

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

CTN HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10603 (TMH)
(Jointly Administered)

Related Docket No. 65

DECLARATION OF TERI STRATTON
IN SUPPORT OF THE SALE OF SUBSTANTIALLY ALL OF THE
DEBTORS' ASSETS TO INHERENT ASPIRATION, LLC

I, Teri Stratton, hereby declare as follows (the “**Declaration**”):

1. I am a Senior Managing Director and the National Practice Leader for Restructuring and Special Situations at Hilco Corporate Finance LLC (“**Hilco**”), the investment banking division of Hilco Global. I have over two decades of experience in advising on distressed sell-side and buy-side mergers and acquisitions transactions, recapitalizations, and restructuring transactions to middle market companies across many industries.

2. Hilco is a leading investment banking firm whose professionals have worked with financially troubled companies and their stakeholders in a variety of industries in complex financial restructurings, both in chapter 11 cases and out-of-court proceedings.

3. As further set forth in the *Debtors' Application for Entry of an Order (I) Authorizing the Retention and Employment of Hilco Corporate Finance, LLC as Investment Banker to the Debtors Effective as of April 1, 2025, and (II) Modifying Certain Information Requirements of Del.*

¹ The Debtors in these chapter 11 cases, along with the last four digits of the Debtors' federal tax identification numbers, are CTN Holdings, Inc. (9122), CTN SPV Holdings, LLC (8689), Make Earth Green Again, LLC (4441), Aspiration QFZ, LLC (1532), Aspiration Fund Adviser, LLC (4214), Catona Climate Solutions, LLC (3375), Zero Carbon Holdings, LLC (1679), and Carbon Sequestration III, LLC (2344). The mailing address for the Debtors is 548 Market Street, PMB 72015, San Francisco, CA 94104-5401.



251060325053000000000006

Bankr. L.R. 2016-1 [D.I. 81] filed on April 22, 2025, the above captioned debtors and debtors in possession (together, the “**Company**” or the “**Debtors**,” and each a “**Debtor**”) have retained Hilco to serve as their investment banker in their chapter 11 bankruptcy cases (the “**Chapter 11 Cases**”) and to market the Debtors’ assets, which retention was approved by the Court on May 16, 2025. *See Order (I) Authorizing the Retention and Employment of Hilco Corporate Finance, LLC as Investment Banker to the Debtors Effective as of April 1, 2025, and (II) Modifying Certain Information Requirements of Del. Bankr. L.R. 2016-1* [D.I. 184].

4. I submit this declaration (this “**Declaration**”) in support of the *Debtors’ Motion for Entry of an Order Approving (I)(A) The Debtors’ Entry into Stalking Horse Agreement and Related Expense Reimbursement and Break-Up Fee; (B) the Bidding Procedures in Connection with the Sale of Substantially all of the Debtors’ Assets; (C) the Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) the Form and Manner of Notice of the Sale Hearing, Assumption Procedures, and Auction Results; and (E) Dates for an Auction and Sale Hearing; (II)(A) the Sale of Substantially All of the Debtors’ Assets Free and Clear of all Claims, Liens, Liabilities, Rights, Interests, and Encumbrances and (B) the Debtors’ Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* [D.I. 65] (the “**Bidding Procedures Motion**”).

5. In particular, I submit this Declaration in support of (a) the Debtors’ decision to sell the Acquired Assets,² as set forth in that certain Asset Purchase Agreement, dated as of May 9, 2025 (as the same may be amended or restated, the “**Stalking Horse Purchase Agreement**”), by and among Debtors and Inherent Aspiration, LLC (“**Inherent**”), as modified by that certain

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Motion or Stalking Horse Purchase Agreement.

Settlement Term Sheet between and among the Debtors, Inherent, and the Official Committee of Unsecured Creditors attached as Exhibit 3 to the Final DIP Order [D.I. 204], and (b) my opinion that entry into the Stalking Horse Purchase Agreement and closing of the Sale is in the Debtors' sound business judgment and in the best interest of the Debtors' estates and their creditors.

