

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

In re:

WELLMADE FLOOR COVERINGS  
INTERNATIONAL, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-58764

(Jointly Administered)

**APPLICATION OF THE DEBTORS AND DEBTORS IN POSSESSION FOR ENTRY OF  
AN ORDER (I) AUTHORIZING THE RETENTION AND EMPLOYMENT OF HILCO  
CORPORATE FINANCE, LLC AS INVESTMENT BANKER TO THE DEBTORS AND  
DEBTORS IN POSSESSION PURSUANT TO 11 U.S.C. §§ 327(a) AND 328(a),  
EFFECTIVE AS OF THE PETITION DATE; (II) MODIFYING TIME-KEEPING  
REQUIREMENTS; AND (III) GRANTING RELATED RELIEF**

The debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) hereby submit this application (the “Application”), pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Rule 9013-2 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Northern District of Georgia (the “Local Bankruptcy Rules”), and the *Second Amended and Restated General Order 26-2019, Procedures for Complex Chapter 11 Cases*, dated February 6, 2023 (the “Complex Case Procedures”), for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”): (i) authorizing the Debtors to retain and employ Hilco Corporate Finance, LLC (“HCF”) as its investment banker, effective as of the Petition Date (as

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.



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defined below), pursuant to and subject to the conditions of that certain engagement letter between HCF and the Debtors, dated as of May 21, 2025 (the “Engagement Letter”),<sup>2</sup> a copy of which is attached hereto as **Exhibit B**; (ii) modifying time-keeping requirements of Rule 2016(a) of the Bankruptcy Rules; and (iii) granting related relief. In support of this Application, the Debtors submit the declaration of Teri Stratton, Senior Managing Director and National Practice Leader for Restructuring and Special Situations at HCF (the “Stratton Declaration”), attached hereto as **Exhibit C** and incorporated herein by reference. In further support of this Application, the Debtors respectfully represent as follows:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the Northern District of Georgia (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Application is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The bases for the relief requested herein are sections 327(a) and 328(a) of the Bankruptcy Code, Rules 2014(a) and 2016 of the Bankruptcy Rules, Local Bankruptcy Rule 9013-2 and the Complex Case Procedures.

### **BACKGROUND**

3. On August 4, 2025 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court.

4. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Engagement Letter.

5. On August 14, 2025, the Office of the United States Trustee formed an official committee of unsecured creditors in the above-captioned chapter 11 cases (the “Chapter 11 Cases”). No request has been made for the appointment of a trustee or an examiner.

6. Additional information regarding the Debtors’ business, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of David Baker, CTP in Support of Chapter 11 Petitions and First Day Pleadings* [D.I. 14] (the “First Day Declaration”).

### **RELIEF REQUESTED**

7. By this Application, the Debtors request entry of the Proposed Order (i) authorizing the Debtors to retain and employ HCF as their investment banker pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and Rules 2014(a) and 2016 of the Bankruptcy Rules, effective as of the Petition Date, pursuant to the terms and subject to the conditions of the Engagement Letter, as may be modified in the Proposed Order, which, among other things, describes the services the Debtors seek to have HCF perform on their behalf and sets forth the fee and expense structure and the indemnification, contribution, reimbursement and related provisions; (ii) modifying certain time-keeping requirements of Rule 2016(a) of the Bankruptcy Rules; and (iii) granting related relief.

### **HCF’S QUALIFICATIONS AND THE NEED FOR HCF’S SERVICES**

8. The Debtors submit this Application because of their need to retain a qualified investment banker to assist the Debtors with certain critical tasks associated with guiding the Debtors through these Chapter 11 Cases. The Debtors believe that their retention of an investment banker is necessary and appropriate to enable them to evaluate the financial and economic issues raised by the Debtors’ Chapter 11 Cases, successfully consummate the orderly sale of their assets, and to effectively carry out their duties as debtors in possession.

9. The Debtors selected HCF as their investment banker in these Chapter 11 Cases based upon HCF's extensive experience in matters involving complex financial restructurings and HCF's excellent reputation for the services that it has rendered in chapter 11 cases on behalf of debtor and creditor constituencies throughout the United States.

1. As set forth in the Stratton Declaration, HCF is a boutique investment banking firm affiliated with Hilco Trading, LLC, a diversified financial services holding company with more than twenty specialized business units and more than 800 professionals throughout the world. HCF specializes in providing strategic advisory services to middle-market companies. HCF and its professionals have extensive expertise providing investment banking services to financially distressed companies, creditors, committees, equity holders, asset purchasers and other constituencies in reorganization proceedings and complex financial restructurings, both in and out of court. HCF and its professionals are providing or have provided investment banking, financial advisory and other services in connection with the following recent cases, among others: *In re OTB Holding LLC, et al.*, No. 25-52415 (SMS) (Bankr. N.D. Ga. Mar. 10, 2025); *In re iM3NY LLC*, No. 25-10131 (BLS) (Bankr. D. Del. Feb. 21, 2025); *In re TGI Friday's Inc., et al.*, No. 24-80069 (Bankr. N.D. Tex. Dec. 30, 2024); *In re One Table Restaurant Brands LLC*, No. 24-11553 (KBO) (Bankr. D. Del. July 17, 2024); *In re MRRC Hold Co.*, No. 24-11164 (CTG) (Bankr. D. Del. June 5, 2024); *In re Red Lobster Management LLC*, No. 24-02486 (GER) (Bankr. M.D. Fla. May 19, 2024); *F/V Aleutian Endurance LLC, et al. v. Peter Pan Seafood Company, LLC*, No. 24-2-00601-6 (Wash. Ct. App. Apr. 2, 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. 19-10953 (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) (Bankr. D. Del. Oct. 6, 2010).

10. HCF has been engaged by the Debtors since May 2025, and, as a result, is familiar with the Debtors' corporate and capital structure, management, business operations, and potential investor or party to a sale transaction universe. Thus, the Debtors believe that HCF is both well-qualified and uniquely able to advise the Debtors in these Chapter 11 Cases.

#### **SCOPE OF SERVICES**

11. Subject to the Court's approval, the Debtors anticipate that HCF will perform or provide the following investment banking services, among others, pursuant to the Engagement

Letter, as mutually agreed upon by HCF and the Debtors:<sup>3</sup>

- (a) Become familiar, to the extent HCF deems appropriate, with the commercial, financial, operational, and legal circumstances of the Debtors. HCF anticipates that this will include consideration of one or more potential Transactions<sup>4</sup> and other value-maximizing strategies that the Debtors may consider;
- (b) Identifying and recommending to the Debtors potential buyers and capital sources in connection with a Transaction;
- (c) With the Debtors' assistance, creating written materials (*e.g.*, a "teaser," confidential information memorandum, management presentation, form of Non-Disclosure Agreement) to be used in presenting the Transaction opportunity to prospective buyers and capital sources. Prior to distribution of these materials, the Debtors shall review, comment on, and provide written approval for their use in connection with a Transaction;
- (d) Soliciting and reviewing proposals and making recommendations and advising the Debtors in negotiating proposals concerning a Transaction;
- (e) Assisting the Debtors in responding to the due diligence review of interested parties with respect to a Transaction, including by managing a Virtual Data

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<sup>3</sup> To the extent there is any inconsistency between this summary of the services set forth in the Engagement Letter and the terms of the Engagement Letter, the terms of the Engagement Letter shall control.

<sup>4</sup> In the Engagement Letter, the term "Transaction" means and includes a Sale Transaction and/or a Capital Raise Transaction (defined below). Transaction also means and includes (i) any sale of all or a substantial portion of the Debtors' equity, assets, or operations pursuant to section 363 of the Bankruptcy Code, (ii) a sale, restructuring, or reorganization of all or a substantial portion of the Debtors' assets or equity pursuant to Article 9 of the Uniform Commercial Code (as applicable in all relevant jurisdictions), (iii) any other insolvency process, in each case whether effectuated through a credit bid, a cash payment, the assumption of liabilities, or any combination thereof.

In the Engagement Letter, the term "Sale Transaction" means and includes any transaction or series of related transactions that constitute the sale, restructuring, reorganization, or disposition to one or more third parties (including without limitation any person, group of persons, partnerships, corporation, limited liability corporation, or other entities, and also including, among others, any of the existing owners, shareholders, members, employees, or creditors of any entity comprising the Debtors and/or the affiliates of each) of: (a) all or a substantial portion of the equity securities or membership interests of any entity comprising the Debtors or any interest held by any entity comprising the Debtors, (b) any substantial portion of the assets (including the assignment of any material contracts) or operations of any entity comprising the Debtors or any joint venture or partnerships or other entity formed by the Debtors, in either case including without limitation through: (i) a sale or exchange of capital stock, options, or assets with or without a purchase option, (ii) a merger, consolidation, or other business combination, (iii) an exchange or tender offer, (iv) a recapitalization, (v) the formation of a joint venture, partnership, or similar entity, and/or (vi) any similar transaction.

In the Engagement Letter, the term "Capital Raise Transaction" means and includes any transaction or series of related transactions that constitute the raising, refinancing, or restructuring of any debt and/or equity capital from one or more third-parties (including without limitation any person, group of persons, partnerships, corporation, limited liability corporation, or other entities, and also including, among others, creditors of any entity comprising the Company and/or the affiliates of each).

Room (“VDR”), and assisting the Debtors in organizing, populating, and maintaining the VDR;

- (f) Assisting the Debtors in soliciting, evaluating, and negotiating Transaction proposals;
- (g) Assisting the Debtors and its other professional advisors in negotiating definitive documentation concerning a Transaction and otherwise assisting in the process of closing a Transaction;
- (h) Assisting with the preparation of Court motions related to a Transaction;
- (i) Consulting with other retained parties, lenders, creditors’ committee, and other parties-in-interest;
- (j) Participating in court hearings and providing testimony in connection with a Transaction; and
- (k) Performing such other tasks as appropriate and as may reasonably be requested by the Debtors’ management or counsel.

12. The Debtors do not believe that the services to be rendered by HCF will be duplicative of the services performed by any other professional, and the Debtors will work with HCF and the other professionals retained by the Debtors to minimize and avoid duplication of services.

### **PROFESSIONAL COMPENSATION**

13. As more fully set forth in the Engagement Letter, HCF and the Debtors have agreed, subject to the Court’s approval, on the following terms of compensation and expense reimbursement (the “Fee and Expense Structure”):<sup>5</sup>

- (i) **Monthly Fee**. A monthly fee (the “Monthly Fee”) equal to \$20,000 for the services it provides in the month in which such payment is made. The Monthly Fee shall be fully earned and nonrefundable upon payment. All such Monthly Fees will be credited to a Sale Transaction Fee or a Capital Raise Fee.

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<sup>5</sup> To the extent there is any inconsistency between the summary of the Fee and Expense Structure set forth in this Application and the Fee and Expense Structure as set forth in the Engagement Letter, the terms of the Engagement Letter shall control.



