain agreements (the "Payment Processing Agreements") with the applicable payment processors (the "Payment Processors"). Under the Payment Processing Agreements, the Debtors generally receive gross proceeds of customer purchases, and such proceeds are swept to Buddy Mac Holdings SouthState Bank account on a daily basis, as described above. Chargebacks, returns, reserves, and/or processing fees are debited separately.

48. The Payment Processors charge processing fees of between one percent (1%) and four percent (4%) of the total transaction value ("Processing Fees"). As of the Petition Date, the Debtors estimate that they owe approximately \$35,000.00 in unpaid Processing Fees (estimated based on prior month's expense), which will come due within thirty days after the Petition Date. Additionally, when a customer returns merchandise purchased from the Debtors with a Non-Cash Payment, or disputes a charge with a Payment Processor, the Debtors may, in some instances, be



obligated to refund the value of the purchase to the Payment Processor, subject to certain adjustments (collectively, “Chargebacks” and, together with the Processing Fees, the “Processing Obligations”). The Debtors generally satisfy Chargebacks by separating the charged amounts and returning the applicable amount to be returned to the Payment Processor. It is possible that certain Processing Obligations that the Debtors incurred before the Petition Date may not have been netted, either in full or in part, against payments owed to the Debtors by the Payment Processors before the Petition Date. Accordingly, the Debtors seek authority, but not direction, to continue paying all pre- and post-petition Processing Obligations in the ordinary course of business, consistent with its historical practice.

49. It is necessary to the continued operation of the Debtors’ business that they be able accept Non-Cash Payments post-petition, as Non-Cash Payments comprise the overwhelming majority of payments received from the Debtors’ customers. Accordingly, any interruption in the Debtors’ ability to continue accepting Non-Cash Payments, or to continue paying or otherwise honoring the Processing Obligations, would irreparably damage the value of their businesses. The Debtors request authority to allow the Payment Processors to continue to administer the Non-Cash Payments and set off any Processing Obligations against amounts owed to the Debtors, whether the Debtors incurred such Processing Obligations before, on, or after the Petition Date.

***iii. Business Forms***

50. As part of the Cash Management System, the Debtors utilize numerous pre-printed business forms (the “Business Forms”) in the ordinary course of their business, such as checks, invoices, and letterhead. The Debtors also maintain books and records to document, among other things, their profits and expenses. To avoid disruption of the Cash Management System and unnecessary expense, the Debtors request that this Court authorize their continued use of all Business Forms, including, without limitation, letterhead, purchase orders, invoices, and pre-

printed and future checks, as such forms were in existence immediately before the Petition Date, without reference to the Debtors' status as debtors-in-possession, rather than requiring the Debtors to incur the expense and delay of ordering entirely new Business Forms as required under the U.S. Trustee Guidelines.

51. On behalf of the Debtors, I submit that parties in interest will not be prejudiced if the Debtors are authorized to continue to use their Business Forms substantially in the forms existing immediately before the Petition Date, but without the additions of "debtor-in-possession" case styling on the checks, as typically required by the U.S. Trustee. Parties doing business with the Debtors undoubtedly will be aware of their status as debtors-in-possession; thus, changing Business Forms beyond the Debtors' printable check stock is unnecessary and would be unduly burdensome.

*iv. Intercompany Transfers*

52. In the ordinary course of business, the Debtors engage in routine business transactions with each other through the Cash Management System (the "Debtor Intercompany Transactions"), resulting in intercompany receivables (the "Debtor Intercompany Balances").

53. The Debtor Intercompany Transactions are an essential component of the Debtors' business operations. More specifically, the Debtors engage in Debtor Intercompany Transactions to, among other things, complete transactions with administrative ease, fund ordinary course of business expenses (e.g., vendor payments), and facilitate operations on a daily basis. In particular, the Debtor Store Entities conduct the same use of their respective Bank Accounts swept daily to Buddy Mac Holdings operating account (xxxxxx5044) at SouthState Bank, which in turn funds disbursements for current liabilities. The Debtors closely track all intercompany transfers in their respective accounting systems and, therefore, can ascertain, trace, and account for all Debtor

Intercompany Transactions. The Debtors intend to account for all post-petition Debtor Intercompany Transactions in accordance with pre-bankruptcy procedures.

