

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

Medley LLC,¹

Debtor.

Chapter 11

Case No. 21-10526 (KBO)

Obj. Deadline: July 1, 2021 at 4:00 p.m. (ET)
Hearing Date: July 8, 2021 at 11:00 a.m. (ET)

**DEBTOR’S MOTION FOR APPROVAL AND ENTRY OF AMENDED
AND RESTATED FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING,
THE DEBTOR TO CONTINUE AND MAINTAIN ITS EXISTING CASH
MANAGEMENT SYSTEM, BANK ACCOUNT AND BUSINESS FORMS,
(II) AUTHORIZING THE CONTINUATION OF ORDINARY-COURSE
INTERCOMPANY TRANSACTIONS, AND (III) GRANTING RELATED RELIEF**

The above-captioned debtor (“Debtor”) moves this Court (“Motion”) for entry of an order (the “A&R Final Order”), substantially in the form attached hereto as **Exhibit A**, amending and restating the *Final Order (I) Authorizing, but not Directing, the Debtor to Continue and Maintain its Existing Cash Management System, Bank Account and Business Forms, (II) Authorizing the Continuation of Ordinary-Course Intercompany Transactions, and (III) Granting Related Relief*, entered by this Court on April 1, 2021 [D.I. 83] (the “Final Order”).² In support of the Motion, the Debtor relies on the First Day Declaration and the Declaration of Richard T. Allorto, Jr., attached hereto as **Exhibit B**, and respectfully states as follows:

PRELIMINARY STATEMENT

1. When the Court entered the Final Order, the Debtor had expected to reorganize around its revenue generating advisory business operated by Medley Capital LLC (“Medley”

¹ The last four digits of the Debtor’s taxpayer identification number are 7343. The Debtor’s principal executive office is located at 280 Park Avenue, 6th Floor East, New York, New York 10017.

² Capitalized terms not otherwise defined herein shall have the meaning ascribed in the Final Order and Cash Management Motion (as defined herein).



Capital”). To facilitate that reorganization, the Final Order provided for all of the Company’s money to flow first through the Debtor, then out to other entities as appropriate. Since entry of the Final Order, however, the trajectory of this Chapter 11 Case has changed, resulting in the Debtor, among other things, amending its corporate structure. Based on the current posture of this Chapter 11 Case and the contractual obligations of the Debtor, Medley Capital, and the other Non-Debtor Affiliates, the Debtor, in its business judgment, has determined that the Chapter 11 Case would be best served through an amendment and restatement of the Final Order.

2. The provisions of the A&R Final Order, establish clear boundaries regarding Intercompany Transfers to the Debtor’s parent Medley Management Inc. and more accurately reflect the flow of funds between the Debtor, Medley Capital, and the other Non-Debtor Affiliates. In particular, and as described more fully below, the amendments contemplated in the A&R Final Order clarify the critical role of Medley Capital as the provider of the Company’s administrative and advisory services and properly allocate and account for the funds generated by Medley Capital and the other Non-Debtor Affiliates and their distribution through the Company’s enterprise. The Debtor submits that entry of the A&R Final Order is a crucial step in their continued work with parties in interest to develop a consensual plan that will be filed in early July 2021.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012 (Sleet, C.J.). This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).

4. Venue of this Chapter 11 Case is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The statutory predicates for the relief sought herein are sections 105(a), 345, 363, 1107, and 1108 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rules 2015-2 and 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

BACKGROUND

6. On March 7, 2021 (“Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (“Chapter 11 Case”).

7. The Debtor continues to operate its business as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in this Chapter 11 Case.

8. On March 7, 2021, the Debtor filed the *Motion for Entry of Interim and Final Orders (I) Authorizing, But Not Directing, the Debtor to Continue and Maintain Its Existing Cash Management System, Bank Account and Business Forms, (II) Authorizing the Continuation of Ordinary-Course Intercompany Transactions, and (III) Granting Related Relief* [D.I. 3] (the “Cash Management Motion”).

9. On April 1, 2021, the Court entered the Final Order.

10. On April 22, 2021, the Office of the United States Trustee (“U.S. Trustee”) appointed the Official Committee of Unsecured Creditors (“Committee”) pursuant to section 1102(a)(1) of the Bankruptcy Code [D.I. 110].

