

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SFX ENTERTAINMENT, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-10238 ()

(Joint Administration Requested)

**MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING THE
DEBTORS TO HONOR CERTAIN PREPETITION TICKET OBLIGATIONS TO
CUSTOMERS AND TO OTHERWISE CONTINUE CERTAIN PREPETITION
CUSTOMER PRACTICES IN THE ORDINARY COURSE OF BUSINESS**

The above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) hereby move the Court (the “**Motion**”) pursuant to sections 105(a), 363, 507, 1107 and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”) and Rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) for entry of an order authorizing, but not directing, the Debtors, in their sole discretion, to honor certain prepetition obligations to customers and to otherwise continue certain prepetition customer practices offered in the ordinary course of their prepetition operations. In support of this Motion, the Debtors respectfully state as follows:

¹ The Debtors in these Chapter 11 Cases, along with the last four (4) digits of each Debtor’s federal tax identification number, if applicable, are: 430R Acquisition LLC (7350); Beatport, LLC (1024); Core Productions LLC (3613); EZ Festivals, LLC (2693); Flavorus, Inc. (7119); ID&T/SFX Mysteryland LLC (6459); ID&T/SFX North America LLC (5154); ID&T/SFX Q-Dance LLC (6298); ID&T/SFX Sensation LLC (6460); ID&T/SFX TomorrowWorld LLC (7238); LETMA Acquisition LLC (0452); Made Event, LLC (1127); Michigan JJ Holdings LLC (n/a); SFX Acquisition, LLC (1063); SFX Brazil LLC (0047); SFX Canada Inc. (7070); SFX Development LLC (2102); SFX EDM Holdings Corporation (2460); SFX Entertainment, Inc. (0047); SFX Entertainment International, Inc. (2987); SFX Entertainment International II, Inc. (1998); SFX Intermediate Holdco II LLC (5954); SFX Managing Member Inc. (2428); SFX Marketing LLC (7734); SFX Platform & Sponsorship LLC (9234); SFX Technology Services, Inc. (0402); SFX/AB Live Event Canada, Inc. (6422); SFX/AB Live Event Intermediate Holdco LLC (8004); SFX/AB Live Event LLC (9703); SFX-94 LLC (5884); SFX-Disco Intermediate Holdco LLC (5441); SFX-Disco Operating LLC (5441); SFXE IP LLC (0047); SFX-EMC, Inc. (7765); SFX-Hudson LLC (0047); SFX-IDT N.A. Holding II LLC (4860); SFX-LIC Operating LLC (0950); SFX-IDT N.A. Holding LLC (2428); SFX-Nightlife Operating LLC (4673); SFX-Perryscope LLC (4724); SFX-React Operating LLC (0584); Spring Awakening, LLC (6390); SFXE Netherlands Holdings Coöperatief U.A. (6812); SFXE Netherlands Holdings B.V. (6898). The Debtors’ business address is 902 Broadway, 15th Floor, New York, NY 10010.



Status of the Case

1. On the date hereof (the “**Petition Date**”), the Debtors commenced these cases (the “**Chapter 11 Cases**”) by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

2. The Debtors have continued in possession of their properties and are operating and managing their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner and a creditors’ committee has not yet been appointed in these Chapter 11 Cases.

Jurisdiction, Venue and Statutory Predicates

4. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is core within the meaning of 28 U.S.C. § 157(b)(2).

5. The statutory predicates for the relief requested herein are sections 105(a), 363, 507, 1107 and 1108 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004.

Background

6. The Debtors along with their non-Debtor affiliates (collectively, “**SFX**”) are a leading producer of live events and digital entertainment content focused exclusively on electronic music culture. The Debtors commenced material operations in 2012 with the intent of acquiring and operating companies within the electronic dance music (“**EDM**”) industry, specifically those engaged in the promotion and production of live music events, festivals and digital offerings attractive to EDM fans in the United States and abroad. Over the next three years, the Debtors acquired a number of leading EDM brands, such as TomorrowWorld, Beatport, Mysteryland, Sensation and Electric Zoo, and expanded operations worldwide.

