

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

In re:

SEQUENTIAL BRANDS GROUP, INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 21-11194 (JTD)
)
) Jointly Administered
)
) Hearing Date: December 1, 2021 at 3:00 p.m. (ET)
) Obj. Deadline: November 24, 2021 at 4:00 p.m. (ET)
)

**DEBTORS' MOTION FOR ENTRY
OF AN ORDER AUTHORIZING THE DEBTORS TO
(I) REJECT 1407 BROADWAY OFFICE LEASE AND (II) ABANDON
ANY PERSONAL PROPERTY THAT REMAINS AT THE PREMISES**

The above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) move the Court (the “Motion”), pursuant to sections 105, 365 and 554 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 6006 and 6007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for the entry of an order, in substantially the form attached as Exhibit A (the “Proposed Order”), authorizing the Debtors to (i) reject the 1407 Broadway Office Lease (as defined below) effective as of October 29, 2021 (the “Surrender Date”) and (ii) abandon certain equipment and other *de minimis* assets located at the Premises (as defined below) (the “Remaining Property”) that is left at the Premises as of the Surrender Date. In support of this Motion, the Debtors respectfully state as follows:

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Sequential Brands Group, Inc. (2789), SQBG, Inc. (9546), Sequential Licensing, Inc. (7108), William Rast Licensing, LLC (4304), Heeling Sports Limited (0479), Brand Matter, LLC (1258), SBG FM, LLC (8013), Galaxy Brands LLC (9583), The Basketball Marketing Company, Inc. (7003), American Sporting Goods Corporation (1696), LNT Brands LLC (3923), Joe’s Holdings LLC (3085), Gaia Brand Holdco, LLC (1581), Gaia Americas, Inc. (8894), SBG-Gaia Holdings, LLC (8923), SBG Universe Brands, LLC (4322), and GBT Promotions LLC (7003). The Debtors’ corporate headquarters and the mailing address for each Debtor is 1407 Broadway, 38th Floor, New York, NY 10018.



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JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue for this matter is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

A. General Background

2. On August 31, 2021 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b). No party has requested the appointment of a trustee or examiner in these Chapter 11 Cases, and no committees have been appointed or designated.

3. Information regarding the Debtors’ history and business operations, capital structure, primary indebtedness, and the events leading up to the commencement of these Chapter 11 Cases can be found in the *Declaration of Lorraine DiSanto in Support of the Debtors’ Chapter 11 Petitions and Requests for First Day Relief* [D.I. 3] (the “First Day Declaration”).

B. The 1407 Broadway Office Lease

4. Debtor SBG Universe Brands, LLC (“SBG”)² is the tenant and 1407 Broadway Real Estate LLC is the landlord (the “Landlord”) under that certain office lease dated August 14, 2013 (as amended, the “1407 Broadway Office Lease”) pertaining to the premises located at 1407 Broadway, New York, NY 10018 (the “Premises”). Subsequent to entering into the initial lease for the Premises, SBG and the Landlord executed two amendments to the 1407 Broadway Office Lease, with the most recent amendment having been executed on June 18, 2020

² Galaxy Brands Holdings, Inc. (“Galaxy”) was the original tenant of the 1407 Broadway Office Lease. Upon Galaxy’s merger with SBG in 2014, SBG became the successor-in-interest to the 1407 Broadway Office Lease.

(the “Second Amendment”). The Second Amendment (i) deferred SBG’s obligation to pay 50% of the Base Rent (as defined in the 1407 Broadway Office Lease) for the month of October 2020, November 2020, and December 2020 – an aggregate sum of \$90,240.09 – until January 1, 2021, and (ii) allowed the Landlord to draw down on the \$621,300,000 letter of credit, which is held in favor of the Landlord on account of SBG, and to apply such proceeds to rent, administrative fees, and utilities for certain periods of time between March 2020 and September 2020.