11. Since entry of the Final Order, the Debtor has had numerous conversations with various parties in interest regarding the Final Order. As a result of these conversations, the Debtor

now seeks entry of the A&R Final Order. Attached as **Exhibit C** hereto is a redline comparing the Final Order to the A&R Final Order.

RELIEF REQUESTED

12. By the Motion, the Debtor seeks approval and entry of the A&R Final Order (i) authorizing the Debtor to maintain the Bank Account and Cash Management System and continue to use existing Business Forms and checks; (ii) authorizing the continuation of ordinary-course Intercompany Transactions; and (iii) granting related relief.

BASIS FOR THE RELIEF REQUESTED

13. Since entry of the Final Order, the Debtor amended its corporate structure, appointing an independent manager, Michelle Dreyer, to manage the operations of the Debtor. This management change was intended to help the Debtor effectively bring this Chapter 11 Case to an end and maximize value to the Debtor's estate. To this end, the Debtor is continuing to evaluate its various alternatives to exit the chapter 11 process and is diligently working on a consensual plan that would be filed in early July. As part of this process, the Debtor, in its business judgment has determined that the Chapter 11 Case would be best served through an amendment and restatement of the Final Order. The provisions of the A&R Final Order, establish clear boundaries regarding Intercompany Transfers to the Debtor's parent Medley Management Inc. ("MDLY") and more accurately reflect the flow of funds between the Debtor, Medley Capital, and the other Non-Debtor Affiliates.

14. When this case was filed, the expectation was for the Debtor to reorganize around its revenue generating advisory business operated by Medley Capital. To facilitate that reorganization, the Final Order provided for all money to flow first through the Debtor, then out to other entities as appropriate. Based on the current posture of this Chapter 11 Case and the

contractual obligations of the Debtor, Medley Capital, and the other Non-Debtor Affiliates, the A&R Final Order is necessary to properly allocate and account for the funds generated by Medley Capital and the other Non-Debtor Affiliates and their distribution through the enterprise.³

15. As set forth in the Cash Management Motion and the First Day Declaration, Medley Capital employs all of the employees in the Company. Medley Capital also incurs substantially all of the costs to operate the enterprise (including, among other things, being the lessee under the lease for the Company's corporate headquarters) and provides substantially all of the services, both advisory and administrative, entitling Medley Capital to be paid for its allocation of services to the Company as a whole. Further, the contracts through which Medley Capital provides its services – including, without limitation, that certain Services and Licensing Agreement, dated December 12, 2017, by and between the Debtor, Medley Capital and the Advisors, and that certain Administration Agreement, dated April 5, 2012, by and between Sierra Income Corporation and Medley Capital – specify that Medley Capital should be paid directly for the services rendered prior to those funds being distributed to the Debtor, MDLY, or the other Non-Debtor Affiliates.

NOTICE

16. The Debtor has provided notice of this Motion to: (a) the U.S. Trustee; (b) the Committee; (c) the SEC; and (d) all parties that have requested notice pursuant to Bankruptcy Rule 2002. Considering the nature of the relief requested herein, the Debtor submits that no other or further notice is necessary.

³ The Debtor proposes to clarify the Final Order only allow for transfers of funds to MDLY or any other direct or indirect parent of the Debtor for discrete and limited purposes such as to fund insurance obligations to compensate MDLY's independent restructuring committee for their service as provided in the Budget, pursuant to an order of this Court or a confirmed Chapter 11 Plan.

NO PRIOR RELIEF

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

CONCLUSION

18. The changes reflected in the A&R Final Order are necessary and appropriate to address certain issues that have arisen since entry of the Final Order.

WHEREFORE, the Debtor respectfully requests that this Court enter the A&R Final Order granting the Motion, which is attached as **Exhibit A**, and authorizing such other and further relief as this Court deems just and proper.