7. Today, the Debtors are actively engaged in the production and promotion of EDM festivals and events both domestically and abroad. In addition, Debtors manage large, event-driven nightclubs that serve as venues for performances by key electronic music talent. The Debtors also offer an online platform for EDM DJs, artists and fans to purchase, share and stream music components and to connect with each other.

8. The Debtors and their 120 non-Debtor subsidiaries operate a business that spans the globe, with operations in over 34 countries. The Debtors constitute substantially all of the domestic companies comprising SFX's business as well as select foreign subsidiaries. The Debtors have more than 325 employees and, together with the non-Debtor entities, have more than 625 employees.

9. The Debtors' capital structure is highly levered. In 2015, the Debtors began to face significant liquidity issues. While the Debtors attempted to enhance liquidity through a September 2015 financing and potential sales of non-strategic assets, the Debtors concluded that they needed to restructure their liabilities through a bankruptcy process.

10. Prior to the filing of these Chapter 11 Cases, the Debtors entered into a restructuring support agreement with holders of over 70% of their outstanding secured debt. The restructuring support agreement provides for a comprehensive restructuring of the Debtors' balance sheet. As part of that transaction, certain of the holders of the secured debt also agreed to provide the Debtors with \$115 million of debtor-in-possession financing to allow for the Debtors to prosecute these Chapter 11 Cases. The Debtors intend to use these Chapter 11 Cases to effect their balance sheet restructuring and implement operational improvements.

11. A detailed factual background of the Debtors' business and operations, as well as the events precipitating the commencement of these Chapter 11 Cases, is more fully set forth in the *Declaration of Michael Katzenstein in Support of the Debtors' Chapter 11 Petitions and*

Requests for First Day Relief (the “**First Day Declaration**”), filed contemporaneously herewith and incorporated herein by reference.

Relief Requested

12. The viability of the Debtors’ business and the Debtors’ ability to maximize the value for stakeholders in these Chapter 11 Cases are dependent in large part upon the patronage and loyalty of their customers. Before the Petition Date, the Debtors, in the ordinary course of business, engaged in certain customer practices to develop and sustain patronage among fans of EDM (collectively, the “**Customer Programs**”). The Customer Programs include, but are not limited to, the Contest Program and the Refund Program, honoring the Ticketholder Claims and remitting Ticketing Receipts (each as defined herein).

13. By this Motion, the Debtors seek entry of an order, pursuant to sections 105(a), 363, 507, 1107(a) and 1108 of the Bankruptcy Code, authorizing, but not directing, the Debtors, in their sole discretion, to continue their prepetition Customer Programs. These Customer Programs will help to maintain customer satisfaction and loyalty without interruption throughout the duration of these Chapter 11 Cases.

14. The Customer Programs are fundamental to the continued success of the Debtors’ business because, by design, the Customer Programs encourage repeat business and ensure customer satisfaction, thereby retaining current customers, attracting new customers and ultimately increasing the Debtors’ revenue. Failure to continue the Customer Programs would severely and irreparably impair the Debtors’ customer relations. Indeed, if the Debtors were unable to offer the Customer Programs, they would be at a significant disadvantage compared to their competitors. Therefore, the ability to continue to provide the Customer Programs is vital to the Debtors’ ongoing relationship with their current and future customers, and their ability to emerge from chapter 11 protection with a strong market share and customer base.

15. The Debtors estimate that in connection with the Customer Programs, the Debtors pay approximately \$35,000 per month to third-party vendors.

16. The Debtors seek the authority, in their sole discretion, to continue to honor their obligations with respect to the Customer Programs. The Debtors further request that the Court enter an order directing all banks to honor the Debtors' prepetition checks or electronic transfers for payment of the foregoing, and prohibiting banks from placing any holds on, or attempting to reverse, any automatic transfers on account of the foregoing.