- (ii) **Sale Transaction Fee.** A fee (a “**Sale Transaction Fee**”) upon and as a condition to the first closing of a Sale Transaction in an amount equal to the greater of: (i) \$650,000 or (ii) 2% of the Transaction Value.<sup>6</sup>
- (iii) **Capital Raise Fee.** A fee (a “**Capital Raise Fee**”) upon and as a condition to the first closing and funding of a Capital Raise Transaction equal to the greater of: (i) \$650,000, (ii) the sum of (a) 2% of the committed amount of any Senior Debt, (b) 3.5% of the committed amount of any Junior Debt, and (c) 5% of the committed amount of any Equity or Equity Linked Capital. The Capital Raise Fee will apply to all raised capital, regardless of whether such amounts are funded as of closing. Should the committed amount of Senior Debt, Junior Debt, Equity or Equity Linked Capital be increased in the 12-months following the first closing, the Debtors shall pay a fee on the increased committed amount as provided in this paragraph.<sup>7</sup>
- (iv) If a Transaction is consummated in these Chapter 11 Cases by a credit bid from the Debtors’ secured lender, and the cash component of any such bid does not include sufficient cash to pay the Transaction Fee, HCF shall be deemed to have (and the Debtors shall not object to) an administrative claim in the Chapter 11 Case for any unpaid portion of the Transaction Fee.
- (v) **Expenses.** In addition to any fees that may be paid to HCF under the Engagement Letter, whether or not any Transaction occurs, the Debtors will reimburse HCF, promptly upon receipt of an invoice therefor, for all reasonable out-of-pocket expenses incurred in connection with the engagement contemplated herein and in the Engagement Letter, including those related to travel, meals, lodging, and, upon written approval from the Debtors, attorneys’

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<sup>6</sup> For the purpose of calculating a Sale Transaction Fee, “Transaction Value” shall mean and include without limitation and without duplication: (a) all cash (including escrowed amounts, and other withheld amounts) paid or payable to the Debtors or its securityholders, including holders of the Debtors’ or any of its subsidiaries’ common stock, preferred stock, options and warrants (collectively, the “Sellers”), by the investor or purchaser in the Sale Transaction (the “Buyer”), (b) the fair market value of all notes, securities, and other property issued or delivered or to be issued or delivered to the Sellers by Buyer, (c) all Seller liabilities, including all debt and guarantees, directly or indirectly assumed, refinanced, cancelled, extinguished, credit bid, or consolidated by the Buyer, (d) the amount of all installment payments to be made by the Buyer to the Sellers, (e) the net present value of any contingent payments (whether or not related to future earnings or operations) to be paid by the Buyer to the Sellers, and (f) the amount of any extraordinary dividends or distributions paid by the Buyer to the Sellers in connection with or contemplated by the Transaction. For the purposes of computing “Transaction Value” hereunder, non-cash consideration shall be valued as follows: (a) publicly traded securities shall be valued at the average of their closing prices (as reported in The Wall Street Journal or other reputable source reasonably designated by HCF if The Wall Street Journal does not publish such closing prices) for the five trading days prior to the closing of the Transaction, (b) options shall be valued using the treasury stock method without giving effect to tax implications, and (c) any other non-cash consideration shall be valued at the fair market value thereof as determined in good faith by HCF and the Debtors.

<sup>7</sup> As used in the Engagement Letter, the term (i) “Senior Debt” means and includes capital the repayment of which is evidenced by a credit, loan, or comparable agreement and is secured by a first priority lien on assets of the Debtors, (ii) “Junior Debt” means and includes any debt capital that is not otherwise defined as Senior Debt, and (iii) “Equity” or “Equity Linked” means an ownership interest in the Debtors in whatever form, including common or preferred interests, membership interests, or otherwise.



fees as well as ancillary costs such as research, printing, duplicating, postage and shipping, database access charges, and other miscellaneous expenses incurred prior to termination or expiration of the Engagement Letter. HCF may bill the Debtors for its reimbursable expenses each month. Invoices are due and payable on the date of issue and the Debtors hereby agree to pay any such invoices within thirty (30) days of the invoice date.

14. During the pendency of these Chapter 11 Cases, HCF will apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and any other applicable procedures and orders of the Court consistent with the proposed compensation arrangement set forth in the Engagement Letter.

**THE FEE AND EXPENSE STRUCTURE IS APPROPRIATE AND REASONABLE AND SHOULD BE APPROVED UNDER BANKRUPTCY CODE SECTION 328(a)**

15. The Debtors believe that the Fee and Expense Structure as set forth in the Engagement Letter is reasonable. The Fee and Expense Structure appropriately reflects the nature of the services to be provided by HCF and the fee structures typically utilized by leading investment banking firms of similar stature to HCF for comparable engagements, both in and out of court. The Fee and Expense Structure is consistent with HCF's normal and customary billing practices for cases of this size and complexity that require the level of scope and services outlined herein. Moreover, the Fee and Expense Structure is reasonable in light of (i) industry practice; (ii) market rates charged for comparable services both in and out of the chapter 11 context; (iii) HCF's substantial experience with respect to investment banking services; and (iv) the nature and scope of work to be performed by HCF in these Chapter 11 Cases.

16. In particular, the Debtors believe that the Fee and Expense Structure creates a proper balance between fixed monthly fees and contingency fees. Similar fixed and contingency fee arrangements have been approved and implemented in other recent large chapter 11 cases in this District. *See, e.g., In re OTB Holding LLC, et al.*, No. 25-52415 (SMS) (Bankr. N.D. Ga. Mar.

10, 2025) [D.I. 86] (authorizing employment of investment banker and approving contingent and non-contingent fees); *In re LaVie Care Centers, LLC, et al.*, No. 24-55507 (PMB) (Bankr. N.D. Ga. Jun. 2, 2024) [D.I. 187]; (same); *In re The Krystal Company, et al.*, No. 20-61065 (PWB) (Bankr. N.D. Ga. Jan. 19, 2020) [D.I. 138]; *In re Jack Cooper Ventures, Inc.*, et al. No. 19-62393 (PWB) (Bankr. N.D. Ga. Sept. 3, 2019) [D.I. 210] (same); *In re CGLA Liquidation, Inc., f/k/a Cagle's, Inc., CF Liquidation, Inc., f/k/a Cagle's Farms, Inc.*, No. 11-80202 (PWB) (Bankr. N.D. Ga. Dec. 18, 2012) [D.I. 1053] (same); and *In re Shaw*, No. 09-61855-BEM, 2024 WL 1590585 (Bankr. N.D. Ga. Apr. 11, 2024) [D.I. 351] (same).

### **RECORD KEEPING AND APPLICATIONS FOR COMPENSATION**

17. Consistent with its ordinary practice and the practice of investment bankers in other chapter 11 cases whose fee arrangements are not hours-based, HCF does not maintain contemporaneous time records or provide or conform to a schedule of hourly rates for its professionals. Given the foregoing and that HCF's compensation is based on fixed fees, the Debtors request that, notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, any order of this Court, the Complex Case Procedures or any other guidelines regarding the submission and approval of fee applications, HCF's professionals be excused from maintaining time records as set forth in Rule 2016(a) of the Bankruptcy Rules in connection with the services to be rendered pursuant to the Engagement Letter. HCF will, however, maintain reasonably detailed summary time records in one-half hour increments describing each professional's tasks on a daily basis, including reasonably detailed descriptions of those services and the individuals who provided those services, as well as records in support of any expenses incurred in connection with the rendering of its services in these Chapter 11 Cases. Courts in this District in other large chapter 11 cases have excused flat-fee professionals

from time-keeping requirements under similar circumstances. *See, e.g., In re OTB Holding LLC, et al.*, No. 25-52415 (SMS) (Bankr. N.D. Ga. Mar. 10, 2025) [D.I. 86] (requiring investment banker only to keep reasonably detailed summary time records in one-half hour increments); *In re LaVie Care Centers, LLC, et al.*, No. 24-55507 (PMB) (Bankr. N.D. Ga. Jun. 2, 2024) [D.I. 187] (same); *In re The Krystal Company, et al.*, No. 20-61065 (PWB) (Bankr. N.D. Ga. Jan. 19, 2020) [D.I. 138]; (requiring investment banker only to keep reasonably detailed summary time records in one-half hour increments while indicating the total hours incurred by each professional for each day and briefly describing the nature of the work performed); *In re Jack Cooper Ventures, Inc., et al.*, No. 19- 62393 (PWB) (Bankr. N.D. Ga. Sept. 3, 2019) [D.I. 210] (excusing investment banker from the requirement to maintain or provide detailed time records for services rendered postpetition and providing or conforming to any schedule of hourly rates); *In re CGLA Liquidation, Inc., f/k/a Cagle's, Inc., CF Liquidation, Inc., f/k/a Cagle's Farms, Inc.*, No. 11-80202 (PWB) (Bankr. N.D. Ga. Dec. 18, 2012) [D.I. 1053] (same).

18. In addition, the Debtors respectfully request that HCF's professionals not be required to keep time records on a "project category" basis, that its non-investment banking professionals and personnel in administrative departments not be required to maintain any time records, and that it not be required to provide or conform to any schedule of hourly rates. To the extent that HCF would otherwise be required to submit more detailed time records for its professionals by the Bankruptcy Code, Bankruptcy Rules, the Local Rules, or other applicable procedures and orders of the Court, the Debtors respectfully request that the Court waive such requirements. The Debtors also request authorization to pay HCF's fees and expenses when due under the Engagement Letter provided that all such fees and expenses shall remain subject to the subsequent approval of the Court following the filing of a final fee application.

## **INDEMNIFICATION**

19. As part of the overall compensation payable to HCF under the terms of the Engagement Letter, the Engagement Letter provides for certain indemnification obligations to HCF and its affiliates, and each of their respective directors, officers, employees, agents, members, and any other controlling persons to the fullest extent lawful, from and against all losses, claims, damages, expenses (including reasonable fees and disbursements of counsel and accountants), costs (including, without limitation, expenses, fees, and disbursements and time charges related to giving testimony or furnishing documents in response to a subpoena or otherwise) and liabilities (joint or several) as incurred, related to or arising out of or in connection with HCF's services under the Engagement Letter.<sup>8</sup> Such terms of indemnification, as modified by the Proposed Order, reflect the qualifications and limits on such terms that are customary for investment bankers such as HCF in chapter 11 cases. *See, e.g., In re OTB Holding LLC, et al.*, No. 25-52415 (SMS) (Bankr. N.D. Ga. Mar. 10, 2025) [D.I. 86] (approving similar indemnification provisions); *In re LaVie Care Centers, LLC, et al.*, No. 24-55507 (PMB) (Bankr. N.D. Ga. Jun. 2, 2024) [D.I. 187] (same); *In re The Krystal Company, et al.*, No. 20-61065 (PWB) (Bankr. N.D. Ga. Jan. 19, 2020) [D.I. 138] (same); *In re Jack Cooper Ventures, Inc., et al.*, No. 19- 62393 (PWB) (Bankr. N.D. Ga. Sept. 3, 2019) [D.I. 210] (same); *see also In re EveryWare Global, Inc.*, No. 15-10743 (LSS) (Bankr. D. Del. May 20, 2015) (same); *In re Caesars Entm't Operating Co., Inc.*, No. 15-01145 (ABG) (Bankr. N.D. Ill. Mar. 26, 2015) (same); *In re MPM Silicones, LLC*, No. 14-22503 (RDD) (Bankr. S.D.N.Y. June 10, 2014) (same); *In re LATAM Airlines Grp. S.A.*, No. 20-11254 (JLG), 2022 WL 790414 (Bankr. S.D.N.Y. Mar. 15, 2022) (same).