5. As set forth in the First Day Declaration, the Debtors have filed these Chapter 11 Cases to conduct one or more sales of substantially all of their assets. As part of the contemplated sales, the Debtors have begun reviewing, among other things, their unexpired non-residential leases and executory contracts in an effort to identify those leases that are no longer needed for ongoing operations. In connection with such review, the Debtors have identified the 1407 Broadway Office Lease for rejection.

6. On October 29, 2021, SBG unequivocally surrendered its interest in the Premises to the Landlord (i) by sending a letter detailing SBG’s surrender of the Premises and (ii) by returning all keys to the Landlord. Accordingly, continued payment of obligations owing under the 1407 Broadway Office Lease beyond the Surrender Date represents an unnecessary expense for the Debtors’ estates and it is in the best interests of the Debtors, their creditors and these estates that the Debtors avoid the costs and monthly expenses associated therewith. Rejection of the 1407 Broadway Office Lease will maximize the value of the estates by decreasing the Debtors’ monthly expenses for a location that is not necessary to the Debtors’ continuing operations and will not be utilized as part of the Debtors’ efforts to sell their assets.

RELIEF REQUESTED

7. The Debtors seek the entry of an order, in substantially the form of the Proposed Order, authorizing them to (a) reject the 1407 Broadway Office Lease effective as of the Surrender Date and (b) abandon any Remaining Property that remain unsold and left at the Premises as of the Surrender Date.

BASIS FOR RELIEF

A. Rejection of the 1407 Broadway Office Lease Is a Sound Exercise of the Debtors' Business Judgment

8. Section 365(a) of the Bankruptcy Code provides that a debtor "subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a); *L.R.S.C. Co. v. Rickel Home Centers, Inc. (In re Rickel Home Centers, Inc.)*, 209 F.3d 291, 298 (3d Cir. 2000) (section 365 of the Bankruptcy Code "allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed.").

9. Courts routinely approve motions to reject unexpired leases upon a showing that the debtor's decision to take such action will benefit the debtor's estate and is an exercise of sound business judgment. *See Krebs Chrysler-Plymouth, Inc. v. Valley Motors, Inc.*, 141 F.3d 490, 492 (3d Cir. 1998); *In re Taylor*, 913 F.2d 102, 107 (3d Cir. 1990); *In re Armstrong World Indus., Inc.*, 348 B.R. 136, 162 (Bankr. D. Del. 2006) ("Courts have uniformly deferred to the business judgment of the debtor to determine whether the rejection of an . . . unexpired lease by the debtor is appropriate under section 365(a) of the Bankruptcy Code.").

10. Courts generally will not second-guess a debtor's business judgment concerning the rejection of an executory contract or unexpired lease, unless the decision is the product of bad faith, whim or caprice. *See In re HQ Global Holdings, Inc.*, 290 B.R. 507, 511 (Bankr. D. Del. 2003) (applying a business judgment standard, absent a showing of bad faith, whim, or caprice); *In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001) (same); *see also Summit Land Co. v. Allen (In re Summit Land. Co.)*, 13 B.R. 310, 315 (Bankr. D. Utah 1981) (absent extraordinary circumstance, court approval of a debtor's decision to assume or reject an executory contract "should be granted as a matter of course"). The standard merely requires a showing that either assumption or rejection of the executory contract or unexpired lease will benefit the debtor's estate. *See Sharon Steel Corp. v. Nat'l Fuel Gas Distribution Cor. (In re Sharon Steel Corp.)*, 872 F.2d 36, 40 (3d Cir. 1989).

11. As discussed, the Debtors plan to sell substantially all of their assets. After review of its executory contracts and unexpired leases, the Debtors have determined that the 1407 Broadway Office Lease is not necessary to the Debtors' current operations, their contemplated sale process, or their limited operations upon closing of the sale(s) of substantially all of their assets. Requiring the Debtors to continue fulfilling their obligations under the 1407 Broadway Office Lease after the Surrender Date would cause the Debtors to incur unnecessary administrative expenses at a time when they should be focused on maximizing the value of their assets. Accordingly, the Debtors have determined, in the sound exercise of their reasoned business judgment, that the 1407 Broadway Office Lease should be rejected effective as of the Surrender Date.

