

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA**

In re:

CAFE HOLDINGS CORP., *et al.*,¹

Debtors.

Chapter 11

Case No. 18-05837 (hb)

(Jointly Administered)

**SUPPLEMENTAL DECLARATION OF MATTHEW GATES
IN SUPPORT OF DEBTORS' APPLICATION TO EMPLOY AND RETAIN
DUFF & PHELPS SECURITIES, LLC AS INVESTMENT BANKER
TO THE DEBTORS AND DEBTORS IN POSSESSION
NUNC PRO TUNC TO THE PETITION DATE**

1. I am a Director of Duff & Phelps Securities, LLC (“**Duff & Phelps**”), a financial advisory and investment banking firm which has its principal office at 55 East 52nd Street, 31st Floor, New York, New York 10055. I am authorized to make this supplemental declaration (the “**Supplemental Declaration**”) on Duff & Phelps’ behalf.

2. The Supplemental Declaration is submitted in support of the *Debtors’ Application to Employ and Retain Duff & Phelps Securities, LLC as Investment Banker to the Debtors and Debtors in Possession Nunc Pro Tunc to the Petition Date* filed on December 4, 2018 [Docket No. 128] (the “**Application**”) along with the Declaration of Vineet (“**Vin**”) Batra in support of the Application (the “**Declaration**”).

3. Unless modified herein, the statement and averments set forth in the Declaration are unaltered by this Supplemental Declaration.

4. This Supplemental Declaration is being submitted to address questions and requests raised by the Office of the United States Trustee.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Cafe Holdings Corp. (7910); Cafe Enterprises, Inc. (4946); CE Sportz LLC (2009); and CES Gastonia LLC (0863). The location of the Debtors’ corporate headquarters is 4324 Wade Hampton Blvd., Suite B, Taylors, South Carolina 29687.

Duff & Phelps' Conflict Check Procedures

5. Duff & Phelps maintains a Business Objects database of all client engagements and associated revenue going back to 2003 (the “**Business Objects Database**”). Duff & Phelps’ standard procedure is to check all of the client engagements in the Business Objects Database for the prior three years against any conflict parties of a particular bankruptcy case. Procedurally, Duff & Phelps receives the list of conflict parties from debtor’s counsel, and then has someone look up each name in the database to identify potential conflicts for further review. Historically, this was done by one administrative person employed by Duff & Phelps.

6. Due to internal structure changes at Duff & Phelps unrelated to these Bankruptcy Cases, in 2003, the administrative person who ran the initial conflicts check in the Business Objects Database transitioned from being an employee to being a contractor (the “**Contractor**”). Despite this change, the work that the Contractor did was unchanged.

7. In the Cafe Enterprises bankruptcy cases, Duff & Phelps received a list of conflict parties (the “**Interested Parties List**”) from Haynes & Boone, the Debtors’ counsel. The Interested Parties List was attached to the Declaration as Schedule 1. The Contractor checked each of the conflict parties against the Business Objects Database for the prior 3 years. The Contractor then sent me a list of all database results. I then reviewed the results for thoroughness and to identify and understand any potential conflicts. I took the results of this review and provided it to the Debtors’ counsel and Vineet “Vin” Batra, who was a Managing Director at Duff & Phelps at the time, for incorporation into the Declaration and the Application.

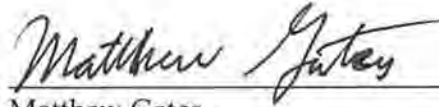
8. To the best of my knowledge, information, and belief, the results of the conflicts check as set forth in the Declaration are complete and accurate.

9. The Contractor was compensated on an hourly basis at a rate of \$140 per hour. The Contractor spent 7.5 hours checking the Interested Parties List against the Business Objects database, resulting in a total payment from Duff & Phelps to the Contractor in the amount of \$1,050 in connection with these Bankruptcy Cases. Duff & Phelps has agreed not to seek compensation or expense reimbursement in the Bankruptcy Case for the services provided by the Contractor.

[Signature Page Follows]

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

Dated: May 13, 2019

A handwritten signature in cursive script that reads "Matthew Gates". The signature is written in black ink and is positioned above a horizontal line.

Matthew Gates
Director
Duff & Phelps Securities, LLC