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<sup>8</sup> To the extent there is any inconsistency between the summary of the indemnification provisions set forth in this Application and the indemnifications set forth in Annex 2 to the Engagement Letter, the terms of Annex 2 to the Engagement Letter shall control.

### **HCF'S DISINTERESTEDNESS**

20. As further set forth in the Stratton Declaration, HCF has informed the Debtors that, to the best of HCF's knowledge, information and belief, as of the date hereof, except as set forth in the Stratton Declaration, (i) HCF has no connection with the Debtors, their creditors, equity security holders or other parties in interest in these Chapter 11 Cases; (ii) HCF does not have or represent any entity having an interest adverse to the interests of the Debtors' estates or of any class of creditors or equity security holders; and (iii) HCF (a) is not a creditor, equity security holder or an insider of any of the Debtors and (b) is not or was not, within two years before the Petition Date, a director, officer, or employee of the Debtors. In addition, none of the HCF professionals expected to assist the Debtors in these Chapter 11 Cases is related or connected to any United States Bankruptcy Judge for the Northern District of Georgia, the United States Trustee for Region 21 (the "U.S. Trustee"), or any person employed by the U.S. Trustee.

21. During the ninety (90) day period prior to the commencement of these Chapter 11 Cases, HCF was paid in the ordinary course certain monthly fees and expense reimbursements. Specifically, HCF was paid: (i) \$60,000 on account of its Monthly Fees and (ii) \$8,712.70 on account of its expense reimbursements.

22. The Debtors have been advised that HCF has agreed not to share and will not share with any other person or entity the compensation to be received for professional services rendered in connection with these Chapter 11 Cases in accordance with section 504(a) of the Bankruptcy Code.

23. Based on the foregoing, the Debtors believe that HCF is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code and utilized in section 328(c) of the Bankruptcy Code.

### **BASIS FOR RELIEF**

24. The Debtors seek entry of an order authorizing them to retain and employ HCF pursuant to sections 327 and 328(a) of the Bankruptcy Code and Rules 2014(a) and 2016 of the Bankruptcy Rules. Section 327(a) of the Bankruptcy Code provides, in relevant part, that the Debtors, with the Bankruptcy Court's approval, "may employ one or more attorneys, accountants . . . or other professional person." 11 U.S.C. § 327(a). Section 328(a) of the Bankruptcy Code provides, in relevant part, that the Debtors, with the Bankruptcy Court's approval, "may employ or authorize the employment of a professional person under section . . . 327 . . . on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis." 11 U.S.C. § 328(a). Furthermore, Bankruptcy Rule 2014(a) requires that an application for retention include:

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

Fed. R. Bankr. P. 2014.

25. The Debtors submit that for all the reasons stated above and in the Stratton Declaration, the retention and employment of HCF as investment banker to the Debtors is warranted. Additionally, given the numerous issues that HCF may be required to address in performing its services for the Debtors pursuant to the Engagement Letter, HCF's commitment to the variable time requirements and effort necessary to address all such issues as they arise, and the market prices for HCF's services for engagements of this nature, the Debtors submit that the terms and conditions of the Engagement Letter are fair, reasonable, and market-based under the standards set forth in section 328(a) of the Bankruptcy Code. The Debtors also believe that the Fee and

Expense Structure appropriately reflects (i) the nature and scope of HCF's services, (ii) HCF's substantial experience with respect to investment banking services, and (iii) the fee structures typically utilized by HCF and other investment banks, which do not bill their clients on an hourly basis, in bankruptcy or otherwise.

26. As set forth above, and notwithstanding Court approval of HCF's engagement under section 328(a) of the Bankruptcy Code, HCF intends to apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with these Chapter 11 Cases, subject to the Court's approval and in compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Complex Case Procedures and any other applicable procedures and orders of this Court, with certain limited modifications as set forth herein.

27. Further, as stated in the Stratton Declaration, HCF is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and does not hold or represent an interest adverse to the Debtors' estates and has no connection to the Debtors, their creditors, or other parties in interest, except as disclosed in the Stratton Declaration.

28. In light of the foregoing, the Debtors submit that the retention of HCF is in the best interest of their estates, their creditors, and all parties in interest in these Chapter 11 Cases. HCF has extensive experience in matters involving complex financial restructurings and an excellent reputation for services rendered in Chapter 11 Cases on behalf of debtors and creditor constituencies throughout the United States. The Debtors have satisfied the requirements of the Bankruptcy Code and the Bankruptcy Rules to support entry of an order authorizing the Debtors to retain and employ HCF in these Chapter 11 Cases on the terms described herein and in the



Engagement Letter.

**NOTICE**

29. Notice of this Application will be provided to the following parties, or in lieu thereof, to their counsel:: (a) the Office of the United States Trustee for the Northern District of Georgia; (b) holders of the thirty (30) largest unsecured claims against the Debtors on a consolidated basis; (c) counsel to the Debtors' prepetition lender; (d) counsel to the Debtors' postpetition secured lender; (e) the Internal Revenue Service; (f) the Office of the United States Attorney for the Northern District of Georgia; (g) all parties that have filed a notice of appearance and request for service of papers pursuant to Rule 2002 of the Bankruptcy Rules; (h) the U.S. Department of Justice; and (i) the offices of the attorneys general for the states in which the Debtors operate. The Debtors submit that, under the circumstances, no other or further notice is required.

**NO PRIOR REQUEST**

30. No previous application for the relief sought herein has been made by the Debtors to this Court or to any other court.

*[Remainder of Page Intentionally Left Blank]*

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that the Court: (a) enter the Proposed Order, substantially in the form attached hereto as **Exhibit A**, authorizing the Debtors to retain and employ HCF as their investment banker in these Chapter 11 Cases, effective as of the Petition Date, and (b) grant such other and further relief as the Court may deem just and proper.

Dated: August 26, 2025

/s/ David Baker

David Baker

Chief Restructuring Officer of the Debtors and  
Debtors in Possession

**Exhibit A**

**Proposed Order**

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

In re:

WELLMADE FLOOR COVERINGS  
INTERNATIONAL, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-58764

(Jointly Administered)

Re: Docket No. \_\_

**ORDER (I) AUTHORIZING THE RETENTION AND EMPLOYMENT  
OF HILCO CORPORATE FINANCE, LLC AS INVESTMENT BANKER TO  
THE DEBTORS AND DEBTORS IN POSSESSION PURSUANT TO 11 U.S.C. §§ 327(a)  
AND 328(a), EFFECTIVE AS OF THE PETITION DATE; (II) MODIFYING TIME-  
KEEPING REQUIREMENTS; AND (III) GRANTING RELATED RELIEF**

This matter is before the Court on the *Application of the Debtors and Debtors in Possession for Entry of an Order (i) Authorizing the Retention and Employment of Hilco Corporate Finance, LLC as Investment Banker to the Debtors and Debtors in Possession Pursuant to 11 U.S.C. §§ 327(a) and 328(a), Effective as of the Petition Date; (ii) Modifying Time-Keeping Requirements; and (iii) Granting Related Relief* (the “Application”).<sup>2</sup>

No hearing is necessary on the Application absent the filing of a timely objection to it. Pursuant to a certificate of service filed with the Application and in accordance with the Complex Case Procedures, the Application has been served on (a) the Office of the United States Trustee for the Northern District of Georgia; (b) the Debtors’ thirty (30) largest unsecured creditors; (c) counsel to the Debtors’ prepetition lender; (d) counsel to the Debtors’ postpetition secured

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Application.

lender; (e) the Internal Revenue Service; (f) the Office of the United States Attorney for the Northern District of Georgia; (g) all parties that have filed a notice of appearance and request for service of papers pursuant to Rule 2002 of the Bankruptcy Rules; (h) the U.S. Department of Justice; and (i) the offices of the attorneys general for the states in which the Debtors operate. No further service of the Application is necessary.

Accordingly, it is HEREBY ORDERED THAT:

1. The Application is GRANTED as set forth herein and the terms of the Engagement Letter are approved in all respects except as limited or modified herein.

2. Pursuant to sections 327(a) and 328 of the Bankruptcy Code, Rules 2014 and 2016 of the Bankruptcy Rules, the Local Bankruptcy Rules, and the Complex Case Procedures, the Debtors are authorized to retain and employ HCF as their investment banker in these Chapter 11 Cases, effective as of the Petition Date, pursuant to the terms and subject to the conditions set forth in the Engagement Letter attached to the Application as **Exhibit B**, as modified by this Order.

3. Except to the extent set forth herein, the Engagement Letter (together with all annexes thereto), including without limitation the Fee and Expense Structure, are approved pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, and the Debtors are authorized to perform their payment, reimbursement, contribution, and indemnification obligations and their non-monetary obligations in accordance with the terms and conditions of, and at the times specified in, the Engagement Letter. The payment of all fees and reimbursement of all expenses pursuant to the Engagement Letter shall be free and clear of all liens, claims, and encumbrances. Subject to Paragraph 4 of this Order, all compensation and reimbursement of expenses payable under the Engagement Letter shall be subject to review only pursuant to the standards set forth in

section 328(a) of the Bankruptcy Code and shall not be subject to any other standard of review including, but not limited to, that set forth in section 330 of the Bankruptcy Code.

4. HCF shall file a final fee application for allowance of compensation and reimbursement of expenses pursuant to and in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, Bankruptcy Rules, Local Bankruptcy Rules, and Complex Case Procedures as may then be applicable, and any other applicable orders and procedures of this Court; *provided, however*, that HCF shall be compensated and reimbursed pursuant to section 328(a) of the Bankruptcy Code and that HCF's fees and expenses shall not be evaluated under the standard set forth in section 330 of the Bankruptcy Code, except that, notwithstanding any provisions to the contrary in this Order, the Application or any of its attachments, the U.S. Trustee shall retain all rights and be entitled to object to HCF's request(s) for fees and reimbursement of expenses under the standards provided in sections 330 and 331 of the Bankruptcy Code; *provided* that reasonableness for this purpose shall include, among other things, an evaluation by comparing the fees payable in these Chapter 11 Cases to the fees paid to other investment banking firms for comparable services in other chapter 11 cases and outside of chapter 11 cases, and shall not be evaluated primarily on the basis of time committed or the length of these Chapter 11 Cases.