B. Abandoning any Remaining Property at the Premises Is Reasonable and Appropriate

12. In the event that there was any Remaining Property left at the Premises as of the Surrender Date, the Debtors request authority to abandon such assets as is, where is, and in accordance with section 554(a) of the Bankruptcy Code. Section 554(a) provides that "the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate." 11 U.S.C. § 554(a). Courts generally give a debtor in possession great deference to its decision to abandon property. *See, e.g., In re Vel Rey props., Inc.*, 174 B.R. 859, 867 (Bankr. D.D.C. 1994) ("Clearly, the court should give deference to the trustee's judgment in such matters."). Unless certain property is harmful to the public, once a debtor has shown that it is burdensome or of inconsequential value to the estate, a court should approve the abandonment. *Id.*

13. As of the Surrender Date, the Debtors removed any Remaining Property that justified the expense of moving it to another location. The Debtors believe that the costs associated with liquidating any Remaining Property that is still located at the Premises as of the Surrender Date, if any, will likely approach or exceed the value of such assets. Accordingly, the

Debtors believe that such Remaining Property is of inconsequential value to the Debtors' estates and should be abandoned effective as of the Surrender Date.

C. Claims Bar Date

14. The Landlord may seek to assert a rejection damage claim under section 502 of the Bankruptcy Code or other claims in connection with the rejection of the 1407 Broadway Office Lease and must do so in accordance with the *Order (i) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(b)(9), (ii) Setting a Bar Date for the Filing of Proofs of Claim by Governmental Units, (iii) Setting a Bar Date for the Filing of Requests for Allowance of Administrative Expense Claims, (iv) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (v) Approving the Form of and Manner for Filing Proofs of Claim, (vi) Approving Notice of Bar Dates, and (vii) Granting Related Relief* [Docket No. 162] (the "Bar Date Order").

15. Nothing contained herein is intended to be or shall be deemed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors' or any appropriate party-in-interest's rights to dispute the amount of, basis for, or validity of any claim, (c) a promise or requirement to pay any particular claim; (d) a waiver of the Debtors' or any other party-in-interest's rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (e) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion, (f) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code, or (g) a concession by the Debtor or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Motion are valid and the Debtor and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' or any party-in-interest's rights to dispute such claim.

NOTICE

16. The Debtors will provide notice of this motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) the holders of the 20 largest unsecured claims against the Debtors (on a consolidated basis); (c) the United States Attorney's Office for the District of Delaware; (d) the United States Internal Revenue Service; (e) the United States Securities and Exchange Commission; (f) counsel to Bank of America N.A., as administrative and collateral agent under the BoA Credit Agreement, (i) Morgan, Lewis & Bockius LLP, One Federal Street, Boston, MA 02110-1726 (Attn: Julie Frost-Davies (julia.frost-davies@morganlewis.com) and Christopher L. Carter (christopher.carter@morganlewis.com)), and (ii) Robinson & Cole LLP, 1201 N. Market Street, Suite 1406, Wilmington, DE 19801 (Jamie L. Edmonson (jedmonson@rc.com) and James L. Lanthrop (jlathrop@rc.com)), 1650 Market Street, Suite 3600, Philadelphia, PA 19103 (Rachel Jaffe Mauceri (rmauceri@rc.com)); (g) counsel to KKR Credit Advisors (US) LLC, (i) King & Spalding LLP, 1185 Avenue of the Americas, New York, NY 10036 (Attn: Roger G. Schwartz (rschwartz@kslaw.com) and Peter Montoni (pmontoni@kslaw.com)), 110 N. Wacker Drive, Suite 3800, Chicago, IL 60606 (Attn: Lindsay Henrickson (lhenrickson@kslaw.com) and R. Jacob Jumbeck (jjumbeck@kslaw.com)), and (ii) Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347 (Attn: Robert J. Dehney (rdehney@morrisnichols.com), Andrew R. Remming (aremming@morrisnichols.com), and Tamara K. Mann (tmann@morrisnichols.com)); (h) counsel to Wilmington Trust, N.A., (i) Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, 16th floor, Wilmington, DE 19801 (Attn: Derek C. Abbott (dabbott@morrisnichols.com), Curtis S. Miller (cmiller@morrisnichols.com), and Paige N. Topper (ptopper@morrisnichols.com)) and (ii) James-Bateman-Brannan-Groover LLP, Buckhead Tower at Lenox Square, 3399 Peachtree Road NE, Suite 1700, Atlanta, GA 30326, (Attn: Doroteya N. Wozniak (dwozniak@jamesbatesllp.com)); (i) the Landlord; (j) all parties known to have an interest in any Remaining Property located at the Premises; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002.