54. These Debtor Intercompany Transactions are necessary to the efficient operation of the Debtors' business, as the transactions reduce administrative costs and ensure the orderly and efficient operation of the Debtors' enterprise. If the Debtor Intercompany Transactions were to be discontinued, the Cash Management System and the Debtors' operations would be unnecessarily disrupted to the detriment of the Debtors' estates, their creditors, and their employees. Accordingly, the Debtors seek authority, and, to the extent applicable, relief from the automatic stay, to continue engaging in the Debtor Intercompany Transactions in the ordinary course of business and consistent with historical practices.

55. In summary, the Debtors' Cash Management System procedures constitute an ordinary, usual, and essential business practice and are consistent with those used by similar corporate entities. The Cash Management System provides significant benefits to the Debtors and their estates. Among other things, the Cash Management System allows the Debtors to (a) control and monitor the collection and transfer of funds, (b) ensure cash availability, (c) reconcile intercompany transactions, (d) monitor pre- and post-petition payments and payment obligations, and (e) maximize investment income and to reduce administrative burdens and expenses. Maintaining the Debtors' current Cash Management System will preserve the integrity of the Debtors' books and records and ensure the Debtors are capable of expeditiously and accurately preparing detailed financial reports. Failure to continue the Cash Management System would disrupt the Debtors' operations and impose a financial burden on the estates, while providing little benefit, if any, to the Debtors' estates and creditors.

56. Consequently, I believe that the maintenance of the existing Cash Management System during these Cases is in the best interest of the Debtors, their estates, and their creditors. Continued use of the Cash Management System will facilitate the Debtors' transition into bankruptcy by, among other things, avoiding administrative inefficiencies and expenses associated with disrupting the system and minimizing delays in the payment of post-petition obligations. Thus, to avoid disruption of their operations and ensure an orderly transition into bankruptcy, the Debtors request this Court's authorization to continue to use their existing Cash Management System, including the Bank Accounts and Credit Card Accounts (as it may be modified by the Debtors in the ordinary course of business).

**E. Joint Administration Motion**

57. The Joint Administration Motion requests entry of an order directing consolidation of the Debtors' chapter 11 cases for procedural purposes only. There are forty-nine (49) Debtors and approximately 1,000 creditors and parties in interest in these cases. I believe that joint administration of these chapter 11 cases would save the Debtors and their estates substantial time and expense, because it would remove the need to prepare, replicate, file, and serve duplicative notices, applications, motions, and orders. Further, I believe that joint administration would relieve the Court of entering duplicative orders and maintaining duplicative files and dockets. The United States Trustee for Region 6 (the "U.S. Trustee") and other parties in interest would similarly benefit from joint administration of these cases, sparing them the time and effort of reviewing duplicative pleadings and papers, and having to prepare and file duplicative pleadings when necessary.

58. I believe that joint administration would not adversely affect the rights of any creditors or parties in interest, because the Debtors request only the administrative consolidation of these cases for procedural purposes. The Debtors do not seek substantive consolidation of their bankruptcy estates. Accordingly, I believe that joint administration of the Debtors' cases is in the

best interests of the Debtors, their estates, and all other parties in interest and that the Joint Administration Motion should be granted in all respects.

**F. Consolidated Creditor Motion**

59. The Debtors filed the Consolidated Creditor Motion requesting an order, which I am advised is pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Court’s Local Bankruptcy Rules (the “Local Rules”) and Procedures for Complex Cases in the Northern District of Texas (the “Complex Case Procedures”), that would, among other things, authorize the Debtors to file a consolidated mailing matrix and consolidated list of the 30 largest general unsecured creditors for all the Debtors’ cases.