5. In the event that, during the pendency of these Chapter 11 Cases, HCF requests reimbursement for any attorneys' fees and/or expenses, the invoices and supporting time records from such attorneys shall be included in HCF's own fee applications (which invoices and supporting time records may be redacted for confidential and/or privileged information) and such invoices and time records shall be subject to approval of the Court under the standards of sections 330 and 331 of the Bankruptcy Code, without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorneys'

services satisfy section 330(a)(3)(C) of the Bankruptcy Code. Notwithstanding the foregoing, HCF shall only be reimbursed for any legal fees incurred in connection with these cases to the extent permitted under applicable law and the decisions of the Court.

6. Notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, Local Bankruptcy Rules, the Complex Case Procedures, any order of this Court, or any guidelines established by the U.S. Trustee regarding submission and approval of fee applications, HCF and its professionals shall be excused from: (i) the requirement to maintain or provide detailed time records for services rendered postpetition; (ii) providing or conforming to any schedule of hourly rates; and (iii) keeping time records on a project category basis. HCF professionals shall be required to only maintain summary time records in half-hour increments describing each professional's tasks on a daily basis, including reasonably detailed descriptions of those services and the individuals who provided those services and shall not be required to keep time records on a "project category" basis. HCF's non-investment banking professionals and personnel in administrative departments shall not be required to maintain any time records

7. The indemnification, contribution, and reimbursement provisions included in Annex 2 to the Engagement Letter are approved, subject to the following modifications, applicable during the pendency of these chapter 11 cases:

- (a) subject to the provisions of subparagraphs (b) and (c) below, the Debtors are authorized to indemnify, and to provide contribution and reimbursement to, and shall indemnify, and provide contribution and reimbursement to, the Indemnified Persons (as defined in the Engagement Letter) in accordance with the Engagement Letter for any claim arising from, related to, or in connection with the services provided for in the Engagement Letter;
- (b) notwithstanding subparagraph (a) above or any provisions of the Engagement Letter to the contrary, the Debtors shall have no obligation to indemnify an Indemnified Person or provide contribution or reimbursement to an Indemnified Person (i) for any claim or expense that is judicially determined (the determination having become final) to have arisen from such Indemnified Person's bad faith, self-dealing, breach of fiduciary duty (if any), gross negligence, or willful misconduct,



(ii) for a contractual dispute in which the Debtors allege the breach of HCF's contractual obligations if the Court determines that indemnification, contribution, or reimbursement would not be permissible, or (iii) for any claim or expense that is settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) above, but determined by the Court, after notice and a hearing pursuant to subparagraph (c) infra, to be a claim or expense for which such Indemnified Person should not receive indemnity, contribution or reimbursement under the terms of the Engagement Letter, as modified by this Order; and

(c) if, before the earlier of (i) the entry of an order confirming a chapter 11 plan in the Debtors' cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these Chapter 11 Cases, HCF believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Engagement Letter, as modified by this Order, including without limitation the advancement of defense costs, HCF must file an application therefore in the Court, and the Debtors may not pay any such amounts to HCF before the entry of an order by the Court approving such payment. This subparagraph (c) is intended only to specify the period during which the Court shall have jurisdiction over any request by HCF for indemnification, contribution or reimbursement and is not a provision limiting the duration of the Debtors' obligation to indemnify. All parties-in-interest shall retain the right to object to any demand by HCF or an Indemnified Person for indemnification, contribution, or reimbursement.

8. None of the fees payable to HCF under the Engagement Letter shall constitute a "bonus" or fee enhancement under applicable law.

9. The relief granted herein, including, without limitation, approval pursuant to section 328(a) of the Bankruptcy Code of the Fee and Expense Structure and the Indemnification Provisions (as modified and restated in this Order), shall be binding upon any chapter 11 trustee appointed in these Chapter 11 Cases, or upon any chapter 7 trustee appointed in the event of a subsequent conversion of these Chapter 11 Cases to cases under chapter 7.

10. To the extent the Debtors wish to expand the scope of HCF's services beyond those services set forth in the Engagement Letter or this Order, the Debtors shall be required to seek further approval from this Court. The Debtors shall file notice of any proposed additional services (the "Proposed Additional Services") and any underlying engagement letter with respect to such Proposed Additional Services with the Court and serve such notice on the U.S. Trustee, the

Debtors' thirty (30) largest unsecured creditors, the Debtors' prepetition lender, the Debtors' postpetition secured lender, proposed counsel for the Committee, and any party requesting notice under Rule 2002 of the Bankruptcy Rules. If no such party files an objection within fourteen (14) days of the Debtors filing such notice, the Proposed Additional Services and any underlying engagement letter with respect to such Proposed Additional Services may be approved by the Court by further order without further notice or hearing.

11. To the extent that there may be any inconsistency between the terms of the Application, the Stratton Declaration, the Engagement Letter, and this Order, the terms of this Order shall govern.

12. Any party in interest shall have twenty-one (21) days from the service of this Order to file an objection to the Application and/or the relief provided in this Order.

13. If an objection is timely filed, counsel for the Debtors will set the Application and all such objections for hearing in consultation with the Court.

14. If no objection to this Order is timely filed, this Order shall be a final Order approving the Application.

15. The Debtors and HCF are authorized and empowered to take all actions necessary to effectuate the relief granted by this Order.

16. Notice of the Application as provided therein is deemed to be good and sufficient notice of such Application.

17. Notwithstanding Rule 6004(h) of the Bankruptcy Rules, the terms and conditions of this Order are immediately effective and enforceable upon its entry.

18. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

19. Proposed counsel for the Debtors, through Kurtzman Carson Consultants, LLC d/b/a Verita Global (“Verita”) shall, within three (3) days of the entry of this Order, cause a copy of this Order to be served by electronic mail or first class mail, as applicable, on all parties served with the Motion, and Verita shall file promptly thereafter a certificate of service confirming such service

**### END OF ORDER ###**

*Prepared and presented by:*

**GREENBERG TRAURIG, LLP**

*/s/ John D. Elrod*

---

John D. Elrod, GA Bar No. 246604

Allison J. McGregor, GA Bar No. 860865

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Atlanta, GA 30305

Telephone: 678-553-2259

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Allison.McGregor@gtlaw.com

*Proposed Counsel for the Debtors  
and Debtors in Possession*

**Exhibit B**

**Engagement Letter**



May 21, 2025

Wellmade Industries MFR. N.A. LLC  
1 Wellmade Dr.  
Cartersville, GA 30121  
Attention: Allen Chen

Re: Agreement to Provide Investment Banking Services

Dear Allen:

This engagement agreement (the "Agreement") describes the agreement between Wellmade Industries MFR. N.A. LLC (together with its subsidiaries, the "Company"), and Hilco Corporate Finance, LLC ("HCF"), effective as of the date above (the "Effective Date"), regarding certain investment banking services that HCF will provide to the Company as described below. Specifically, we have agreed as follows:

**1. Scope of Services**

The Company is retaining HCF as its exclusive investment banker for the limited purpose of: (a) advising on and executing a sale of its businesses or substantially all the assets of its businesses (a "Sale Transaction" as such term is more fully described and defined below), and/or (b) advising on and executing a capital raise transaction involving the sourcing of debt and/or equity capital (a "Capital Raise Transaction"). As used herein, the term "Transaction" shall mean and include a Sale Transaction and/or a Capital Raise Transaction.

We expect that our services (the "Services") will include:

- a) Familiarizing ourselves to the extent that we deem appropriate with the commercial, financial, operational, and legal circumstances of the Company. We anticipate that this will include consideration of one or more potential Transactions and other value-maximizing strategies that the Company may consider.
- b) Identifying and recommending to the Company potential buyers and capital sources in connection with a Transaction.
- c) With the Company's assistance, creating written materials (e.g., a "teaser," confidential information memorandum, management presentation, form of Non-Disclosure Agreement) to be used in presenting the Transaction opportunity to prospective buyers and capital sources. Prior to distribution of these materials, the Company shall review, comment on, and provide written approval for their use in connection with a Transaction.
- d) Soliciting and reviewing proposals and making recommendations and advising the Company in negotiating proposals concerning a Transaction.
- e) Assisting the Company in responding to the due diligence review of interested parties with respect to a Transaction, including by managing a Virtual Data Room (VDR), and assisting the Company in organizing, populating, and maintaining the VDR.

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- f) Assisting the Company in soliciting, evaluating, and negotiating Transaction proposals.
- g) Assisting the Company and its other professional advisors in negotiating definitive documentation concerning a Transaction and otherwise assisting in the process of closing a Transaction.
- h) We understand that certain of our Services may be provided (and a Transaction may be consummated) in a bankruptcy case pursuant to chapter 11 of the United States Bankruptcy Code (a "Chapter 11 Case"). As necessary, to the extent a Transaction is consummated in a Chapter 11 Case, our services also will include:
  - i. Assisting with the preparation of Bankruptcy Court motions related to a Transaction, and any retention papers for HCF.
  - ii. After consultation with the Company and its professional advisors, consulting with other retained parties, lenders, creditors' committee, and other parties-in-interest.
  - iii. Participating in Bankruptcy Court (as defined below) hearings and providing testimony in connection with a Transaction.
  - iv. Performing such other tasks as appropriate and as may reasonably be requested by the Company's management or counsel.

As used herein, the term "Sale Transaction" shall mean and include any transaction or series of related transactions that constitute the sale, restructuring, reorganization, or disposition to one or more third-parties (including without limitation any person, group of persons, partnerships, corporation, limited liability corporation, or other entities, and also including, among others, any of the existing owners, shareholders, members, employees, or creditors of any entity comprising the Company and/or the affiliates of each) of: (a) all or a substantial portion of the equity securities or membership interests of any entity comprising the Company or any interest held by any entity comprising the Company, (b) any substantial portion of the assets (including the assignment of any material contracts) or operations of any entity comprising the Company or any joint venture or partnerships or other entity formed by the Company, in either case including without limitation through: (i) a sale or exchange of capital stock, options, or assets with or without a purchase option, (ii) a merger, consolidation, or other business combination, (iii) an exchange or tender offer, (iv) a recapitalization, (v) the formation of a joint venture, partnership, or similar entity, and/or (vi) any similar transaction.

As used herein, the term "Capital Raise Transaction" shall mean and include any transaction or series of related transactions that constitute the raising, refinancing, or restructuring of any debt and/or equity capital from one or more third-parties (including without limitation any person, group of persons, partnerships, corporation, limited liability corporation, or other entities, and also including, among others, creditors of any entity comprising the Company and/or the affiliates of each).

Without limitation to the foregoing, and for avoidance of doubt, the term "Transaction" shall mean and include (i) any sale of all or a substantial portion of the Company's equity, assets, or operations pursuant to section 363 of the Bankruptcy Code or (ii) a sale, restructuring, or reorganization of all or a substantial portion of the Company's assets or equity pursuant to Article 9 of the Uniform Commercial Code (as applicable in all relevant jurisdictions), (iii) any other insolvency process, in each case whether effectuated through a credit bid, a cash payment, the assumption of liabilities, or any combination thereof.



