

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

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 In re: : Chapter 11  
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 THE WET SEAL, LLC, *et al.*, : Case No. 17-10229 (CSS)  
 :  
 Debtors.<sup>1</sup> : (Jointly Administered)  
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**DECLARATION OF MACKENZIE L. SHEA IN SUPPORT OF DEBTORS' MOTION  
 FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING  
 THE DEBTORS TO ASSUME THE CONSULTING AGREEMENT,  
 (II) AUTHORIZING AND APPROVING THE CONDUCT OF STORE CLOSING  
 SALES, WITH SUCH SALES TO BE FREE AND CLEAR OF ALL LIENS,  
 CLAIMS, AND ENCUMBRANCES, AND (III) GRANTING RELATED RELIEF**

I, Mackenzie L. Shea, being duly sworn, state the following under penalty of perjury:

1. I am over the age of twenty-one (21) years and am competent to make this Declaration. I have undertaken a reasonable investigation of the facts stated in this Declaration. Except as otherwise noted, I have personal knowledge of the matters set forth herein.

2. I am Associate General Counsel of Gordon Brothers Group, LLC ("Gordon Brothers" or "GBG"), parent company of Gordon Brothers Retail Partners, LLC ("GBRP"), a retail consulting firm that maintains offices at 800 Boylston Street, 27<sup>th</sup> Floor, Boston, MA 02199. I am authorized to make this Declaration on behalf of GBRP (the "Declaration"). I submit this Declaration in support of the following motion: *Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to Assume the Consulting Agreement, (II) Authorizing*

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<sup>1</sup> The Debtors in these chapter 11 cases and the last four digits of each Debtor's taxpayer identification number are as follows: The Wet Seal, LLC (2741) The Wet Seal Gift Card, LLC (3286); Mador Financing, LLC (1377). The Debtors' corporate headquarters is located at 7555 Irvine Center Drive, Irvine, California 92618.

*and Approving the Conduct of Store Closing Sales, with such Sales to be Free and Clear of all Liens, Claims, and Encumbrances, and (III) Granting Related Relief (the “Motion”).*<sup>2</sup>

3. GBRP is a retail consulting firm with significant experience in the representation of debtors concerning the value-maximization of retail inventory both in and out of bankruptcy cases. GBRP is well qualified to act as consultant to the Debtors in these cases to supervise the Store Closing Sales at the Stores.

### CONNECTIONS

4. In the ordinary course of its business, GBRP, through its parent company Gordon Brothers, maintains a database for purposes of performing “conflicts checks.” The database contains information regarding the present and past representations and transactions of Gordon Brothers and all other companies presently controlled by Gordon Brothers (including GBRP). I obtained a list of each of the debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), certain of the Debtors’ creditors, and other parties in interest (collectively, the “Parties-In-Interest”) from counsel to the Debtors, a copy of which is attached as Schedule 1 hereto, for purposes of searching the aforementioned database and determining the connection(s) which Gordon Brothers and other companies presently controlled by Gordon Brothers (including GBRP) have with such entities. To the best of my knowledge and belief, after conducting the inquiry outlined above in this Paragraph 4, during the last two years, GBRP has no connection with the Debtors, or with the Parties-In-Interest in matters related to the Debtors, except as disclosed or otherwise described in this Declaration, including:

- (a) GBRP’s parent entity, Gordon Brothers, entered into a confidentiality agreement as of January 10, 2017 with Mador Financing, LLC, one of the Debtors. The confidentiality agreement was executed in connection with the evaluation of the

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed

potential provision of services or entry into a transaction by Gordon Brothers or its affiliates and the Debtors. Pursuant to such confidentiality agreement, and with the Debtors' consent, GBRP's affiliate, Gordon Brothers Brands, LLC, continues to conduct diligence on the Debtors' intellectual property; such transaction remains under consideration as of the date hereof and is separate from GBRP's provision of the retail disposition services contemplated by this Declaration.

- (b) GBRP affiliate, Gordon Brothers Asset Advisors, LLC ("GBAA"), has been engaged on numerous prior occasions by Crystal Financial, LLC, a secured creditor of the Debtors, to perform appraisals of the Debtors' inventory; the most recent such appraisal was completed as of January 19, 2017. The existence of such pending appraisal was disclosed in the confidentiality agreement executed by the parties and referenced in paragraph (a) above.
- (c) GBRP and GBAA, along with a third affiliate, DJM Realty Services, LLC, previously each executed joinders to confidentiality agreements executed by Versa Capital Management, LLC ("Versa") regarding the Wet Seal business at the time of Versa's 2015 acquisition of the assets thereof in connection with the chapter 11 bankruptcy case of The Wet Seal, Inc. No transactions with Gordon Brothers or any of its affiliates resulted from these 2015 confidentiality agreements as part of the acquisition or such bankruptcy case.
- (d) At or shortly after Versa's acquisition of the Wet Seal business referenced in paragraph (d) above, GBAA also performed an appraisal of the Debtors' inventory on Versa's behalf, completed in April 2015.