Customer Programs

17. Prior to the Petition Date, in the ordinary course of their business and as is customary in the industry in which the Debtors operate, the Debtors implemented certain Customer Programs, including but not limited to the following:

A. Ticketing

18. The Debtors organize and host hundreds of events each year and issue tickets for entry to such events. Prior to the Petition Date and consistent with industry practice, the Debtors issued and sold tickets for events and festivals that are scheduled to occur in 2016. Additionally, the Debtors may have provided complimentary tickets to venues, co-promoters or sponsors as part of a contract. The Debtors seek the authority to honor all tickets for events and festivals that were issued prepetition, whether purchased, provided promotionally or otherwise, but which have not yet been used (collectively, the "**Ticketholder Claims**").

19. In addition, certain Debtors are in the business of providing ticketing services to non-Debtor parties. In the ordinary course of business, the Debtors process and remit ticketing proceeds to third parties (the "**Ticketing Receipts**") on account of third-party events. The Debtors seek authority to continue processing Ticketing Receipts on behalf of third parties.²

² As further described in the *Motion of the Debtors for Entry of an Order (A) Authorizing the Maintenance of Bank Accounts and Continued Use of Existing Business Forms and Checks, (B) Authorizing the Continued Use of Cash*

20. The Debtors require the authority to honor the Ticketholder Claims, as the inability to honor such claims following the commencement of these Chapter 11 Cases would be ruinous to the Debtors' reorganization effort. Customer confidence and goodwill will be severely undermined if the Debtors are prevented from honoring the Ticketholder Claims.

B. Contest Program

21. In connection with promoting live events, festivals and performances, the Debtors maintain a contest program for fans of EDM (the "**Contest Program**"). Pursuant to the Contest Program, fans are eligible to receive prizes (the "**Contest Claims**") for participating in Debtor-sponsored contests. The Debtors hold dozens of contests throughout the country, such as DJ battles; giveaways to fans via social media; and competitions of fan-submitted photos, videos or music recordings.

22. The Contest Claims are non-cash rewards, such as tickets to upcoming shows, upgrades to already-purchased tickets, discounts on purchases on the Debtors' digital platform or opportunities to meet artists; although some Contest Claims require the Debtors to pay third parties (e.g., paying a winner's airfare to attend a festival). For the most part, the value of each Contest Claim is an amount that would not trigger any tax liability to the holders.

23. Due to the nature of the Contest Program, the Debtors are unable to estimate the total amount of prizes owed by the Debtors on account of each program as of the Petition Date. However, out of an abundance of caution, the Debtors seek authority to provide qualifying customers with any benefits owed as of the Petition Date on account of the Contest Claims.

24. The Contest Program is designed to generate goodwill between the Debtors and fans of electronic music. The program is essential for both maintaining customer relationships and maximizing the value of the Debtors' estates.

Management System, (C) Waiving Certain Investment and Deposit Guidelines and (D) Granting Administrative Expense Status to Postpetition Intercompany Claims, filed contemporaneously herewith, the Debtors seek payment to remit ticket sales proceeds.

C. Refund Program

25. Consistent with industry practice, the Debtors offer refunds (the “**Refund Program**”) to customers when a scheduled event or festival is cancelled in whole or in part or to resolve customer disputes. The refunds may be in the form of a credit on the customers’ credit cards or tickets to another event. In an effort to ensure customer satisfaction, and in accordance with the Debtors’ prepetition practices, the Debtors seek authority to issue refunds to customers in the form of replacement tickets to shows and events that are scheduled to take place postpetition.

26. Customer confidence in the Debtors during the Chapter 11 Cases will be maintained by permitting the Debtors to continue the Refund Program. Due to the infrequent nature of applicable incidents, it is difficult to estimate at any one time the total amounts that may have accrued under the Refund Program. Accordingly, the Debtors seek the authority to continue the Refund Program.