NO PRIOR REQUEST

17. No prior request for the relief sought herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order and grant such other and further relief as may be appropriate.

Dated: November 5, 2021

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Timothy P. Cairns

Laura Davis Jones (DE Bar No. 2436)
Timothy P. Cairns (DE Bar No. 4228)
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-and-

GIBSON, DUNN & CRUTCHER LLP

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Joshua K. Brody (admitted *pro hac vice*)
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Counsel to the Debtors and Debtors in Possession

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

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| <hr/> |) | |
| In re: |) | Chapter 11 |
| |) | |
| SEQUENTIAL BRANDS GROUP, INC., <i>et al.</i> , ¹ |) | Case No. 21-11194 (JTD) |
| |) | |
| Debtors. |) | Jointly Administered |
| |) | |
| |) | Hearing Date: December 1, 2021 at 3:00 p.m. (ET) |
| |) | Obj. Deadline: November 24, 2021 at 4:00 p.m. (ET) |
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**NOTICE OF DEBTORS' MOTION FOR ENTRY OF AN ORDER AUTHORIZING THE
DEBTORS TO (I) REJECT 1407 BROADWAY OFFICE LEASE AND
(II) ABANDON ANY PERSONAL PROPERTY THAT REMAINS AT THE PREMISES**

PLEASE TAKE NOTICE that on November 5, 2021, the above-captioned debtors and debtors in possession (collectively, the “Debtors”), filed the *Debtors’ Motion for Entry of an Order Authorizing the Debtors to (I) Reject 1407 Broadway Office Lease and (II) Abandon any Personal Property that Remains at the Premises* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 (the “Bankruptcy Court”). A copy of the Motion is attached hereto.

PLEASE TAKE FURTHER NOTICE that any response or objection to the entry of a final order with respect to the relief sought in the Motion must be filed with the Bankruptcy Court on or before **November 24, 2021 at 4:00 p.m. prevailing Eastern time.**

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Sequential Brands Group, Inc. (2789), SQBG, Inc. (9546), Sequential Licensing, Inc. (7108), William Rast Licensing, LLC (4304), Heeling Sports Limited (0479), Brand Matter, LLC (1258), SBG FM, LLC (8013), Galaxy Brands LLC (9583), The Basketball Marketing Company, Inc. (7003), American Sporting Goods Corporation (1696), LNT Brands LLC (3923), Joe’s Holdings LLC (3085), Gaia Brand Holdco, LLC (1581), Gaia Americas, Inc. (8894), SBG-Gaia Holdings, LLC (8923), SBG Universe Brands, LLC (4322), and GBT Promotions LLC (7003). The Debtors’ corporate headquarters and the mailing address for each Debtor is 1407 Broadway, 38th Floor, New York, NY 10018.