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## 2. Fees and Expenses

As compensation for our Services, the Company shall pay HCF the following:

- a) The Company shall pay HCF a fee (the "Monthly Fees") of \$20,000 for the services it provides in the month in which such payment is made. The Monthly Fee shall be fully earned and non-refundable upon payment. All such Monthly Fees will be credited to a Sale Transaction Fee or a Capital Raise Fee.
- b) The Company shall pay HCF a fee (a "Sale Transaction Fee") upon and as a condition to the first closing of a Sale Transaction in an amount equal to the greater of: (i) \$650,000 or (ii) 2% of the Transaction Value.
- c) The Company shall pay HCF a fee (a "Capital Raise Fee") upon and as a condition to the first closing and funding of a Capital Raise Transaction equal to the greater of: (i) \$650,000, (ii) the sum of (a) 2% of the committed amount of any Senior Debt, (b) 3.5% of the committed amount of any Junior Debt, and (c) 5% of the committed amount of any Equity or Equity Linked Capital. The Capital Raise Fee will apply to all raised capital, regardless of whether such amounts are funded as of closing.

Should the committed amount of Senior Debt, Junior Debt, Equity or Equity Linked Capital be increased in the 12-months following the first closing, the Company shall pay a fee on the increased committed amount as provided in section (c) of this paragraph.

If a Transaction is consummated in a Chapter 11 case by a credit bid from the Company's secured lender, and the cash component of any such bid does not include sufficient cash to pay the Transaction Fee, HCF shall be deemed to have (and the Company shall not object to) an administrative claim in the Chapter 11 Case for any unpaid portion of the Transaction Fee.

Additionally, the Company shall reimburse HCF for all our reasonable expenses incurred in connection with this Agreement, including those related to travel, meals, lodging, and, upon written approval from the Company, attorneys' fees as well as ancillary costs such as research, printing, duplicating, postage and shipping, database access charges, and other miscellaneous expenses incurred prior to termination or expiration of this Agreement. HCF may bill the Company for its reimbursable expenses each month. Invoices are due and payable on the date of issue and the Company hereby agrees to pay any such invoices within thirty (30) days of the invoice date.

For the purpose of calculating a Sale Transaction Fee, "Transaction Value" shall mean and include without limitation and without duplication: (a) all cash (including escrowed amounts, and other withheld amounts) paid or payable to the Company or its securityholders, including holders of the Company's or any of its subsidiaries' common stock, preferred stock, options and warrants (collectively, the "Sellers"), by the investor or purchaser in the Sale Transaction (the "Buyer"), (b) the fair market value of all notes, securities, and other property issued or delivered or to be issued or delivered to the Sellers by Buyer, (c) all Seller liabilities, including all debt and guarantees, directly or indirectly assumed, refinanced, cancelled, extinguished, credit bid, or consolidated by the Buyer, (d) the amount of all installment payments to be made by the Buyer to the Sellers, (e) the net present value of any contingent payments (whether or not related to future earnings or operations) to be paid by the Buyer to the Sellers, and (f) the amount of any

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extraordinary dividends or distributions paid by the Buyer to the Sellers in connection with or contemplated by the Transaction. For purposes of computing "Transaction Value" hereunder, non-cash consideration shall be valued as follows: (a) publicly traded securities shall be valued at the average of their closing prices (as reported in The Wall Street Journal or other reputable source reasonably designated by HCF if The Wall Street Journal does not publish such closing prices) for the five trading days prior to the closing of the Transaction, (b) options shall be valued using the treasury stock method without giving effect to tax implications, and (c) any other non-cash consideration shall be valued at the fair market value thereof as determined in good faith by HCF and the Company.

As used herein, the term (i) "Senior Debt" shall mean and include capital the repayment of which is evidenced by a credit, loan, or comparable agreement and is secured by a first priority lien on assets of the Company, (ii) "Junior Debt" shall mean and include any debt capital that is not otherwise defined as Senior Debt, and (iii) "Equity" or "Equity Linked" means an ownership interest in the Company in whatever form, including common or preferred interests, membership interests, or otherwise.

### **3. Term of Agreement**

This Agreement shall commence as of the Effective Date and shall continue until the earlier to occur (the "Term") of (a) 12 months from the date hereof, unless extended by mutual agreement in writing of the parties or (b) the date on which either party provides written notice to the other of a termination of the Agreement. Upon any expiration or termination of this Agreement, (i) the provisions of Paragraph 2 and this Paragraph 3 shall survive to the extent such provisions relate to the payment of fees and expenses due or accrued on or before the effective date of expiration or termination and (ii) the provisions of Annex 1 (General Business Terms) and Annex 2 (Indemnification) shall also survive the expiration or termination of this Agreement and shall remain in effect.

Notwithstanding any other provisions of this Agreement, if a Sale Transaction or Capital Raise Transaction with a party with whom HCF had material discussions regarding a Transaction or who was otherwise introduced or referred by HCF to the Company from which material engagement resulted is consummated within 12 months of the expiration or termination by the Company of this Agreement, the Company shall be obligated to pay to HCF the fees described in Paragraph 2 above.

### **4. General Business Terms**

At and as a condition to the effectiveness of this Agreement, the Company shall agree to the General Business Terms set forth in Annex 1 hereto, which are an integral part hereof and are hereby incorporated by reference.

### **5. Indemnification**

At and as a condition to the effectiveness of this Agreement, the Company shall agree to the indemnification provisions set forth in Annex 2 hereto, which are an integral part hereof and is hereby incorporated by reference.

### **6. Bankruptcy Matters**

HCF understands that certain of the Services may be provided, and a Transaction may occur, in a Chapter

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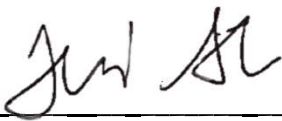
Page 5

11 Case. The Company agrees to seek prompt approval of the court administering such case (the "Bankruptcy Court") to retain HCF, *nunc pro tunc* to the filing date on terms that are materially consistent with those set forth herein. Under such circumstances, the terms of HCF's engagement shall remain subject to entry of an order of the Bankruptcy Court (the "Retention Order"), in form and substance acceptable to HCF, approving such engagement, which Retention Order shall provide that: (i) the payment of all fees and reimbursement of expenses hereunder to HCF is approved under section 328(a) of the Bankruptcy Code and shall be free and clear of all liens, claims, and encumbrances, and (ii) all such payments of fees and reimbursement of expenses shall be made without further order of the Bankruptcy Court and in accordance with this Agreement.

If the foregoing correctly sets forth our understanding, please sign and return to us an executed copy of this letter, whereupon this letter shall constitute a binding agreement as of the date first above written. Electronic signatures that comply with applicable law shall be deemed original signatures.


Sincerely,

**HILCO CORPORATE FINANCE, LLC**

By:   
\_\_\_\_\_  
Teri Stratton  
Senior Managing Director  
Date: May 21, 2025

AGREED TO AND ACCEPTED BY:

**Wellmade Industries MFR. N.A. LLC**

By:   
\_\_\_\_\_  
Allen Chen  
President  
Date: 05/21/2025

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May 21, 2025

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#### ANNEX I: GENERAL BUSINESS TERMS

1. **Conditions to Our Services.** HCF makes no representations or warranties concerning the Company's ability to complete a transaction, including a Transaction. Our services will be provided solely on a reasonable efforts basis, with no guarantee as to the results. Moreover, the Company retains the exclusive right to decide whether and on what terms to complete a transaction. Except as specifically contemplated herein, HCF shall not have any obligation or responsibility to provide accounting, audit, tax, or business consulting services for the Company and shall have no responsibility to provide any valuation opinion, solvency opinions, or fairness opinions. The Company confirms that it will rely on its own counsel, accountants, and similar expert advisors for legal, accounting, tax, and other similar advice.
2. **Cooperation.** The Company acknowledges and confirms that, in rendering the Services, HCF will be using and relying on, and assuming the accuracy of, without any independent verification, data, material, and other information (collectively, the "Information") furnished to HCF by or on behalf of the Company or other third parties (including their agents, counsel, employees, and representatives). The Company represents and warrants that it shall not provide any Information to HCF in violation of any confidentiality obligations it may have. The Company understands that HCF will not be responsible for independently verifying the accuracy of the Information and shall not be liable for inaccuracies in any such Information. The Company will cooperate with HCF in all phases of HCF's performance of the Services. Unless required by law (including pursuant to a subpoena or other legal process after providing the Company with reasonable notice and an opportunity to engage on such legal process, to the extent legally permissible), HCF will not disclose to any third party (other than HCF's counsel) any confidential and proprietary Information provided by the Company, except (i) with the Company's consent or (ii) in furtherance of HCF's performance of the Services hereunder.
3. **Entire Agreement. Counterparts. Validity and Enforceability.** This Agreement constitutes the entire Agreement between the parties and supersedes and cancels all prior or contemporaneous arrangements, understandings, and agreements, written or oral, between them relating to the subject matter hereof. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts. Each of such counterparts shall be deemed to be an original, and all such counterparts, taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or electronic mail shall be equally effective as delivery of a manually executed counterpart. This Agreement may not be amended or modified, nor may any provision be waived, except in writing signed by both parties. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.
4. **Affiliation.** The Company acknowledges that HCF has been retained only for the limited purposes specified herein and that the Company's engagement of HCF is not deemed to be on behalf of and is not intended to and does not confer rights upon any party other than the Company. No one other than the Company is authorized to rely upon the engagement of HCF hereunder or any statements, advice, opinions, or conduct of HCF. The Company further understands and acknowledges the following: (a) HCF is the investment banking affiliate of Hilco Trading, LLC (together with its other affiliates and subsidiaries, including HCF, "Hilco"); (b) From time to time, Hilco (and/or its officers, directors, and equity holders/members) may represent, partner with, perform services for, provide capital to, or otherwise pursue opportunities or transactions with businesses that are business competitors with the Company or participants in the industries in which the Company does

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business. To the fullest extent permitted by law, the Company hereby waives any conflict of interest that now exists or may hereafter arise as a result of such persons' or entities' other business activities; provided, however, that HCF shall not represent a party that is adverse to the interests of the Company in matters related to this engagement without the Company's prior consent, nor shall HCF use or disclose the Company's confidential information except as provided for herein; and (c) Nothing in this Agreement is intended to prohibit or limit any of Hilco's (and/or its officers, directors, and equity holders/members) business activities now or in the future.