Basis for Relief Requested

A. Authority Exists to Support Payment of the Customer Programs Obligations

27. Sections 1107(a) and 1108 of the Bankruptcy Code authorize a debtor-in-possession to continue to operate its business. Section 363(c)(1) of the Bankruptcy Code authorizes the debtor-in-possession operating its business pursuant to section 1108 of the Bankruptcy Code to “use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). The purpose of section 363(c)(1) of the Bankruptcy Code is to provide a debtor-in-possession with “flexibility to engage in ordinary transactions” required to operate its business without unneeded oversight by its creditors or the court. *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992) (“Section 363 is designed to strike [a] balance, allowing a business to continue its daily operations without excessive court or creditor oversight and protecting secured creditors and others from dissipation of the estate’s assets.” (internal

quotation marks and citation omitted)); *In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007). The Debtors submit that continuing their Customer Programs in the ordinary course of business without interruption is permitted by sections 363(c), 1107(a) and 1108 of the Bankruptcy Code without further application to the Court. Notwithstanding the foregoing, out of an abundance of caution, the Debtors seek the Court's authorization, but not direction, to continue their Customer Programs.

28. With respect to the Debtors' prepetition obligations under the Customer Programs, section 105(a) of the Bankruptcy Code authorizes the Court to issue "any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code]." 11 U.S.C. § 105(a). The purpose of section 105(a) is to assure that bankruptcy courts have the power to take whatever action is appropriate or necessary in aid of the exercise of jurisdiction. *See 2 Collier on Bankruptcy* ¶ 105.01 (15th ed. rev. 2010). The Debtors submit that the relief requested in this Motion is critical to the Debtors and is justified under section 105(a) of the Bankruptcy Code.

29. Moreover, the relief requested in this Motion is supported by the well-established "doctrine of necessity." Numerous courts have used their section 105(a) equitable powers under the necessity of payment doctrine to authorize payment of a debtor's prepetition obligations where, as here, such payment is necessary to effectuate the "paramount purpose" of chapter 11 cases, which is to preserve a debtor's potential for rehabilitation. *See In re Lehigh Co. & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that "if payment of a claim which arose prior to reorganization is essential to the continued operation of the . . . [business] during reorganization, payment may be authorized even if it is made out of [the] corpus"); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 825 (D. Del. 1999) ("to invoke the necessity of payment doctrine, a debtor must show that payment of the pre-petition claims is critical to the debtor's reorganization"); *Pension Benefit Guarantee Corp. v. Sharon Steel Corp. (In re Sharon Steel*

Corp.), 159 B.R. 730, 736 (Bankr. W.D. Pa. 1993) (embracing “necessity of payment” doctrine and citing *Leigh & New England Ry. Co.* with approval); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176-77 (Bankr. S.D.N.Y. 1989) (necessity of payment doctrine “recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay pre-petition claims where such payment is essential to the continued operation of the debtor”); *In re Gulf Air, Inc.*, 112 B.R. 152, 153-54 (Bankr. W.D. La. 1989) (allowing payment of prepetition claims under the “doctrine of necessity”).

30. The bankruptcy court’s exercise of its authority under section 105(a) and the “doctrine of necessity” is appropriate to carry out specific statutory provisions of chapter 11, specifically, sections 363(b)(1), 1107(a) and 1108, which authorize a debtor-in-possession to maintain and operate its business and use estate property outside of the ordinary course of business. Indeed, a debtor-in-possession operating a business under section 1108 has a fiduciary duty to protect and preserve the estate, including the going concern value of an operating business. *See In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (“There are occasions when this [fiduciary] duty can only be fulfilled by the preplan satisfaction of a prepetition claim”). A bankruptcy court’s exercise of its authority under section 105(a) is also necessary to carry out two central policies underlying chapter 11: (i) to permit the successful rehabilitation of the debtor, *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 527 (1984), and (ii) to preserve going concern value and maximize property available to satisfy all creditors. *Bank of Am. Nat’l Trust & Sav. Ass’n v. 203 N. LaSalle St. P’ship*, 526 U.S. 434, 453 (1999). The Customer Programs allow the Debtors to meet competitive pressures, ensure customer satisfaction, and generate goodwill with customers, thereby retaining current customers, attracting new ones, and ultimately enhancing revenue and profitability. Maintaining these benefits throughout these Chapter 11 Cases is essential to the continued viability of the Debtors’

business and the maximization of the estates' value for all parties-in-interest. This Court should exercise its equitable powers to grant the relief requested in this Motion.