60. I understand that the Debtors seek to establish a consolidated service list consisting of: (i) the Debtors and their counsel; (ii) the members of any statutory committee appointed in these cases and their counsel; (iii) secured creditors of the Debtors; (iv) the U.S. Trustee; (v) the consolidated list of the Debtors’ 30 largest unsecured creditors; (vi) the Internal Revenue Service; (vii) the United States Attorney’s Office for the Northern District of Texas; (viii) the Office of the Attorney General of Texas; (ix) the Texas Comptroller of Public Accounts; and (x) any party that requests notice pursuant to Bankruptcy Rule 2002 (the “Official Limited Service List”). I understand that, because the Debtors filed the Joint Administration Motion and Complex Case Designation, the Local Rules and Complex Case Procedures contemplate that the Debtors may file an Official Limited Service List to avoid the expensive, time consuming, and burdensome requirement of preparing and filing separate service lists for each Debtor. The Official Limited Service List will help alleviate undue administrative burdens, costs, and the possibility of duplicative service, particularly given the number of Debtors involved in these cases.

61. I believe that the relief sought in the Consolidated Creditor Motion is necessary and appropriate in these cases, and, on behalf of the Debtors, I respectfully submit that the motion should be granted.

**G. PII Redaction Motion**

62. Between the Debtors' employees, investors, and to customers with RTO contracts, hundreds of individuals are parties in interest in these cases. The Debtors filed the PII Redaction Motion requesting relief to protect the confidential and/or personally identifiable information (PII) of those individuals. Specifically, the Debtors seek authority to redact individual persons' home addresses, email addresses, and other personally identifiable information in pleadings and service lists filed in these cases. I believe that the relief sought in the PII Redaction Motion, as provided in the proposed order attached thereto, is necessary and appropriate in these cases and will not adversely the rights of any creditors or parties in interest.

**H. Epiq Retention Application**

63. The Debtors seek authorization to retain Epiq Corporate Restructuring ("Epiq") as their claims and noticing agent in these chapter 11 cases. On information and belief, Epiq is an experienced Claims and Noticing Agent and is frequently used by debtors in large chapter 11 cases. I believe Epiq is well qualified to provide such services, expertise, consultation, and assistance to the Debtors and serve as Claims and Noticing Agent in these cases. The Debtors believe Epiq is capable of handling the requisite noticing responsibilities, thereby relieving the Clerk of the Court and the Debtors of such burden. The employment of Epiq will provide efficient management of the claims and noticing processes in these chapter 11 cases and allow the Debtors' management and advisors to focus on the Debtors' reorganization. Accordingly, I believe Epiq's experience, knowledge, and assistance will be valuable to the Debtors during these cases and that the Epiq Retention Application should therefore be approved.

**I. Schedules Extension Motion**

64. The Schedules Extension Motion requests entry of an order: (a) extending the deadline by which the Debtors must file their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the “Schedules and Statements”) by an additional thirty (30) days, for a total of forty-four (44) days after the Petition Date, through and including January 16, 2026, without prejudice to the Debtors’ ability to request additional extensions for cause shown.

65. I understand from discussions with counsel that section 521 of the Bankruptcy Code and Bankruptcy Rule 1007(c) ordinarily require debtors to file their Schedules and Statements within 14 days after their petition date, but that pursuant to Bankruptcy Rules 1007(c) and 9006(b), the Court has authority to extend the Debtors filing deadlines “for cause.” I believe that ample cause exists to extend the Schedules and Statements deadlines in this case.

66. To prepare their Schedules and Statements, the Debtors will have to compile information from books, records, and documents relating to thousands of claims, assets, leases, and contracts for each Debtor entity. Collecting the necessary information will require significant time and effort on the part of the Debtors and their employees and professionals. Additionally, because numerous invoices related to prepetition goods and services have not yet been received and entered in the Debtors’ accounting system, it may be some time before the Debtors have access to all the information necessary to prepare the Schedules and Statements.

67. In the days leading up to the Petition Date, the Debtors’ primary focus has been preparing for these chapter 11 cases. Focusing the attention of key personnel on critical operational and chapter 11 compliance issues during the early days of these chapter 11 cases will facilitate the

Debtors' smooth transition into chapter 11, thereby maximizing value for the Debtors' estates, their creditors, and other parties in interest.