PLEASE TAKE FURTHER NOTICE that at the same time, you must also serve a copy of the response or objection upon: (i) counsel to the Debtors, (a) Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166 (Attn: Scott J. Greenberg, Esq. (SGreenberg@gibsondunn.com), Joshua K. Brody, Esq. (JBrody@gibsondunn.com), and Jason Z. Goldstein (JGoldstein@gibsondunn.com)) and (b) Pachulski Stang Ziehl & Jones, LLP, 919 North Market Street, 17th Floor, Wilmington, DE 19801 (Attn: Laura Davis Jones, Esq. (ljones@pszjlaw.com) and Timothy P. Cairns, Esq. (tcairns@pszjlaw.com)); (ii) the Office of the United States Trustee, 844 King Street, Suite 2207, Wilmington, Delaware 19801 (Attn: Richard Schepacarter (Richard.Schepacarter@usdoj.gov)); (iii) counsel to Bank of America N.A., as administrative and collateral agent under the BoA Credit Agreement, (a) Morgan, Lewis & Bockius LLP, One Federal Street, Boston, MA 02110-1726 (Attn: Julie Frost-Davies (julia.frost-davies@morganlewis.com) and Christopher L. Carter (christopher.carter@morganlewis.com)), and (b) Robinson & Cole LLP, 1201 N. Market Street, Suite 1406, Wilmington, DE 19801 (Jamie L. Edmonson (jedmonson@rc.com) and James L. Lanthrop (jlathrop@rc.com)), 1650 Market Street, Suite 3600, Philadelphia, PA 19103 (Rachel Jaffe Mauceri (rmauceri@rc.com)); (iv) counsel to KKR Credit Advisors (US) LLC, (a) King & Spalding LLP, 1185 Avenue of the Americas, New York, NY 10036 (Attn: Roger G. Schwartz (rschwartz@kslaw.com) and Peter Montoni (pmontoni@kslaw.com)), 110 N. Wacker Drive, Suite 3800, Chicago, IL 60606 (Attn: Lindsay Henrickson (lhenrickson@kslaw.com) and R. Jacob Jumbeck (jjumbeck@kslaw.com)), and (b) Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347 (Attn: Robert J. Dehney (rdehney@morrisnichols.com), Andrew R. Remming (aremming@morrisnichols.com), and Tamara K. Mann (tmann@morrisnichols.com)); and (v) counsel to Wilmington Trust, N.A., (a) Morris, Nichols,

Arsht & Tunnell LLP, 1201 N. Market Street, 16th floor, Wilmington, DE 19801 (Attn: Derek C. Abbott (dabbott@morrisnichols.com), Curtis S. Miller (cmiller@morrisnichols.com), and Paige N. Topper (ptopper@morrisnichols.com)) and (b) James-Bateman-Brannan-Groover LLP, Buckhead Tower at Lenox Square, 3399 Peachtree Road NE, Suite 1700, Atlanta, GA 30326, (Attn: Doroteya N. Wozniak (dwozniak@jamesbatesllp.com)).

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE FINAL RELIEF REQUESTED BY THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE FINAL RELIEF SOUGHT IN THE MOTION WILL BE HELD ON DECEMBER 1, 2021 AT 3:00 P.M. PREVAILING EASTERN TIME BEFORE THE HONORABLE JOHN T. DORSEY, UNITED STATES BANKRUPTCY COURT JUDGE, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 6TH FLOOR, COURTROOM NO. 1, WILMINGTON, DELAWARE 19801.