31. The Debtors' creditors also will benefit from the relief sought herein. If the Debtors are prohibited from honoring and maintaining the Customer Programs consistent with their past business practices, then the customers' lost confidence in the Debtors will damage the Debtors' business to an extent that far exceeds the cost associated with honoring and continuing such practices. Approval of the Customer Programs will protect the Debtors' goodwill and going concern value during the chapter 11 process.

32. It is beyond question that one of the Debtors' most valuable assets is their business relationship with their current and future customers. Discontinuance of these Customer Programs would likely undermine customer satisfaction, jeopardize customer loyalty to the Debtors and would negatively affect the decisions of future customers and therefore would have an adverse impact on the Debtors' revenues. Accordingly, maintaining the relationship with the Debtors' current and future customers is critical to the Debtors' success in these cases.³

33. In the Debtors' industries, customer loyalty is of critical importance. Accordingly it is vital that the Debtors not alienate their customer base following the commencement of these Chapter 11 Cases. Undoubtedly, these Chapter 11 Cases will cause potential future customers to have concerns about entering into a relationship with the Debtors and purchasing tickets to events and festivals. The Debtors desire to assuage any such fears by minimizing the effects of these Chapter 11 Cases. These efforts would be thwarted if the relief requested herein were not granted. For these reasons, permitting the Debtors to continue to honor the Customer Programs is justified and essential to the Debtors' continued operations.

³ With respect to services rendered after the Petition Date, the Debtors submit that they are authorized to maintain, modify and apply the Customer Programs in the ordinary course of business and without approval from the Court, but out of an abundance of caution, request such approval by this Motion to the extent necessary.

34. Where retaining loyalty and patronage of customers is critical to successful chapter 11 cases, courts in this District and others have granted relief similar to that requested here. *See, e.g., In re Caché, Inc.*, Case No. 15-10172 (MFW) (Bankr. D. Del. Feb. 23, 2015); *In re Sch. Specialty, Inc.*, Case No. 13-10125 (KJC) (Bankr. D. Del. Jan. 30, 2013); *In re Indianapolis Downs, LLC*, Case No. 11-11046 (BLS) (Bankr. D. Del. Apr. 8, 2011). The Debtors respectfully submit that similar relief is warranted in these Chapter 11 Cases because their ability to reorganize depends upon the Debtors maintaining the loyalty of their customers and the going concern value of their businesses. Accordingly, the Debtors request the authority to continue their Customer Programs and honor prepetition commitments related thereto.

B. Customer Programs Obligations May Be Priority Claims

35. Moreover, the obligations under the Customer Programs arguably may constitute priority claims (up to the statutory cap) under section 507(a)(7) of the Bankruptcy Code that must be paid in full under a plan of reorganization. Section 507(a)(7) provides seventh-level priority treatment for:

[A]llowed unsecured claims of individuals, to the extent of \$2,775 for each such individual, arising from the deposit, before the commencement of the case, of money in connection with the purchase, lease, or rental of property, or the purchase of services, for the personal, family, or household use of such individuals, that were not delivered or provided . . .

11 U.S.C. § 507(a)(7).

36. Obligations arising on account of the Customer Programs, such as the Ticketholder Claims, while not specifically mentioned in section 507(a)(7), could arguably be customer deposits as defined in the statute. “The ostensible purpose of the seventh priority is to protect customers who make deposits for goods or services . . . that were not provided to the consumers at the time the debtor filed for bankruptcy.” 2 *Collier on Bankruptcy* ¶ 507.09 (15th ed. rev. 2010); *see also In re Tart’s T.V., Furniture & Appliance Co., Inc.*, 165 B.R. 171, 173

(Bankr. E.D.N.C. 1994) (holders of extended warranty claims are entitled to priority under this subsection).