5. Except as otherwise may be disclosed herein, to the best of my knowledge and belief, after reasonable inquiry, neither I, GBRP, nor any principal, consultant or employee thereof:

- (a) are creditors, equity security holders, or insiders of the Debtors; and/or
- (b) are (or within two (2) years before the Petition Date were) a director or officer of the Debtors.

6. As a part of a large and diverse business operation, Gordon Brothers (including its affiliates including GBRP) has previously, is currently, and may in the future appear or participate (as agent, consultant, appraiser, professional, advisor, investor, principal or otherwise) in numerous cases, proceedings, transactions and engagements, with, among other market participants, professionals, advisors, banks and other lenders, landlords, restructuring firms,

liquidation firms, vendors, insurance carriers and brokers, operating companies, and equity and/or debt holders, each of whom may be involved in these proceedings, may represent Parties-in-Interest in this case, and/or may be Parties-in-Interest in this case (“Ordinary Course Interactions”). Except as disclosed in Paragraph 4 above, none of the Ordinary Course Interactions are matters directly connected or relating to the Debtors or these chapter 11 cases, nor does GBRP believe that any of the Ordinary Course Interactions will interfere with or impair GBRP’s activities, actions, responsibilities or objectives in these cases. Without limiting the generality of the foregoing disclosure, and by way of example only for purposes of erring on the side of adequate disclosure:

- (a) Gordon Brothers has a corporate banking relationship with a syndicate of lenders including Bank of America, N.A., JP Morgan Chase Bank, N.A., Citizens Bank, N.A., and Wells Fargo Bank, N.A.
- (b) Gordon Brothers has close relationships with several law firms based upon such firms’ extensive representation of it and its affiliates, including without limitation Choate Hall & Stewart LLP; Curtis, Mallet-Prevost, Colt & Mosle LLP; DLA Piper LLP; Goulston & Storrs, P.C.; and Riemer & Braunstein LLP.
- (c) GBRP’s affiliate Gordon Brothers Asset Advisors, LLC provides various appraisal services in the ordinary course of business to many lenders, investors, and other market participants.
- (d) GBRP’s affiliate DJM Realty Services, LLC provides various real estate advisory and consulting services (including without limitation lease and fee-owned acquisition, disposition, and restructuring services) in the ordinary course of business to many tenants, landlords, guarantors, lessors, lessees, and managers.
- (e) GBRP’s affiliate Gordon Brothers Commercial and Industrial, LLC provides various commercial and industrial disposition services in the ordinary course of business to many business operators, lenders and other debt holders, and equity holders.
- (f) GBAA’s affiliate Gordon Brothers International, LLC provides many of the same appraisal, disposition, and other services provided by other Gordon Brothers affiliates, primarily in jurisdictions outside North America.

- (g) GBRP from time to time engages in its business on a joint venture basis with other nationally recognized retail liquidation firms, including Hilco Merchant Resources, LLC which is part of the contractual joint venture comprising the Consultant under the Consulting Agreement with the Debtors.
- (h) GBRP affiliate, Gordon Brothers Brands, LLC, previously was engaged in April 2016 by a material litigant of the Debtors to provide ordinary course services unrelated to the Debtors; such engagement was completed as of July 2016.
- (i) Gordon Brothers and its affiliates have Ordinary Course Interactions with Crystal Financial, LLC and Versa; as noted previously, other than as set forth in Paragraph 4 above none of such Ordinary Course Interactions are matters directly connected or relating to the Debtors or these chapter 11 cases.

7. In addition, Gordon Brothers owns a minority interest in, has certain contractual relationships with, and from time to time may provide contractual services to, Gordon Brothers Finance Company ("Finance Company") in the ordinary course of business. Finance Company is not an affiliate of GBRP or Gordon Brothers; rather, Gordon Brothers owns a minority interest in and has certain contractual relationships with Finance Company. In view of the non-affiliation, no facts or circumstances concerning Finance Company were reviewed or considered as part of preparing this Declaration (and thus were not disclosed as part of this Declaration), except to the extent any such facts and circumstances directly related to activities of Gordon Brothers with Finance Company with respect to the Debtors and these chapter 11 cases, which matters, if any, are disclosed in Paragraph 4 above.

8. Insofar as other connections with Parties-in-Interest are concerned, it is possible that one or more shareholders, directors, officers and employees of GBRP, its parent and affiliates may have personal or social connections with certain Parties-in-Interest.

9. Neither I, GBRP, nor any principal, consultant or employee thereof has agreed to share or will share any portion of the compensation to be received from the Debtors by GBRP with any other person other than the principals and regular employees of GBRP.