5. **Advertisements.** Upon the consummation of a transaction, HCF may describe its Services to third parties, including in written marketing materials, consistent with any confidentiality obligations concerning such Services.
6. **Governing Law and Arbitration.** This Agreement will be governed by, and construed in accordance with, the laws of the State of Illinois applicable to agreements made and to be performed entirely in such State, without giving effect to the choice of law provisions thereof. The Company agrees to submit any claim or dispute arising out of or related to this Agreement to private and confidential arbitration by a single arbitrator selected in accordance with the rules of the American Arbitration Association. The arbitration proceedings shall be governed by the Commercial Rules of Arbitration of the American Arbitration Association and shall take place in Chicago, Illinois. The arbitrator shall have the power to order discovery and the authority to award any remedy or relief that a court of the State of Illinois could order or grant, including, without limitation, specific performance. The decision of the arbitrator shall be final and binding on each of the parties and judgment thereon may be entered in any court having jurisdiction. This arbitration procedure is intended to be the exclusive method of resolving any claim arising out of or related to this Agreement, including any claim as to the validity of this Agreement. Each party agrees to the personal and subject matter jurisdiction of the arbitrator for the resolution of any such claim, including any issue relating to this arbitration position. In the event of any arbitration arising

out of or in connection with this Agreement, the prevailing party shall be entitled to an award of actual attorneys' fees and costs incurred in connection with the arbitration.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) RELATING TO OR ARISING OUT OF THE ENGAGEMENT OF HCF PURSUANT TO, OR THE PERFORMANCE BY HCF OF THE SERVICES CONTEMPLATED BY, THIS AGREEMENT.

7. **Power and Authority.** The Company has all requisite corporate power and authority to enter into this Agreement. This Agreement has been duly authorized by all necessary corporate action on the part of the Company and has been duly executed and delivered by the Company and constitutes a legal, valid, and binding agreement of the Company, enforceable in accordance with its terms.
8. **No Third-Party Claims.** No (a) direct or indirect holder of any equity interests or securities of HCF whether such holder is a limited or general partner, member, stockholder, or otherwise, (b) affiliate of HCF, or (c) director, officer, employee, representative, or agent of HCF, or of an affiliate of HCF or of any such direct or indirect holder of any equity interests or securities of HCF (collectively, the "HCF Party Affiliates") shall have any liability or obligation of any nature whatsoever to any party, including the Company, in connection with or under this Agreement or the transactions or Services contemplated hereby, and the Company waives and releases all claims against such HCF Party Affiliates related to any such liability or obligation.
9. **Successors and Assigns.** The benefits of this Agreement, including without limitation Annex 2 hereto, shall inure to the respective successors and permitted assigns of the parties hereto and any Indemnified Person, and their respective successors, permitted assigns, and representatives, and the obligations and liabilities assumed in this Agreement by the parties hereto shall be binding upon their respective successors and assigns. This Agreement, including Annex 2 hereto, may not be assigned without the prior written consent of the non-assigning party (or parties).
10. **Force Majeure.** HCF shall not be liable for delays

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in the performance of the Services due to causes beyond the reasonable control of HCF or its personnel or subcontractors including, but not limited to, fire, flood, earthquake, tempest, labor dispute, war, pandemic, act of God, embargo, civil commotion, governmental regulation, or terrorist attack; provided that HCF will use commercially reasonable efforts to work around any such cause and to resume performance of the Services as quickly as reasonably possible in the circumstances.

11. **Non-Solicitation.** During the term of this Agreement and for a period of one (1) year after the expiration or termination of this Agreement for any reason whatsoever, neither party shall, directly or indirectly: (a) solicit, hire or otherwise engage or retain as an employee or independent contractor, any individual who was an employee of or an independent contractor to the other party at any time during the term of this Agreement; or (b) induce any individual who is an employee of or an independent contractor to the other party to terminate his/her employment or independent contractor relationship with that party.

12. **Notices.** All notices required or permitted to be delivered under this Agreement shall be sent, as follows: (a) to HCF, c/o Hilco Trading, LLC, 5 Revere Drive, Suite 206, Northbrook, Illinois 60062, Email: [cfredericks@hilcoglobal.com](mailto:cfredericks@hilcoglobal.com), Attn: Christine Fredericks, and (b) to the Company, to the address set forth above to your attention, or to such other name or address as may be given in writing to the other party. All notices under this Agreement shall be deemed sufficient if delivered by electronic mail or overnight mail to the notice parties mentioned above. Any notice shall be deemed to be given only upon actual receipt.

13. **Construction.** The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The word "including" shall mean including without limitation.

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## ANNEX 2 INDEMNIFICATION

This Annex 2 is a part of and is incorporated into that certain letter agreement (the "Agreement"), dated [May 21, 2025], by and between the Company and HCF. Capitalized terms not defined herein shall have the same meaning given to them in the Agreement.

- A. Indemnification. To the fullest extent lawful, the Company will promptly, upon demand, indemnify and hold harmless HCF, its affiliates, and each of their respective directors, officers, employees, agents, members and controlling persons (any or all of the foregoing hereinafter referred to as an "Indemnified Person"), from and against all losses, claims, damages, expenses (including reasonable fees and disbursements of counsel and accountants), costs (including, without limitation, expenses, fees and disbursement and time charges related to giving testimony or furnishing documents in response to a subpoena or otherwise) and liabilities (joint or several), (collectively, "Losses"), resulting directly or indirectly from any threatened or pending investigation, action, claim, proceeding or dispute, including securityholder actions (whether or not HCF, its affiliates, or any other Indemnified Person is a potential or actual named party or witness) (collectively, a "Claim"), which (1) are related to or arise out of any fraud, negligence or willful or grossly negligent acts or omissions of the Company; (2) are related to or arise out of the breach by the Company of any provision of this Agreement; or (3) are related to or arise out of any untrue statement or alleged untrue statement of a material fact contained in any oral or written information provided to HCF, its affiliates, or any other person by the Company or used by the Company in connection with the transaction contemplated by this Agreement or any omission or alleged omission by the Company to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company also agrees that neither HCF, its affiliates, nor any Indemnified Person shall have any liability to the Company, its owners, parents, creditors or securityholders for or in connection with its engagement unless such liability is judicially determined by a court of competent jurisdiction in a final non-appealable order to have been a direct result of the fraud or willful misconduct of HCF .
- B. Proceedings. HCF will notify the Company if it learns that any investigation, lawsuit, administrative proceeding, or self-regulatory organization proceeding has been instituted based, directly or indirectly, on the transactions which were the subject of HCF's engagement under the Agreement, although failure to do so will not relieve the Company from any obligation or liability it has hereunder or otherwise, except to the extent such failure causes the Company to forfeit substantial rights and defenses. Should any lawsuit, administrative proceeding or self-regulatory organization proceeding (collectively, a "Proceeding") be formally instituted against HCF or any Indemnified Person based, directly or indirectly, on HCF's engagement under the Agreement, the Company will be entitled to



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participate therein and, to the extent that it may wish, to assume the defense of the Proceeding, with counsel reasonably satisfactory to HCF, so long as the Company continues to pay all costs and expenses of the defense and preparation for such Proceeding. Even if the Company assumes the defense of a Proceeding, each Indemnified Person will have the right to participate in such Proceeding and to retain its own counsel at such Indemnified Person's own expense. Furthermore, each Indemnified Person shall have the right to employ its own counsel in any Proceeding and to require the Company to pay all reasonable fees and expenses of such counsel as they are incurred if (1) such Indemnified Person has been advised by such counsel that there may be legal defenses available to it which are different from or additional to defenses available to the Company (in which case the Company shall not have the right to assume the defense of the Proceeding on behalf of such Indemnified Person), (2) the Company shall not have assumed the defense of the Proceeding and employed counsel reasonably satisfactory to such Indemnified Person in a timely manner or (3) the Company shall have authorized the employment of such counsel in connection with the defense of the Proceeding.

- C. Contribution. If any indemnification sought by an Indemnified Person pursuant to the terms hereof is held by a court of competent jurisdiction to be unavailable for any reason (other than as a result of the gross negligence or willful misconduct of any such Indemnified Person) or insufficient to hold such Indemnified Person harmless, then the Company and HCF will contribute to the Losses for which such indemnification is held unavailable or insufficient (1) in such proportion as is appropriate to reflect the relative benefits received (or anticipated) from the proposed transaction by the Company on the one hand and the Indemnified Person on the other, in connection with HCF's engagement referred to above (whether or not the transaction contemplated by the engagement is consummated) or (2) if (but only if) the allocation provided in clause (1) is for any reason unenforceable, in such proportion as is appropriate to reflect not only the relative benefits received (or anticipated) from the proposed transaction by the Company on the one hand and the Indemnified Person on the other, but also the relative fault of the Company and the Indemnified Person, as well as any other relevant equitable considerations, in each case subject to the limitation that the contribution by HCF will not exceed the amount of fees actually received by HCF pursuant to HCF's engagement. IN NO EVENT SHALL HCF OR ANY OTHER INDEMNIFIED PERSON BE OBLIGATED OR LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES.
- D. Settlement of Claims. The Company will not, without the prior written consent of HCF, which consent will not be unreasonably withheld, settle or compromise or consent to the entry of any judgment in any pending or threatened Claim or Proceeding in respect of which indemnification could be sought hereunder (whether or not HCF or any Indemnified Person is an actual party to such Claim or Proceeding) unless such settlement, compromise or consent includes provisions holding harmless and unconditionally releasing HCF and each other Indemnified Person hereunder from all liability related to or arising out of such Claim or Proceeding, including claims for contribution. The Company shall not be liable for any settlement of any Claim effected by HCF without its written consent (which consent shall not be unreasonably withheld).

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- E. Miscellaneous. The obligations of each of HCF and the Company are solely corporate obligations. No director, officer, employee, agent, shareholder or controlling person of HCF or the Company shall be subjected to any liability to any person, nor will any such claim be asserted by or on behalf of any other party to this Agreement. The Company's indemnity, reimbursement and contribution obligations provided for herein are solely corporate obligations and shall: (1) be in addition to any liability that the Company otherwise may have to HCF and any rights that HCF or any Indemnified Person may have at common law or otherwise; (2) survive the completion or termination of professional services rendered by HCF under the Agreement; (3) apply to any activities prior to this date and any amendment, modification or future addition to HCF's engagement; and (4) inure to the benefit of the heirs, personal representatives, successors, and assigns of HCF and each other Indemnified Person.

Further, if an Indemnified Person (as defined in this Annex 2) is requested or required to appear as a witness in any Action (as defined in this Annex 2) that is brought by or on behalf of or against the Company, or that otherwise relates to this Agreement or the Services, the Company shall reimburse HCF and the Indemnified Person for all reasonable out-of-pocket expenses incurred by them in connection with such Indemnified Person appearing or preparing to appear as such a witness, including without limitation, the reasonable fees and disbursements of outside legal counsel. All the indemnification obligations set forth herein and in Annex 2 shall survive, without limitations, a termination or expiration of this Agreement.

If any term, provision, covenant, or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants, and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

The Company hereby consents to personal jurisdiction and service and venue in any court in which any Claim and Proceeding which is subject to the terms provided for herein is brought against HCF or any other Indemnified Person. THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR PROCEEDING RELATED TO OR ARISING OUT OF HCF'S ENGAGEMENT, ANY TRANSACTION OR CONDUCT IN CONNECTION THEREWITH OR THIS AGREEMENT.