### **III. CONCLUSION**

68. 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

/s/ Mark Shapiro

Mark Shapiro  
Chief Restructuring Officer



*Shapiro Declaration*

## **EXHIBIT A**

**Cash Collateral Budget**

## Buddy Mac Holdings, LLC et. al.

### Cash Budget

\$ - Thousands

Filing Date>>		4-Dec					
Week #--->		Budget 1	Budget 2	Budget 3	Budget 4	Budget 5	Budget Total
Week Ending--->		6-Dec	13-Dec	20-Dec	27-Dec	3-Jan	5 Weeks
Cash Receipts	\$	38.4	\$ 366.0	\$ 366.0	\$ 366.0	\$ 498.4	\$ 1,634.7
<b>Operating Disbursements</b>							
Inventory Purchases		-	100.0	75.0	-	-	175.0
Payroll and Benefits		-	-	236.6	-	236.6	473.2
Property Taxes		-	-	-	17.5	-	17.5
Store Rent Expense		-	-	-	-	179.3	179.3
Repairs & Maintenance		-	5.0	5.0	12.3	8.1	30.5
Insurance		-	-	-	-	-	-
Vehicle Leases		-	-	55.6	-	-	55.6
General and Administrative		-	12.2	12.2	37.8	73.2	135.4
Corporate Support		-	17.5	47.3	10.0	60.6	135.4
Sales Taxes		-	-	143.2	-	-	143.2
<b>Total Operating Disbursements</b>	\$	-	\$ 134.7	\$ 575.0	\$ 77.6	\$ 557.8	\$ 1,345.2
<b>Operating Cash Flow</b>	\$	38.4	\$ 231.2	\$ (209.0)	\$ 288.4	\$ (59.4)	\$ 289.6
<b>Accumulated</b>		38.4	269.6	60.6	349.0	289.6	289.6
<b>Other (Sources)/Uses</b>							
DIP Proceeds		-	-	-	-	-	-
Restructuring Fees		-	-	-	250.0	-	250.0
Critical Vendors		-	-	-	-	-	-
Utilities Deposit		-	36.2	-	-	-	36.2
<b>Total Other (Sources)/Uses</b>		-	36.2	-	250.0	-	286.2
<b>Net Cash Flow</b>	\$	38.4	\$ 195.0	\$ (209.0)	\$ 38.4	\$ (59.4)	\$ 3.4
<b>Accumulated</b>		38.4	233.4	24.4	62.8	3.4	3.4
<b>Cash Balance</b>	\$	11.3	\$ 49.7	\$ 244.7	\$ 35.7	\$ 74.0	\$ 14.6