10. To the best of my knowledge, neither I, GBRP, nor any principal, consultant or employee thereof, insofar as I have been able to ascertain, holds or represents any interest adverse to the Debtors or their estates with respect to the matter(s) upon which GBRP is engaged.

11. The disclosures identified above are based upon my knowledge and belief after reasonable inquiry. GBRP, its parent, and affiliates will continue to review their relationships. Accordingly, this Declaration will be supplemented as appropriate.

I declare under penalty of perjury that the foregoing is true and accurate to the best of my personal knowledge and information.

Dated: Boston, Massachusetts  
February 10, 2017

Gordon Brothers Group, LLC

By: \_\_\_\_\_

  
Mackenzie L. Shea,  
Associate General Counsel

**Schedule 1**

**List of Parties in Interest**

Company Name	Category
Mador Holdings, LLC	Debtors
Mador Financing, LLC	Debtors
The Wet Seal, LLC	Debtors
The Wet Seal Gift Card, LLC	Debtors
Melanie Cox	Officer
Judd P. Tirnauer	Officer
Robert J. Duffy	Officer
Stephen Coulombe	Officer
Crystal Financial, LLC	Secured Creditors
Mador Funding LLC, (sponsor is Versa Capital Management, LLC)	Secured Creditors
FEDEX	Unsec. Cred.
CELEBRITY PINK (2253 APPAREL, INC. DBA TOUI)	Unsec. Cred.
GF HOLDING INC. DBA: KIRIOUS	Unsec. Cred.
GOOGLE INC.	Unsec. Cred.
L+L PRINTERS CARLSBAD, LLC	Unsec. Cred.
CRANE CONSTRUCTION COMPANY LLC	Unsec. Cred.
LOUISE PARIS LTD	Unsec. Cred.
ACTIVE KNITWEAR RESOURCES, INC.	Unsec. Cred.
BETTER BE	Unsec. Cred.
THE 17/21 GROUP	Unsec. Cred.
SEAMLESS LAND INC.	Unsec. Cred.
HIGHWAY JEANS	Unsec. Cred.
NEXT GENERATION (J & F DESIGN) (MERCH)	Unsec. Cred.
EAST LION CORP.	Unsec. Cred.
ADP - PAYROLL	Unsec. Cred.
IKEDDI ENTERPRISES, INC	Unsec. Cred.
VALENTINE USA INC.	Unsec. Cred.
AD ART CO.	Unsec. Cred.



DIZZY LIZZY/JAINSON'S INT'L, INC.	Unsec. Cred.
SHINHWA CORP	Unsec. Cred.
AA FASHION INC	Unsec. Cred.
AXESORY SOURCE	Unsec. Cred.
SENSUAL LINGERIE INC.	Unsec. Cred.
TERI LINGERIE CO.	Unsec. Cred.
AH1130, INC. DBA: I JOAH	Unsec. Cred.
LUCENT PRODUCT, INC.	Unsec. Cred.
DEMANDWARE, INC.	Unsec. Cred.
CAPE ROBBIN INC.	Unsec. Cred.
ACE ALLIANCE, INC.	Unsec. Cred.
DREAM CATCHER DBA: AMELOTTE INT'L CORP.	Unsec. Cred.
Deckers Outdoor Corp	Litigant
Grand Step (HK) Ltd.	Litigant
Berkeley Research Group, LLC	Consulting, Interim CRO Services
Young Conaway Stargatt & Taylor, LLP	Outside Counsel
Gordon Brothers Retail Partners, LLC	Liquidation services
Hilco Merchant Resources, LLC	Liquidation services
Donlin, Recano & Company	Claims Agent
Hilco Streambank	IP Valuation and Sale
Morgan Lewis	Case Professional
Choate Hall & Stewart	Case Professional
OCarey, Kevin J.	Judge
Gross, Kevin	Judge
Shannon, Brendan L.	Judge
Silverstein, Laurie Selber	Judge
Sontchi, Christopher S.	Judge
Walrath, Mary F.	Judge

Attix, Lauren	UST
Buchbinder, David	UST
Casey, Linda	UST
Cox, Natalie	UST
Dortch, Shakima L.	UST
Fox, Jr., Timothy J.	UST
Giordano, Diane	UST
Green, Christine	UST
Hackman, Benjamin	UST
Heck, Jeffrey	UST
Kenney, Mark	UST
Leamy, Jane	UST
McCollum, Hannah M.	UST
Murray, Tony	UST
O'Malley, James R.	UST
Panacio, Michael	UST
Patton, Tiiara	UST
Sarkessian, Juliet	UST
Schepacarter, Richard	UST
Serrano, Edith A.	UST
Starr, Karen	UST
Tinker, T. Patrick	UST
Vara, Andrew R.	UST
Vinson, Ramona	UST
West, Michael	UST
Wynn, Dion	UST