**Exhibit C**

**Stratton Declaration**

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

In re:

WELLMADE FLOOR COVERINGS  
INTERNATIONAL, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-58764

(Jointly Administered)

**DECLARATION OF TERI STRATTON IN SUPPORT OF APPLICATION OF THE  
DEBTORS AND DEBTORS IN POSSESSION FOR ENTRY OF AN ORDER  
(I) AUTHORIZING THE RETENTION AND EMPLOYMENT OF HILCO  
CORPORATE FINANCE, LLC AS INVESTMENT BANKER TO THE DEBTORS  
AND DEBTORS IN POSSESSION PURSUANT TO 11 U.S.C. §§ 327(a)  
AND 328(a), EFFECTIVE AS OF THE PETITION DATE; (II) MODIFYING  
TIME-KEEPING REQUIREMENTS; AND (III) GRANTING RELATED RELIEF**

I, Teri Stratton, hereby declare under penalty of perjury that, to the best of my knowledge, information and belief, and after reasonable inquiry, the following is true and correct:

1. I am a Senior Managing Director & National Practice Leader for Restructuring and Special Situations at Hilco Corporate Finance, LLC (“HCF”), an investment banking and financial advisory firm with offices throughout the United States and abroad.

2. I submit this declaration (this “Declaration”) in support of the *Application of the Debtors and Debtors in Possession for Entry of an Order (i) Authorizing the Retention and Employment of Hilco Corporate Finance, LLC as Investment Banker to the Debtors and Debtors in Possession Pursuant to 11 U.S.C. §§ 327(a) and 328(a), Effective as of the Petition Date; (ii)*

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

*Modifying Time-Keeping Requirements; and (iii) Granting Related Relief* (the “Application”)<sup>2</sup> of the above-captioned debtors and debtors in possession (the “Debtors”) for entry of an order authorizing the Debtors to retain and employ HCF as its investment banker, effective as of the Petition Date, pursuant to the terms and subject to the conditions of the Engagement Letter.

3. Except as otherwise noted, I have personal knowledge of the matters set forth herein, and, if called as a witness, I would testify thereto. Certain of the disclosures herein, however, relate to matters within the personal knowledge of other professionals at and representatives of HCF and are based on information provided by such professionals.

4. HCF has agreed to provide investment banking services to the Debtors in the above-captioned chapter 11 cases pursuant to the terms and conditions set forth in that certain engagement letter between HCF and the Debtors, dated as of May 21, 2025 (the “Engagement Letter”), a copy of which is attached to the Application as Exhibit B.

#### **HCF’S QUALIFICATIONS**

5. I believe that HCF and the professionals it employs are well-qualified to advise the Debtors on the matters for which HCF is proposed to be employed in a cost-effective, efficient, and timely manner.

6. HCF is a boutique investment banking firm affiliated with Hilco Trading, LLC, a diversified financial services holding company with more than twenty specialized business units and more than 800 professionals throughout the world. HCF specializes in providing strategic advisory services to middle-market companies. HCF and its professionals have extensive expertise providing investment banking services to financially distressed companies, creditors, committees,

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Application.

equity holders, asset purchasers and other constituencies in reorganization proceedings and complex financial restructurings, both in and out of court. HCF and its professionals are providing or have provided investment banking, financial advisory and other services in connection with the following recent cases, among others: *In re OTB Holding LLC, et al.*, No. 25-52415 (SMS) (Bankr. N.D. Ga. Mar. 10, 2025); *In re iM3NY LLC*, No. 25-10131 (BLS) (Bankr. D. Del. Feb. 21, 2025); *In re TGI Friday's Inc., et al.*, No. 24-80069 (Bankr. N.D. Tex. Dec. 30, 2024); *In re One Table Restaurant Brands LLC*, No. 24-11553 (KBO) (Bankr. D. Del. July 17, 2024); *In re MRRC Hold Co.*, No. 24-11164 (CTG) (Bankr. D. Del. June 5, 2024); *In re Red Lobster Management LLC*, No. 24-02486 (GER) (Bankr. M.D. Fla. May 19, 2024); *F/V Aleutian Endurance LLC, et al. v. Peter Pan Seafood Company, LLC*, No. 24-2-00601-6 (Wash. Ct. App. Apr. 2, 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. 19-10953 (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) (Bankr. D. Del. Oct. 6, 2010).

7. HCF has been engaged by the Debtors since May 2025 to explore potential mergers and acquisition opportunities and other strategic alternatives involving the Debtors. As a result, HCF is familiar with the Debtors' corporate and capital structure, management, business operations, and potential investor universe.

#### **HCF'S DISINTERESTEDNESS**

8. In connection with its retention and employment by the Debtors, HCF undertook to determine whether HCF (a) has any connection with the Debtors, their affiliates, its creditors, or any other parties in interest in these Chapter 11 Cases or (b) has an interest adverse to the interests of the Debtors' estates or of any class of creditors or equity security holders.

9. In the ordinary course of its business, HCF and its affiliates maintain a database for purposes of performing "conflicts checks." The database contains information regarding HCF's and its affiliates present and past representations and transactions. HCF obtained a list of certain of the Debtors' creditors and other parties in interest in these Chapter 11 Cases as identified on **Attachment 1** hereto ("Potential Parties in Interest") from Debtors' counsel for purposes of searching the aforementioned database and determining the connection(s) which HCF has with such entities. To the extent that this inquiry has revealed any connections to certain Potential Parties in Interest, those connections are listed on and described in **Attachment 2** hereto.

10. HCF is involved in numerous cases, proceedings, and transactions involving many different attorneys, accountants, investment bankers, and financial consultants, some of whom may

represent claimants and parties in interest in these Chapter 11 Cases. Further, HCF has in the past, and may in the future, advise and/or be represented by several attorneys, law firms and other professionals, some of whom may be involved in these Chapter 11 Cases. Finally, HCF has in the past, and will likely in the future, be working with or against other professionals involved in these Chapter 11 Cases in matters wholly unrelated to these Chapter 11 Cases. Based upon my current knowledge of the professionals involved in these Chapter 11 Cases, and to the best of my knowledge, none of these business relationships constitute interests adverse to the interests of the Debtors' estates or of any class of creditors or equity security holders in matters upon which HCF is to be employed, and none are in connection with these Chapter 11 Cases.

11. It is possible that certain of HCF's and its affiliates' respective directors, officers and employees may have had in the past, may currently have, or may in the future have connections to (i) the Debtors, (ii) the Potential Parties in Interest and/or (iii) funds or other investment vehicles that may own debt or securities of the Debtors or other Potential Parties in Interest. Furthermore, in addition to the parties listed on Attachment 2, HCF may also represent, or may have represented, affiliates, equity holders and/or sponsors of the Potential Parties in Interest. Certain of the Potential Parties in Interest may also be vendors or insurers of HCF and/or have other non-investment banking relationships with HCF. HCF may also represent, or may have represented in the past, committees or groups of lenders or creditors in connection with certain restructuring or refinancing engagements, which committees or groups include, or included, entities that appear on the Potential Parties in Interest list. HCF believes that none of these business relationships constitute interests adverse to the interests of the Debtors' estates or of any class of creditors or equity security holders in matters upon which HCF is to be employed, and none are in connection with these Chapter 11 Cases.



12. The Debtors have numerous creditors and relationships with a large number of individuals and entities that may be parties in interest in these Chapter 11 Cases. Consequently, although reasonable effort has been made to discover HCF's connections with the Potential Parties in Interest, HCF is unable to state with certainty whether any of its clients or an affiliated entity of a client holds a claim or otherwise is a party in interest in these Chapter 11 Cases. Additionally, HCF may be involved in litigation from time to time that may, or may in the future, involve entities that may be parties in interest in these cases. If HCF discovers any information that is contrary to or pertinent to the statements made herein, HCF will promptly disclose such information to the Court.

### **PROFESSIONAL COMPENSATION**

31. During the ninety (90) day period prior to the commencement of these Chapter 11 Cases, HCF was paid in the ordinary course certain monthly fees and expense reimbursements. Specifically, HCF was paid: (i) \$60,000 on account of its Monthly Fees and (ii) \$8,712.70 on account of its expense reimbursements.

13. The Fee and Expense Structure and the indemnification obligations set forth in the Application and the Engagement Letter are consistent with HCF's typical fee for work of this nature. The fees are set at a level designed to compensate HCF fairly for the work of its professionals and assistants and to cover fixed and routine overhead expenses. It is HCF's policy to charge its clients for all disbursements and expenses incurred in the rendition of services.

14. The Fee and Expense Structure is comparable to those generally charged by investment banking firms of similar stature to HCF and for comparable engagements, both in and out of court, and reflects a balance between a fixed monthly fee and contingency amounts which are tied to the consummation and closing of a transaction as contemplated by the Engagement Letter.

15. It is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys. Accordingly, HCF requests a waiver of the requirement to keep and file time records in accordance with Bankruptcy Rule 2016(a), Complex Case Procedures J(2)(b) and any other applicable guideline, rule or procedures as such request is reflected in the Proposed Order.

16. Other than as set forth above and in the Engagement Letter, there is no proposed arrangement between the Debtors and HCF for compensation to be paid in these Chapter 11 Cases. HCF has no agreement with any other person or entity to share any compensation received, nor will any such agreement be made, except as permitted under section 504(b) of the Bankruptcy Code.

#### **INDEMNIFICATION OF HCF**

17. As part of the overall compensation payable to HCF under the terms of the Engagement Letter, the Engagement Letter provides for certain indemnification obligations to HCF and its affiliates, and each of their respective directors, officers, employees, agents, members, and any other controlling persons to the fullest extent lawful, from and against all losses, claims, damages, expenses (including reasonable fees and disbursements of counsel and accountants), costs (including, without limitation, expenses, fees, and disbursements and time charges related to giving testimony or furnishing documents in response to a subpoena or otherwise) and liabilities (joint or several) as incurred, related to or arising out of or in connection with HCF's services under the Engagement Letter. Such terms of indemnification, as modified by the Proposed Order, reflect the qualifications and limits on such terms that are customary for investment bankers such as HCF in chapter 11 cases and are generally consistent in all material respects with the indemnification provision contained in HCF's standard engagement letter for both in and out of court restructuring advisory and support services.

18. I believe that the indemnification, contribution, reimbursement, and other related provisions contained in the Engagement Letter (the “Indemnification Provisions”), and as would be modified in the Proposed Order, are customary and reasonable for investment banking engagements, both in and out of court, and reflect the qualifications and limitations on indemnification provisions that are customary in this district and other jurisdictions.

19. The Debtors and HCF negotiated the terms of the Engagement Letter and the Indemnification Provisions at arm’s-length and in good faith. I believe that the provisions contained in the Engagement Letter, as would be modified by the Proposed Order, are reasonable terms and conditions of HCF’s employment by the Debtors. With respect to the Engagement Letter’s indemnification provisions, indemnification is a standard term of the market for investment bankers. The indemnity is comparable to those generally obtained by investment banking firms of similar stature to HCF and for comparable engagements, both in and out of court

20. I believe that the Indemnification Provisions of the Engagement Letter, as would be modified by the Proposed Order, viewed in conjunction with the other terms of HCF’s proposed retention, are reasonable and in the best interest of the Debtors, their estates, and creditors. Accordingly, it is my opinion that this Court should approve the Indemnification Provisions, as would be modified by the Order.