*Shapiro Declaration*

## **EXHIBIT B**

**Bank Accounts**

**Debtors' Bank Accounts**

STORE#	Debtor Name	CASH BANK (Store Level Bank)	CASH ACCOUNT NO.	SOUTHSTATE BANK ACCOUNT NO.
BMH612	BMH-FAN 43 LLC	Community First Banking Co.	xxxxx0221	xxxxxx5266
BMH603	BMH-FAN 44 LLC	Centennial Bank	xxxxx8079	xxxxxx5308
BMH604	BMH-FAN 45 LLC	Centennial Bank	xxxxx8857	xxxxxx5274
BMH605	BMH-FAN 46 LLC	Southern Bancorp	xxx7406	xxxxxx5316
BMH614	BMH-FAN 47 LLC	Arvest Bank	xxx0616	xxxxxx5282
BMH606	BMH-FAN 48 LLC	Partners Bank	xxx1928	xxxxxx5324
BMH607	BMH-FAN 49 LLC	Southern Bancorp	xxx7414	xxxxxx5290
BMH608	BMH-FAN 50 LLC	First Horizon Bank	xxxxxx2680	xxxxxx5332
BMH609	BMH-FAN 51 LLC	Centennial Bank	xxxxx8997	xxxxxx5340
BMH610	BMH-FAN 52 LLC	Arvest Bank	xxxxx0315	xxxxxx5357
BMH613	BMH-FAN 53 LLC	Regions Bank **	xxxxxx1056	xxxxxx5365
BMH611	BMH-FAN 54 LLC	First Horizon Bank	xxxxxx2672	xxxxxx5373
BMH311	BMH-RCL 34 LLC	Arvest Bank	xxx3842	xxxxxx5253
BMH312	BMH-RCL 35 LLC	Arvest Bank	xxx5484	xxxxxx5261
BMH310	BMH-RCL 36 LLC	Arvest Bank	xxx5882	xxxxxx5279
BMH307	BMH-RCL 37 LLC	Arvest Bank	xxx6250	xxxxxx5287
BMH308	BMH-RCL 38 LLC	Arvest Bank	xxx6632	xxxxxx5295
BMH313	BMH-RCL 39 LLC	Arvest Bank	xxx7275	xxxxxx5303
BMH309	BMH-RCL 40 LLC	Commerce Bank	xxxxx5431	xxxxxx5311
BMH305	BMH-RCL 41 LLC	Wells Fargo **	xxxxxx8620	xxxxxx5329
BMH304	BMH-RCL 42 LLC	Regions Bank **	xxxxxx1501	xxxxxx5337
BMH631	BMH-SM 79, LLC	First State Community Bank	xxx8575	xxxxxx3435
BMH632	BMH-SM 80, LLC	First State Community Bank	xxx8633	xxxxxx3377
BMH633	BMH-SM 81, LLC	First State Community Bank	xxx8641	xxxxxx3393
BMH634	BMH-SM 82, LLC	First State Community Bank	xxx8682	xxxxxx3443
BMH635	BMH-SM 83, LLC	First State Community Bank	xxx8708	xxxxxx3427
	BMH-SM 84, LLC	N/A	N/A	xxxxxx3385
BMH636	BMH-SM 85, LLC	First State Community Bank	xxx8724	xxxxxx3419
BMH637	BMH-SM 86, LLC	First State Community Bank	xxx8922	xxxxxx3401
BMH638	BMH-SM 87, LLC	First State Community Bank	xxx8948	xxxxxx3450
BMH375	BMH-TNM 28 LLC	Wells Fargo **	xxxxxx8638	xxxxxx5188
BMH568	BMH-TNM 29 LLC	Wells Fargo **	xxxxxx0102	xxxxxx5204
BMH376	BMH-TNM 30 LLC	Wells Fargo **	xxxxxx0128	xxxxxx5212
BMH377	BMH-TNM 31 LLC	Wells Fargo **	xxxxxx0169	xxxxxx5220
BMH378	BMH-TNM 32 LLC	Wells Fargo **	xxxxxx0201	xxxxxx5238
BMH592	BMH-TNM 33 LLC	Sundown Bank	xxx949	xxxxxx5246
BMH488	Buddy Mac One LLC	Chase Bank **	xxxxx7932	xxxxxx4715
BMH436	Buddy Mac Twenty-five LLC	Banc First	xxxxxx4388	xxxxxx4751
BMH435	Buddy Mac Twenty-four LLC	Banc First	xxxxxx4420	xxxxxx4777
BMH432	Buddy Mac Twenty-one LLC	Banc First	xxxxxx4362	xxxxxx4744
BMH515	Buddy Mac Twenty-seven LLC	Security Bank of Tulsa	xxx6781	xxxxxx4793
BMH437	Buddy Mac Twenty-six LLC	Banc First	xxxxxx4404	xxxxxx4785
BMH434	Buddy Mac Twenty-three LLC	RBC Bank	xxxxx2480	xxxxxx4769
BMH433	Buddy Mac Twenty-two LLC	Banc First	xxxxxx4370	xxxxxx4736
	BMH-RTO, LLC			xxxxxx5485
	Buddy Mac Holdings, LLC			xxxxxx5044

\*\* Denotes Authorized Depository approved by the U.S. Trustee for Region 6.

*Shapiro Declaration*

## **EXHIBIT C**

**Cash Management System Diagram**

**Cash Management System Diagram**

*This diagram provides a general overview of the Debtors' store customer payment flow. The Debtors accept credit card or debit card, cash, or money orders for product purchases. The Debtors do not accept check or ACH payments.*