6. I have reviewed the Bidding Procedures Motion, Bidding Procedures Order, and the Bidding Procedures that were approved thereby, and I am familiar with the terms of the same.

7. I have further reviewed the Stalking Horse Purchase Agreement and am familiar with the terms of the same.

8. I have further reviewed the *Declaration of Miles Staglik in Support of the Sale of Substantially All of the Debtors' Assets to Inherent Aspiration, LLC*.

9. Except as otherwise indicated, all facts set forth in this Declaration are based upon (a) my personal knowledge, information and belief, or my opinion based upon experience, knowledge and information concerning the Debtors; (b) information learned from my review of relevant documents; and/or (c) information supplied by members of the Debtors' management, employees of Hilco working directly with me or under my supervision, direction or control and/or from the Debtors' other professionals and advisors.

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

Qualifications

11. I received a bachelor's degree in economics from the University of California at Los Angeles as well as a Master of Business Administration degree in finance, with honors, from the Anderson School at UCLA. I am a Certified Insolvency and Restructuring Advisor and a

member of the Turnaround Management Association, the Association of Insolvency and Restructuring Advisors, and the American Bankruptcy Institute.

12. Prior to joining Hilco in 2022, I held investment banking positions at both Piper Sandler and Macquarie Capital Advisors (and its predecessor firms) where I focused on providing debt advisory, equity private placements, capital markets, mergers and acquisitions, and restructuring advisory services to middle market companies across many industries, including consumer products (restaurants, food and agriculture), industrials, and healthcare. I also have experience in corporate banking, serving in both credit administration and special assets.

13. I have more than twenty years of experience in financial advisory and investment banking services and have been involved in numerous financial and operational restructurings, valuations, solvency analyses and fraudulent transfer disputes, investment banking and corporate finance transactions, and troubled company due diligence investigations.

14. In addition to working with the Debtors in the above-captioned cases, my restructuring and financial advisory engagements have included representations of debtors and unsecured creditors' committees in the following chapter 11 cases: *In re MRRC Hold Co.*, No. 24-11164 (CTG) (Bankr. D. Del. Jul. 8, 2024); *In re MusclePharm Corporation*, No. 22-14422 (NMC) (Bankr. D. Nev. Aug. 28, 2023); *In re Meridian Restaurants Unlimited, LC*, No. 23-20731 (JTM) (Bankr. D. Uta. Aug. 1, 2023); *In re CBC Restaurant Corp.*, No. 23-10245 (KBO) (Bankr. D. Del. June 2, 2023); *In re CiCi's Holdings, Inc.*, No. 21-30155 (SGJ) (Bankr. N.D. Tex. Mar. 1, 2021); *In re VIVUS, Inc.*, No. 20-11779 (LSS) (Bankr. D. Del. Jul. 7, 2020); *In re Garden Fresh Restaurant Corporation*, No. 20-02477 (JLS) (Bankr. S.D. Cal. May 14, 2020); *In re The Krystal Company*, No. 20-61065 (PWB) (Bankr. N.D. Ga. Jan. 19, 2020); *In re HRI Holding Corp.*, No. 19-12415 (MFW) (Bankr. D. Del. Nov. 14, 2019); *In re FTD Companies*, No. 19-11240 (LSS)

