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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
REPUBLIC METALS REFINING CORPORATION, <i>et al.</i> , ¹)	Case No. 18-13359 (shl)
)	
Debtors.)	
)	(Jointly Administered)

**AMENDED DECLARATION OF SCOTT AVILA IN SUPPORT OF DEBTORS'
MOTION PURSUANT TO SECTIONS 105(a), 363(b) AND 503(c) OF
THE BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO MAKE
POST-PETITION RETENTION PAYMENTS TO CERTAIN
NON-INSIDER EMPLOYEES, AS MODIFIED BY THE SUPPLEMENT**

I, SCOTT AVILA, being duly sworn, depose and say as follows:

1. My name is Scott Avila. I am a principal of Paladin Management Group, LLC ("Paladin"), a financial advisory firm. I submit this declaration (the "Declaration") in my capacity as Chief Restructuring Officer ("CRO") of Republic Metals Refining Corporation, Republic Metals Corporation, Republic Carbon Company, LLC, Republic High Tech Metals,

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Republic Metals Refining Corporation, 15 West 47th Street, Suites 206 and 209, New York, NY 10036 (3194), Republic Metals Corporation, 12900 NW 38th Avenue, Miami, FL 33054 (4378), Republic Carbon Company, LLC, 5295 Northwest 163rd Street, Miami Gardens, FL 33014 (5833), Republic High Tech Metals, LLC, 13001 NW 38 Avenue, Miami, FL 33054 (6102), RMC Diamonds, LLC, 12900 NW 38th Avenue, Miami, FL 33054 (1507), RMC2, LLC, 12900 NW 38th Avenue, Miami, FL 33054 (4696), J & L Republic LLC, 12900 NW 38th Avenue, Miami, FL 33054 (7604); R & R Metals, LLC, 12900 NW 38th Avenue, Miami, FL 33054 (7848), Republic Metals Trading (Shanghai) Co., Ltd., 276 Ningbo Road, Huangpu District, Shanghai, P.R. 200001 China (1639), and Republic Trans Mexico Metals, S.R.L., Francisco I. Madero No. 55 Piso 5, Local 409, Centro Joyero Edificio Central, Delegación Cuauhtémoc, Mexico DF 6000 (2942). Where applicable, the Debtors are also referred to herein as the "Company."

LLC, RMC Diamonds, LLC, RMC2, LLC, J & L Republic, LLC, and R & R Metals, LLC, the debtors and debtors-in-possession (together, the "Debtors" or the "Company") in the above-captioned chapter 11 cases (the "Chapter 11 Cases") before the United States Bankruptcy Court for the Southern District of New York (the "Court"), in support of the relief sought in the Debtors' *Motion Pursuant to Sections 105(a), 363(b) and 503(c) of the Bankruptcy Code Authorizing the Debtors to Make Post-petition Retention Payments to Certain Non-insider Employees* ("Retention Motion") [ECF No. 688], as modified by the Supplement (the "Supplement") being filed simultaneously herewith.

2. I am duly authorized to make this declaration (the "Declaration") on behalf of the Debtors.

3. A history of the Debtors' businesses and the events leading to these Chapter 11 Cases are set forth in my Declaration, as CRO, in Support of Chapter 11 Petitions and First Day Motions [ECF No. 2, the "Avila Declaration"], as well as by reviewing the entirety of the Court's docket for these Chapter 11 Cases.

4. Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein and, if called as a witness, I could and would testify thereto. Capitalized terms and phrases not otherwise defined herein shall have the meanings ascribed to such terms in the Retention Motion and Supplement.

A. My Adjustments to the Debtors' Retention Program

5. Since the Retention Motion was filed on February 28, 2019, I reevaluated the Debtors' retention program after consultation with the Senior Lenders and the Creditors Committee, and have determined that certain modifications are necessary.

6. As the Debtors are currently in the midst of the wind down process and liquidation of their businesses, having recently closed a sale of substantially all of the Debtors'

assets, I have determined, in my business judgment, that it is necessary and beneficial to retain 12 Participants to assist with monetizing the inventory that remains in the Debtors' facilities. Through their respective roles, the Participants will be tasked with helping convert the assets of the estates into cash by, among other responsibilities:

- i. preparing the equivalent of about 50 shipping containers of by-product material for shipment to a third party for further processing to recover residual metal content. Before it can be shipped, the material must be transferred from 55-gallon drums to ~1-ton "super sacks," weighed, documented, inspected and certified as properly-contained hazardous material, and then staged for lading into specialized shipping containers;
- ii. providing support with selling finished product that remains in the Debtors' possession;
- iii. assisting with the Debtors' discovery efforts as part of the ongoing litigation in the Bankruptcy Cases; and
- iv. fulfilling the Debtors' bankruptcy reporting and tax filing obligations and other related wind-down activities.

B. The Retention Program

7. Each Participant will be asked to sign a retention agreement agreeing to stay with the Debtors for as long as their services are required, generally expected to be one to three months. The Debtors are seeking authority from this Court to pay *up to* \$250,000 (in the aggregate), which amount could be lower depending on whether certain of the Participants stay their full term or are released earlier than anticipated.

8. Rather than offer the Participants a lump sum certain to be paid at the end of their term, I believe it would be more appropriate to seek from the Court approval for a bucket of *up to* \$250,000 to be allocated among those Participants who stay through their estimated termination dates.

9. The formula to be employed involves offering each Participant *up to* an additional one day of pay for each day worked (the "One-to-One Formula"), to be paid upon

each Participant's termination date. The One-to-One Formula is a more effective way of ensuring that the Participants who agree to remain with the Debtors will in fact stay as long as they are needed, while scaling the size of the Retention Payment to the length of time actually served. Two of the Participants have been guaranteed three (3) months of work. If they choose to resign early, they will only receive their Retention Payment per the One-to-One Formula. A third Participant will be paid a flat fee upon termination. It is expected that he will work for as long as the estate needs him. His Retention Payment is not expected to be greater than under the One-to-One Formula. If he voluntarily resigns, he will not receive a Retention Payment.

10. The Amended Schedule to be filed with the Supplement contains the names of the Participants that are being retained by the Debtors, as well as their role descriptions.

11. In the event a Participant resigns or is released before his term expires, under the One-to-One Formula, he will receive a Retention Payment proportionate to his service time. Because there is no way of knowing today whether the services of each Participant will be required through their estimated termination dates, the Amended Schedule does not include a breakdown of the \$250,000 to be disbursed. The \$250,000 aggregate amount represents a maximum limit on the ultimate payout.

12. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

/s/ Scott Avila

Scott Avila

Chief Restructuring Officer of Debtors