

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: X  
: Chapter 11  
:  
SEQUENTIAL BRANDS GROUP, INC., *et* : Case No. 21-11194 (JTD)  
*al.*<sup>1</sup> :  
: (Jointly Administered)  
Debtors. :  
: Ref. Docket No. 284  
X

**CERTIFICATION OF NO OBJECTION REGARDING DEBTORS' MOTION  
FOR ENTRY OF ORDER APPROVING STIPULATION BETWEEN SEQUENTIAL  
LICENSING, INC. AND ADP TOTALSOURCE, INC. PROVIDING FOR ADEQUATE  
PROTECTION AND MODIFYING AUTOMATIC STAY**

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The undersigned hereby certifies that:

1. On November 5, 2021, the above-captioned debtors and debtors in possession (the “Debtors”) filed the *Debtors' Motion for Entry of Order Approving Stipulation Between Sequential Licensing, Inc. and ADP Totalsource, Inc. Providing for Adequate Protection and Modifying Automatic Stay* [Docket No. 284] (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).
2. Pursuant to the notice of Motion, responses were due to be filed on, or prior to, November 24, 2021, at 4:00 p.m. (ET) (the “Objection Deadline”).

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<sup>1</sup> 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 105 E. 34th Street, #249, New York, NY 10016.

3. The undersigned certifies that the Bankruptcy Court's docket has been reviewed in this case and no answer, objection or other responsive pleading to the Motion appears thereon.

4. Accordingly, the Debtors respectfully request entry of the Proposed Order attached hereto as **Exhibit 1** at the Bankruptcy Court's convenience.

Dated: November 29, 2021

**PACHULSKI STANG ZIEHL & JONES LLP**

/s/ Timothy P. Cairns

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*Counsel to the Debtors and Debtors in Possession*

## **EXHIBIT 1**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
SEQUENTIAL BRANDS GROUP, INC., <i>et</i>	:	Case No. 21-11194 (JTD)
<i>al.</i> , <sup>1</sup>	:	Jointly Administered
	:	
Debtors.	:	<b>Ref. Docket No. 284</b>
	:	

**ORDER APPROVING STIPULATION**

The Court having considered the *Stipulation Between Sequential Licensing, Inc. and ADP TotalSource, Inc., Providing for Adequate Protection and Modifying Automatic Stay* (the “Stipulation”) attached hereto as Exhibit 1; and the Court having determined that good and adequate cause exists for approval of the Stipulation; it is hereby ORDERED that:

1. The Stipulation is approved.
2. The Bankruptcy Court shall maintain jurisdiction over any dispute arising under or in connection with the Stipulation.

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<sup>1</sup> 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.

**EXHIBIT 1**  
**STIPULATION**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

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

**STIPULATION BETWEEN DEBTORS AND ADP TOTALSOURCE, INC.  
PROVIDING FOR ADEQUATE PROTECTION  
AND MODIFYING AUTOMATIC STAY**

WHEREAS, Sequential Licensing, Inc. (the “Sequential Licensing”) and ADP TotalSource, Inc. (“TotalSource”) are parties to that certain Client Services Agreement dated February 17, 2020 (the “CSA”), pursuant to which TotalSource agreed to provide to Sequential Licensing human resource services under an arrangement whereby the parties act as co-employers of the employees working for Sequential Licensing (the “Worksite Employees”); and

WHEREAS, pursuant to the CSA, Sequential Licensing is required to fund the gross payroll for the Worksite Employees and TotalSource, in turn, issues the payroll to them; and

WHEREAS, pursuant to the CSA, Sequential Licensing also is required to pay workers compensation and health insurance premiums to TotalSource, which in turn provides insurance to or for the benefit of the Worksite Employees; and

WHEREAS, the failure of Sequential Licensing to comply timely with the terms of the CSA puts TotalSource at risk in its role as co-employer of the Worksite Employees; and

WHEREAS, in order to protect TotalSource against potential exposure should Sequential Licensing fail to comply with the terms of the CSA, Part 2, Section 13A of the CSA allows TotalSource to terminate the CSA “immediately and without prior notice” in the event of

“[Sequential Licensing’s] non-payment of any amount due to TotalSource,” among other things;”  
and

WHEREAS, Part 2, Section 13A of the CSA further provides that either party may terminate the agreement for any reason upon 30 days’ prior written notice (the “30-Day Notice Provision”); and

WHEREAS, as further protection for TotalSource, Part 2, Section 2B of the CSA provides that “TotalSource, in its sole discretion, may require [Sequential Licensing] to pay any invoice through pre-wire transfer funds, certified or cashier’s check, cash on delivery (“COD”) or other means;” and

WHEREAS, on August 31, 2021, Sequential Licensing and 16 of its affiliates (collectively, the “Debtors”) filed voluntary petitions under Chapter 11 of the Bankruptcy Code and continue to maintain their assets and operate their businesses as debtors in possession;

WHEREAS, while the CSA is with Sequential Licensing, the Worksite Employees work for multiple of the Debtors;

WHEREAS, Sequential Licensing and the other Debtors desire that Sequential Licensing continue engaging TotalSource for the services provided for under the CSA in accordance with the terms of the CSA; and

WHEREAS, TotalSource is willing to continue providing services to Sequential Licensing and the other Debtors pursuant to the terms of this stipulation as more fully set forth herein.

NOW, THEREFORE, it is stipulated and agreed by and between the Debtors and TotalSource as follows:

1. In accordance with the terms of the CSA, as modified, no later than 48 hours prior to Sequential Licensing’s regularly scheduled payroll date, Sequential Licensing shall timely pay

by wire transfer the gross payroll and all fees due for that pay period and submit all reports needed to process that payroll.

2. In the event Sequential Licensing fails to make any payment when due or fails to submit timely to TotalSource material information needed for TotalSource to process payroll, time being of the essence, TotalSource shall have the right to terminate the CSA immediately and without further court order, pursuant to the terms of the CSA, provided, however that TotalSource shall first provide Sequential Licensing and its attorneys, Joshua Brody (jbrody@gibsondunn.com) and Jason Zachary Goldstein (jgoldstein@gibsondunn.com), with at least 24 hours' written notice and an opportunity to cure.

3. Notwithstanding anything contained in the CSA, TotalSource shall not send a notice to terminate the CSA under the 30-Day Notice Provision prior to the earliest to occur of (a) the effective date of a Chapter 11 plan, (b) conversion of this case to Chapter 7, (c) dismissal of this case or (d) the passage of six months from the date hereof, which right may be exercised without further order of this Court.

4. Any administrative claim assertable by TotalSource as a result of a postpetition breach of the CSA by Sequential Licensing may be assertable against all Debtors but in any event, shall be subject to the terms of 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].



5. Except as set forth herein, the CSA shall remain in full force and effect without modification.

6. Nothing contained herein shall constitute a waiver of the right of TotalSource to seek to terminate the CSA for a reason other than that set forth in paragraph 2 hereof upon motion to this Court.

**PACHULSKI STANG ZIEHL & JONES LLP**

/s/ Timothy P. Cairns

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