(Bankr. D. Del. Jun. 3, 2019); *In re Kona Grill Inc.*, No. 1910953 (CSS) (Bankr. D. Del. May 28, 2019); *In re Willowood USA Holdings, LLC*, No. 19-11079 (KHT) (Bankr. D. Colo. Feb. 15, 2019); *In re Synergy Pharmaceuticals*, No. 18-14010 (LGB) (Bankr. S.D. N.Y. Dec. 12, 2018); *In re RM Holdco LLC*, No. 18-11795 (MFW) (Bankr. D. Del Aug. 30, 2018); *In re Portrait Innovations*, No. 17-31455 (JCW) (Bankr. W.D. N.C. Sept. 1, 2017); *In re Ignite Restaurant Group, Inc.*, No. 17-33550 (DRJ) (Bankr. S.D. Tex. Jun. 6, 2017); *In re Central Grocers, Inc.*, No. 17-13886 (PSH) (Bankr. N.D. Ill. May 4, 2017); *In re Sotera Wireless*, No. 16-05968 (LST) (Bankr. S.D. Cal. Sept. 30, 2016); *In re Rotary Drilling Tools USA, LLC*, No. 16-33433 (MI) (Bankr. S.D. Tex. Jul. 6, 2016); *In re Golden County Foods*, No. 15-11062 (KG) (Bankr. D. Del. May 15, 2015); *In re Claim Jumper Restaurants, LLC*, No. 10-12819 (KG), as well as numerous private transactions.

15. Although Hilco is expected to be compensated for its work with the Debtors in these Chapter 11 Cases, I am not being compensated separately for this Declaration or testimony.

The Debtors' Marketing Efforts

16. Since its retention on April 1, 2025, Hilco has provided extensive services in connection with advising and facilitating the Sale Process. Hilco has become familiar with the Debtors' corporate and capital structure, management, and business operations and has gained significant institutional knowledge of the Debtors' business and financial affairs and other potential issues that may arise in the context of these Chapter 11 Cases. Hilco is both well qualified and uniquely able to render investment banking services to the Debtors in these Chapter 11 Cases in an efficient and timely manner.

17. The Debtors, in coordination with their professionals, including Hilco, created and populated a data room (the "**Data Room**"), which potential bidders were able to access to conduct

due diligence with respect to the Debtors' assets. The Data Room garnered significant interest from potential bidders.

18. During the marketing process, Hilco reached out to over one hundred twenty-two (122) parties with teaser materials and a non-disclosure agreement ("NDA"), which parties included both strategic and financial investors with access to sufficient capital and interest in the carbon credit industry or sustainable investing. Twenty-nine (29) interested parties executed NDAs and gained access to the Data Room. Hilco conducted over thirty (30) calls with interested parties. Hilco continued its efforts to market the Debtors' assets up until the Bid Deadline.

19. The Bidding Procedures approved by this Court contemplated an approximately eight-week marketing and sale process whereby the Auction, if needed, was to be conducted on May 27, 2025, the Sale Hearing held on June 2, 2025, and the Sale closed by June 6, 2025. I believe that this timeline was reasonable, necessary, and adequate under the circumstances of the Chapter 11 Cases.

20. Based on my review of the Debtors' business, my knowledge of the carbon credit industry, and my involvement in marketing the Debtors' assets, it is my belief that the universe of parties potentially interested in purchasing the Debtors' assets was small due to the nature of the carbon credit industry, the significant capital outlays and risks associated with the Debtors' business, and the long time horizon for realizing a return from carbon credit development projects for owners and investors. It is my belief that Hilco effectively targeted this universe of potentially interested parties. Thus, the revised marketing period provided for in the Bidding Procedures was sufficient to both test the market for the Debtors' assets and conduct a competitive, value-maximizing Sale Process. Further, the length of the marketing period targeted to these potential

buyers struck an appropriate balance between the Debtors' current cash situation and the need to test the market for the Debtors' assets.

21. In light of the foregoing, I believe that the length of the Sale Process in these Chapter 11 Cases was necessary, reasonable, and adequate under the circumstances because it appropriately balanced the economic and practical realities of these cases while still establishing a fair, open, and competitive bidding process for the sale of the Debtors' assets. Further, through the Sale Process, the Bidding Procedures served the essential dual purposes of (a) providing a market check and potential topping bid that would maximize value for the Debtors' estates or, in the alternative, (b) confirming that the consideration offered in the Stalking Horse Purchase Agreement is the highest and best bid for the Debtors' assets as determined by a thorough marketing process.