37. To the extent the obligations arising under the Customer Programs represent priority claims, pursuant to section 1129(a)(9) of the Bankruptcy Code, holders are entitled to receive payment in full (subject to the statutory cap) under a chapter 11 plan. The Debtors, therefore, believe that other creditors of their estates will not be prejudiced by the Court's approval of the Debtors' request to honor the claims on account of these Customer Programs. In fact, honoring such claims now and thereby maintaining good customer relations will benefit all creditors by enhancing the value of the Debtors' businesses.

Bankruptcy Rule 6003 Is Satisfied and Request for Waiver of Stay

38. The Debtors further submit that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein and in the First Day Declaration, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

39. Specifically, Bankruptcy Rule 6003 provides:

Except to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, issue an order granting the following: . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition, but not a motion under Rule 4001

Fed. R. Bankr. P. 6003.

40. The Third Circuit Court of Appeals has interpreted the "immediate and irreparable harm" language in the context of preliminary injunctions. In that context, irreparable harm has been interpreted as a continuing harm that cannot be adequately redressed by final relief on the merits and for which money damages cannot provide adequate compensation. *See, e.g., Norfolk S. Ry. Co. v. City of Pittsburgh*, 235 F. App'x 907, 910 (3d Cir. 2007) (citing

Glasco v. Hills, 558 F.2d 179, 181 (3d Cir. 1977)). Further, the harm must be shown to be actual and imminent, not speculative or unsubstantiated. *See, e.g., Acierno v. New Castle Cty.*, 40 F.3d 645, 653-55 (3d Cir. 1994).

41. The Debtors further seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004. As set forth above, the relief requested herein is essential to prevent irreparable damage to the Debtors’ operations, going concern value and their efforts to pursue a sale or restructuring of their assets and liabilities.

42. Accordingly, the relief requested herein is appropriate under the circumstances and under Bankruptcy Rules 6003 and 6004(h).

Consent to Jurisdiction

43. Pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States bankruptcy Court for the District of Delaware (the “**Local Rules**”), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final order or judgment absent consent of the parties.

Notice⁴

44. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee for the District of Delaware; (b) the DIP Lenders; (c) the Ad Hoc Group; (d) Catalyst, as the Administrative Agent and Lender to the Debtors’ prepetition Credit Agreement and Foreign Loan; (e) U.S. Bank National

⁴ Capitalized terms used in the Notice section but not otherwise defined in this Motion shall have the meanings ascribed to them in the First Day Declaration.

Association, as Indenture Trustee to the Indenture governing the 2019 Notes; (f) creditors holding the forty (40) largest unsecured claims as set forth in the consolidated list filed with the Debtors' petitions; (g) those parties requesting notice pursuant to Bankruptcy Rule 2002; (h) the Office of the United States Attorney General for the District of Delaware; (i) the Internal Revenue Service; and (j) the Securities and Exchange Commission. As the Motion is seeking "first day" relief, within two business days of the hearing on the Motion, the Debtors will serve copies of the Motion and any order entered respecting the Motion in accordance with the Local Rules. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

45. No prior request for the relief sought in this Motion has been made to this or any other court.

[Signature Page Follows]

Conclusion

WHEREFORE, the Debtors respectfully request that this Court enter an order granting the relief requested herein and granting such other and further relief as is just and proper.