Dated: November 5, 2021

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Timothy P. Cairns

Laura Davis Jones (DE Bar No. 2436)
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-and-

GIBSON, DUNN & CRUTCHER LLP

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Counsel to the Debtors and Debtors in Possession

EXHIBIT A
PROPOSED ORDER

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

| | | |
|--|---|------------------------------|
| In re: | : | Chapter 11 |
| SEQUENTIAL BRANDS GROUP, INC., <i>et al.</i> , | : | Case No. 21-11194 (JTD) |
| Debtors. ¹ | : | Jointly Administered |
| | : | Ref. Docket No. _____ |

**ORDER AUTHORIZING THE DEBTORS TO
(I) REJECT THE 1407 BROADWAY OFFICE LEASE AND
(II) ABANDON ANY PERSONAL PROPERTY THAT REMAINS AT THE PREMISES**

This Court has considered the *Debtors’ Motion for Entry of an Order Authorizing the Debtors to (I) Reject the 1407 Broadway Office Lease and (II) Abandon any Personal Property that Remains at the Premises* (the “Motion”)², the First Day Declaration, and the statements of counsel and the evidence adduced with respect to the Motion at any hearing before this Court (the “Hearing”). This Court has found that (i) this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b) and (iv) notice of the Motion and the Hearing was sufficient under the circumstances. After due deliberation, this Court has determined that (i) the relief requested in the Motion is in the best interests of the Debtors, their estates and their creditors; (ii) the Debtors have exercised reasonable business

The Debtors, along with the last four digits of each Debtor's tax identification number, are: Sequential Brands Group, Inc. (2789), SQBG, Inc. (9546), Sequential Licensing, Inc. (7108), William Rast Licensing, LLC (4304), Heeling Sports Limited (0479), Brand Matter, LLC (1258), SBG FM, LLC (8013), Galaxy Brands LLC (9583), The Basketball Marketing Company, Inc. (7003), American Sporting Goods Corporation (1696), LNT Brands LLC (3923), Joe's Holdings LLC (3085), Gaiam Brand Holdco, LLC (1581), Gaiam Americas, Inc. (8894), SBG-Gaiam Holdings, LLC (8923), SBG Universe Brands, LLC (4322), and GBT Promotions LLC (7003). The Debtors' corporate headquarters and the mailing address for each Debtor is 1407 Broadway, 38th Floor, New York, NY 10018.

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

judgment in determining that the 1407 Broadway Office Lease should be rejected pursuant to section 365 of the Bankruptcy Code; and (iii) good and sufficient cause having been shown;

ACCORDINGLY, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. Pursuant to section 365(a) of the Bankruptcy Code and Bankruptcy Rules 6006 and 6007, the 1407 Broadway Office Lease is rejected as of the Surrender Date.
3. Pursuant to section 554(a) of the Bankruptcy Code, the Remaining Property located at the Premises as of the Surrender Date is hereby abandoned, with such abandonment being effective as of the Surrender Date.
4. All objections and responses to the Motion that have not been overruled, withdrawn, waived, settled, continued, or resolved, and all reservations of rights included therein, are hereby overruled and denied.
5. Notice of the Motion was fair and equitable under the circumstances and complied in all respects with section 102(1) of the Bankruptcy Code and Bankruptcy Rules 2002 and 6006. Service of the Motion is sufficient notice of the abandonment of any Remaining Property.
6. Within two business days after entry of this Order, the Debtors will serve this Order on the Landlord.
7. The Landlord must file a claim under section 502 of the Bankruptcy Code or other claim in connection with the 1407 Broadway Office Lease or the rejection, breach or termination of such 1407 Broadway Office Lease in accordance with the Bar Date Order. The failure to file a timely claim shall forever prohibit the Landlord from receiving any distribution on account of such claims from the Debtors' estate or otherwise.
8. Notwithstanding the relief granted herein and any actions taken hereunder, nothing in this Order shall be deemed or construed to be: (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors' or any appropriate party-in-interest's

rights to dispute the amount of, basis for, or validity of any claim, (c) a promise or requirement to pay any particular claim; (d) a waiver of the Debtors' or any other party-in-interest's rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (e) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion, (f) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code, or (g) a concession by the Debtor or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Motion are valid and the Debtor and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens.

9. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon its entry; (b) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and (c) the Debtors are authorized and empowered, and may in their discretion and without further delay, take any action necessary or appropriate to implement this Order.

10. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

11. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Order.