22. I believe that the credit bid embodied in the Stalking Horse Purchase Agreement, which is less than the full amount of Inherent's secured indebtedness, invited third-party participation in the Sale Process. I similarly believe that had Inherent credit bid its entire secured indebtedness in the Stalking Horse Purchase Agreement (which I understand exceeds \$60 million), such bid would have had a chilling effect on competitive bidding.

The Sale

23. Ultimately, other than the Qualified Bid embodied by the Stalking Horse Purchase Agreement, no other bidder submitted a Qualified Bid by the Bid Deadline. Accordingly, Inherent was designated as the Successful Bidder and no Auction was necessary.

24. It is my understanding that Inherent would not have entered into the Stalking Horse Purchase Agreement or any agreements, documents, or other instruments entered into pursuant thereto or in connection therewith and would not want to consummate the Sale, thus adversely

affecting the Debtors' estates and their creditors, if the Acquired Assets were not being sold free and clear of all claims, liens, and encumbrances, or if Inherent would or could be liable for any such claims, liens, and encumbrances now or in the future. A sale of the Acquired Assets other than free and clear of all claims, liens, and encumbrances would yield substantially less value for the Debtors' estates. I believe that the consideration provided under the Stalking Horse Purchase Agreement reflects Inherent's reliance on the Sale Order to provide it with title to and possession of the Acquired Assets free and clear of all claims, liens, and encumbrances pursuant to sections 105(a) and 363(f) of the Bankruptcy Code.

Good Faith

25. Throughout the diligence, negotiation, and Sale Process, Inherent has complied with the Bidding Procedures Order and the Bidding Procedures. To my knowledge, Inherent participated in the Sale Process in good faith and on an arms' length basis. To my knowledge, Inherent has not engaged in any conduct that would cause or permit the Stalking Horse Purchase Agreement to be avoided under 11 U.S.C. § 363(n). Specifically, to my knowledge Inherent has not acted in a collusive manner with any person or entity with respect to the Sale, and Inherent did not enter into any agreement with another bidder or potential bidder that controlled the purchase price of the Sale.

26. The Stalking Horse Purchase Agreement was not entered into, and the Sale is not being consummated, for the purpose of hindering, delaying, or defrauding present or future creditors of the Debtors. All payments to be made by Inherent in connection with the Sale have been disclosed in the Stalking Horse Purchase Agreement. Neither the Debtors nor Inherent entered into the Stalking Horse Purchase Agreement or is proposing to consummate the sale fraudulently.

27. For all of these reasons, it is my view that Inherent has acted in good faith within the meaning of Section 363(m) of the Bankruptcy Code.

Sound Business Purpose

28. Based on my experience and personal knowledge of the Debtors' robust marketing efforts and the terms of the Stalking Horse Purchase Agreement, I believe the Debtors have demonstrated good, sufficient, and sound business purposes and justifications for the approval and entry into the Stalking Horse Purchase Agreement and approval of the Sale. I believe that entry into the Stalking Horse Purchase Agreement and consummation of the Sale constitutes a sound and reasonable exercise of the Debtors' business judgment, consistent with their fiduciary duties, because, among other things: (a) the terms of the Stalking Horse Purchase Agreement embody the highest and best offer received by the Debtors during the Sale Process, (b) the Stalking Horse Purchase Agreement presents the best opportunity to maximize the value of the Acquired Assets, and (c) the Sale will provide a better outcome for the Debtors' estates than would any other available alternative.

29. I further believe that the Sale as contemplated by the Stalking Horse Purchase Agreement is in the best interest of the Debtors, their estates, their creditors, and other parties in interest and is necessary and appropriate to maximize the value of the Debtors' estates. Accordingly, I believe that the Court should enter the Sale Order and approve the Sale.

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

Dated: May 30, 2025

/s/ Teri Stratton

Teri Stratton
Senior Managing Director
Hilco Corporate Finance LLC