Dated: February 1, 2016

GREENBERG TRAUIG, LLP

/s/ Dennis A. Meloro

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and Debtors-in-Possession*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SFX ENTERTAINMENT, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-10238 ()

(Joint Administration Requested)

Ref. Docket No. _____

**ORDER AUTHORIZING THE DEBTORS TO HONOR CERTAIN
PREPETITION TICKET OBLIGATIONS TO CUSTOMERS
AND TO OTHERWISE CONTINUE CERTAIN PREPETITION
CUSTOMER PRACTICES IN THE ORDINARY COURSE OF BUSINESS**

Upon the motion (the “**Motion**”)² filed by the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) seeking entry of an order authorizing, but not directing, the Debtors, in their sole discretion, to honor certain prepetition obligations to customers and to otherwise continue certain prepetition customer practices that the Debtors offered in the ordinary course of their prepetition operations; and upon the *Declaration of Michael Katzenstein in Support of the Debtors’ Chapter 11 Petitions and Requests for First Day Relief* (the “**First Day**

¹ The Debtors in these Chapter 11 Cases, along with the last four (4) digits of each Debtor’s federal tax identification number, if applicable, are: 430R Acquisition LLC (7350); Beatport, LLC (1024); Core Productions LLC (3613); EZ Festivals, LLC (2693); Flavorus, Inc. (7119); ID&T/SFX Mysteryland LLC (6459); ID&T/SFX North America LLC (5154); ID&T/SFX Q-Dance LLC (6298); ID&T/SFX Sensation LLC (6460); ID&T/SFX TomorrowWorld LLC (7238); LETMA Acquisition LLC (0452); Made Event, LLC (1127); Michigan JJ Holdings LLC (n/a); SFX Acquisition, LLC (1063); SFX Brazil LLC (0047); SFX Canada Inc. (7070); SFX Development LLC (2102); SFX EDM Holdings Corporation (2460); SFX Entertainment, Inc. (0047); SFX Entertainment International, Inc. (2987); SFX Entertainment International II, Inc. (1998); SFX Intermediate Holdco II LLC (5954); SFX Managing Member Inc. (2428); SFX Marketing LLC (7734); SFX Platform & Sponsorship LLC (9234); SFX Technology Services, Inc. (0402); SFX/AB Live Event Canada, Inc. (6422); SFX/AB Live Event Intermediate Holdco LLC (8004); SFX/AB Live Event LLC (9703); SFX-94 LLC (5884); SFX-Disco Intermediate Holdco LLC (5441); SFX-Disco Operating LLC (5441); SFXE IP LLC (0047); SFX-EMC, Inc. (7765); SFX-Hudson LLC (0047); SFX-IDT N.A. Holding II LLC (4860); SFX-LIC Operating LLC (0950); SFX-IDT N.A. Holding LLC (2428); SFX-Nightlife Operating LLC (4673); SFX-Perryscope LLC (4724); SFX-React Operating LLC (0584); Spring Awakening, LLC (6390); SFXE Netherlands Holdings Coöperatief U.A. (6812); SFXE Netherlands Holdings B.V. (6898). The Debtors’ business address is 902 Broadway, 15th Floor, New York, NY 10010.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

Declaration"); and upon the statements of counsel in support of the relief requested in the Motion at the hearing before the Court; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these Chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. For the reasons set forth on the record, the Motion is GRANTED as set forth herein.
2. The Debtors are authorized, but not directed, to continue to provide the Customer Programs set forth in the Motion and to continue to honor prepetition obligations, including without limitation Ticketing Receipts, that arose prepetition or arise postpetition under the Customer Programs.
3. The Debtors, in their business judgment, are authorized, but not directed, to continue and renew Customer Programs as they deem appropriate in the ordinary course of business without further order of the Court.
4. The relief granted herein shall not constitute or be deemed to be an assumption or an authorization to assume, pursuant to section 365 of the Bankruptcy Code, any executory contract or unexpired lease to which the Debtors are a party and all such rights are hereby expressly reserved.

5. Notwithstanding anything to the contrary contained herein, any payment made or to be made, and authorization contained in this Order shall be subject to the requirements imposed on the Debtors under any approved debtor-in-possession financing facility, any order regarding the Debtors' postpetition financing or use of cash collateral, and any budget in connection therewith.

6. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

7. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

8. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

9. This Court shall retain jurisdiction with respect to all matters arising from or relating to the interpretation or implementation of this Order.

Dated: _____, 2016

HONORABLE _____
UNITED STATES BANKRUPTCY JUDGE