21. The foregoing constitutes the statement of HCF pursuant to section 504 of the Bankruptcy Code and Rules 2014(a) and 5002 of the Bankruptcy Rules.

*[Remainder of Page Intentionally Left Blank]*

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing  
is true and correct.

Dated: August 26, 2025

/s/ Teri Stratton

Teri Stratton  
Senior Managing Director & National  
Practice Leader for Restructuring and  
Special Situations  
Hilco Corporate Finance, LLC

**ATTACHMENT 1**

**LIST OF POTENTIALLY INTERESTED PARTIES**

**Debtors**

Wellmade Floor Coverings International Inc.  
Wellmade Industries MFR. N.A LLC

Maresa Snow  
Nancie Schindler  
Shannon Morris

**Known Affiliates**

Buyislander.com Technologies LLC  
The Tigereye International Trading Co., Ltd  
Wellmade Floor Industries Co. Ltd

**Bankruptcy Judges/ND Georgia**

Barbara Ellis-Monro  
James R. Sacca  
Jeffery W. Cavender  
Lisa Ritchey Craig  
Mary Grace Diehl  
Paul M. Baisier  
Paul W. Bonapfel  
Sage M. Sigler

**Current and Former Officers and**

**Directors**

Allen Ming Chen  
Christy Wei  
David Baker  
George Zhu Chen  
John P. Bradford  
Richard Quinlan

**Banks and Financial Institutions**

American Express  
Bank of America  
Capital One  
First Federal Bank  
First Citizens Bank  
JPMorgan Chase Bank  
Northwest Bank  
Synovus Bank  
Umpqua

**Owners**

Allen Ming Chen  
George Zhu Chen

**Insurance Providers/Broker**

EMC Insurance Companies  
Hub International

**Bankruptcy Court Staff/ND Georgia**

Craig Raber  
Jackie Cunningham  
James Cornett  
Jessica Leto  
Kimberly Williams

Liberty Mutual Insurance  
Mutual of Omaha  
New York Life Insurance Company  
Principal Life Insurance Company  
Regence BlueCross BlueShield

Oregon Department of Revenue  
Tennessee Department of Revenue  
Utah Department of Revenue  
Virginia Department of Taxation  
Washington Department of Taxation

**Bonds**

American Alternative Insurance Corporation  
U.S. Customs and Border Protection Agency

**Other Local, State or Federal Authorities**

Texas Comptroller of Public Accounts

**Local, State and Federal Taxing**

**Authorities**

Arizona Department of Revenue  
Bartow County Community Development  
Department  
California Department of Revenue  
Canada Revenue Agency  
Colorado Department of Revenue  
Florida Department of Revenue  
Georgia Department of Revenue  
Illinois Department of Revenue  
Indiana Department of Revenue  
IRS - Internal Revenue Service  
Maryland Department of Assessments and  
Taxation  
Minnesota Department of Revenue  
Ministere du Revenu QC  
New Jersey Division of Taxation  
New York  
North Carolina Department of Revenue  
Ohio Department of Revenue

**Parties to Contracts/Vendors**

48forty Solutions, LLC  
ABF Freight  
Allied Supplies Inc.  
ANHUI SUNHOUSE FLOOR  
TECHNOLOGY, CO., LTD  
APEX MARITIME CO. (LAX), INC.  
Arrow Exterminators Pest Control  
Balance Printing  
Buske Lines Inc.  
C3 Technologies  
Caylor Industrial Sales, Inc.  
C&C Electrical Supply Company  
Celigo, Inc.  
Ceva Logistics LLC  
CHAOHU VGREEN TIMBER CO., LTD.  
CHEP USA  
CINTAS Corporation No. 2  
Costco  
CYBIR  
Dalton Fluid Power  
Dennemeyer & Co, LLC

Diamond Line Delivery Systems	Maanshan Best Purchaser Import and Export
Elcor, Inc.	Trade Co. Ltd
Empire Mouldings, Inc.	Mandera Components, LLC (NW Bamboo
Estes Express	Trim)
Faven	McMaster-Carr
FedEx	Mexichem Specialty Resins, Inc.
FedEx Freight	Millennium Pallets, LLC
FedEx Trade Networks	MS Industries
Framerica Corporation	MTS Logistics Inc.
FREEMAN – International Surfaces Event	NexAir
CP Corrugated LLC	NextGen Capital Markets, LLC
Grainger	NFI LOGISTICS
Graphic Information System Inc.	Old Dominion Freight Line, Inc.
Green Vibes Only	PCA
Hapag-Lloyd (America) LLC	PNC Equipment Finance
High Tech Crating, Inc.	Precision Flooring Products Inc.
HONG KONG JIANGCHUAN TRADING	Premier Propane, Inc.
COMPANY LIMITED	Professional Floor Inspection & Testing LLC
HPC, Inc.	R+L Carries, Inc.
I4F Licensing NV	Recruit Mate LLC
Imerys Carbonates USA, Inc.	Reddaway
Industrial Constructions Services, Inc.	Rithum
Industrial Repair Service	Roadrunner Transportation Services
Ingersoll-Rand Industrial U.S., Inc.	Saif Corporation
IVC US LLC	Sherwin-Williams Company
John P. Bradford	ShinHo Industry Corp.
Join-Win Consulting Group LLC	Shintech Incorporated
Kodi New Material Company Limited	Sunbelt Rentals, Inc.
Lastique International Corp.	Super Hibachi Buffet, Inc.
Lean Supply Solutions Inc.	Superior Plus Propane
M&S LOGISTICS	Syndigo LLC

System Scale Corporation

Tad-Chip Industrial Corp.

Tai Chan Colorful Press Industrial Co., Ltd

The Tigereye International Trading Co., Ltd

Thompson Safety LLC

Topocean Consolidation Service (LAX) Inc.

Total Talent Search, Inc.

Toyota Material Handling Systems

UL Verification Services Inc.

Unishippers

UPS

VIETNAM HENG LI NEW MATERIALS  
CO. LTD

VIETNAM NAISE NEW MATERIALS  
COMPANY LIMITED

VIETNAM YUNJIA DECORATION  
MATERIAL COMPANY

Wage Works

Westlake Vinyls Inc.

Wexford International Inc.

Xfinity

XPO LTL

YRC Freight

Yschem New Materials Company

Zamma Corporation

#### **Parties to Leases**

Busch Drive B1 Owner, LLC

Verity Properties, Inc.

#### **Professionals**

Aurora Management Partners

Greenberg Traurig, LLP

Hilco Corporate Finance

Kurtzman Carson Consultants, LLC, dba

Verita Global

Pachulski Stang Ziehl & Jones LLP

#### **Lenders**

AHF IC, LLC

AFCO Credit Corporation

Flooring Investments LLC

#### **Counsel to Lenders**

King & Spalding LLP

#### **Litigation Claimants**

Anthony Davis

Can Gen Han

Jiayi Chen a/k/a Morgan Chen

Jian Jun Lu

Weems Construction LLC

Yixiang Zhang

Yu Cong Liu

#### **Litigation (Attorneys)**

Clifton Larson Allen LLP

Davis Wright Tremaine LLP

Gilfillan Law LLC

Hall Booth Smith, P.C.

JacksonLewis



Robbins Litigation and Regulatory Law  
Venable LLP

**United States Trustee/Atlanta Office**

Adriano O. Iqbal  
Alan Hinderleider  
Allison Cleary  
Anne Cabrera  
Beth Brown  
Chevonne Ducille  
David Weidenbaum  
Deborah R. Jackson  
Donavan Slack  
Jonathan S. Adams  
Lindsay Kolba  
Lisa Smoot  
Martin P. Ochs  
Mary Ida Townson, U.S. Trustee  
Michele Stephens-Taylor

R. Jeneane Treace, Assistant U.S. Trustee  
Randal D. Ennever  
Roslyn Dowdy  
Roxana Peterson  
Scarlett L. Aldaz  
Tara Kelly

**Utilities**

Bartow Country Water Department  
City of Cartersville  
City of Tula  
Georgia Power  
NW Natural  
Portland General Electric (PGE)  
Republic Services  
  
Republic Services (Allied Waste)  
  
Ziply Fiber

**ATTACHMENT 2**

- a. Affiliates of HCF are parties to a credit facility under which Bank of America is agent and in which JPMorgan Chase Bank, N.A. (“JP Morgan”) and, Bank of America, are participatory lenders. In 2024, HCF’s parent company, Hilco Trading, LLC (“Hilco Trading”), engaged J.P. Morgan and/or affiliates to provide investment banking services to Hilco Trading in connection with matters unrelated to the Debtors.
- b. In matters unrelated to the Debtors, Hilco Valuation Services, LLC, an affiliate of HCF and/or its subsidiaries, have performed or are currently performing appraisal, advisory, consulting, valuation, field examination, disposition or liquidation services for, (or related to loans made by) or to the following entities: (i) 48forty Solutions, LLC, (ii) AFCO 360, which may be an affiliate of AFCO Credit Corporation, (iii) Aurora Management Partners, (iv) Bank of America, (v) Capital One, (vi) First Citizens Bank, N.A., (vii) JPMorgan Chase Bank, (viii) PNC Bank, which may be an affiliate of PNC Equipment Finance, (ix) Sunbelt Rentals, Inc., (x) Synovus Bank, (xi) Toyota Tsusho America, which may be an affiliate of Toyota Material Handling Systems, (xii) Umpqua Bank, (xiii) YRC Freight a/k/a Yellow Corporation, which may be an affiliate of Reddaway, and (xiv) Zamma Corporation.
- c. In matters unrelated to the Debtors, Hilco IP Services, LLC d/b/a Hilco Streambank, LLC, an affiliate of HCF, have performed or are currently performing IPv4 brokerage, advisory, consulting, valuation and monetization, services for Portland General (PGE).
- d. From time to time, HCF and/or its affiliates have collaborated with or engaged the professional services of: (i) Clifton Larson Allen LLP, (ii) Davis Wright Tremaine LLP, (iii) Greenberg Traurig, LLP, (iv) Jackson Lewis, (v) King & Spalding LLP, (vi) Kurtzman Carson Consultants, LLC, (vii) Pachulski Stang Ziehl & Jones LLP, and (viii) Venable LLP, in matters unrelated to the Debtors.
- e. Because of the magnitude of the entire creditor list in these chapter 11 cases, it is possible that HCF and/or its affiliates may represent or may have represented other creditors of the Debtors but does not represent any such creditors in connection with these chapter 11 cases. HCF and/or its affiliates presently or in the past have served as a professional person in other matters, wholly unrelated to the Debtors or these chapter 11 cases, in which other attorneys, accountants and other professionals of the Debtors, creditors, or other parties in interest may have also served or serve as professional persons.