Dated: June 24, 2021

MORRIS JAMES LLP

/s/ Eric J. Monzo

Jeffrey R. Waxman (DE Bar No. 4159)

Eric J. Monzo (DE Bar No. 5214)

Brya M. Keilson (DE Bar No. 4643)

Jason S. Levin (DE Bar No. 6434)

500 Delaware Avenue, Suite 1500

Wilmington, DE 19801

Telephone: (302) 888-6800

Facsimile: (302) 571-1750

Email: jwaxman@morrisjames.com

Email: emonzo@morrisjames.com

Email: bkeilson@morrisjames.com

Email: jlevin@morrisjames.com

Counsel to the Debtor and Debtor in Possession

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

In re:

Medley LLC,¹

Debtor.

Chapter 11

Case No. 21-10526 (KBO)

Obj. Deadline: July 1, 2021 at 4:00 p.m. (ET)
Hearing Date: July 8, 2021 at 11:00 a.m. (ET)

NOTICE OF DEBTOR’S MOTION FOR APPROVAL AND ENTRY OF AMENDED AND RESTATED FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTOR TO CONTINUE AND MAINTAIN ITS EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNT AND BUSINESS FORMS, (II) AUTHORIZING THE CONTINUATION OF ORDINARY-COURSE INTERCOMPANY TRANSACTIONS, AND (III) GRANTING RELATED RELIEF

PLEASE TAKE NOTICE THAT the above-captioned debtor and debtor-in-possession (the “Debtor”), by and through its undersigned proposed counsel, filed its *Motion for Approval and Entry of Amended and Restated Final Order (I) Authorizing, but Not Directing, the Debtor to Continue and Maintain its Existing Cash Management System, Bank Account and Business Forms, (II) Authorizing the Continuation of Ordinary-Course Intercompany Transactions, and (III) Granting Related Relief* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that responses, if any, to the Motion must be in writing, in conformity with the Federal Rules of Bankruptcy Procedure and the Local Rules of the United States Bankruptcy Court for the District of Delaware, filed with the Bankruptcy Court and served upon the undersigned counsel so as to be received on or before **July 1, 2021 at 4:00 p.m. (ET) (the “Objection Deadline”)**. At the same time, you must also serve a copy of the response upon the Debtor’s proposed counsel:

Jeffrey R. Waxman (DE Bar No. 4159)
Eric J. Monzo (DE Bar No. 5214)
Brya M. Keilson (DE Bar No. 4643)
Jason S. Levin (DE Bar No. 6434)
MORRIS JAMES LLP
500 Delaware Avenue, Suite 1500
Wilmington, DE 19801
Telephone: (302) 888-6800
Facsimile: (302) 571-1750

¹ The last four digits of the Debtor’s taxpayer identification number are 7343. The Debtor’s principal executive office is located at 280 Park Avenue, 6th Floor East, New York, New York 10017.

E-mail: jwaxman@morrisjames.com
E-mail: emonzo@morrisjames.com
E-mail: bkeilson@morrisjames.com
E-mail: jlevin@morrisjames.com

PLEASE TAKE FURTHER NOTICE THAT a hearing on the Motion is scheduled for **July 8, 2021 at 11:00 a.m. prevailing Eastern Time** before the Honorable Karen B. Owens, United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom #3, Wilmington, Delaware 19801. **Please note that due to COVID-19, and in accordance with this Court's Fifth Amended Order Governing The Conduct Of Hearings Due to Coronavirus Disease 2019 (COVID-19) And Reconstituting Operations, the hearing shall be conducted electronically.**

IF NO OBJECTIONS ARE TIMELY FILED, SERVED, AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN CONNECTION WITH SUCH PLEADINGS WITHOUT FURTHER NOTICE OR HEARING.

Dated: June 24, 2021

MORRIS JAMES LLP

/s/ Eric J. Monzo _____

Jeffrey R. Waxman (DE Bar No. 4159)

Eric J. Monzo (DE Bar No. 5214)

Brya M. Keilson (DE Bar No. 4643)

Jason S. Levin (DE Bar No. 6434)

500 Delaware Avenue, Suite 1500

Wilmington, DE 19801

Telephone: (302) 888-6800

Facsimile: (302) 571-1750

E-mail: jwaxman@morrisjames.com

E-mail: emonzo@morrisjames.com

E-mail: bkeilson@morrisjames.com

E-mail: jlevin@morrisjames.com

Counsel to the Debtor and Debtor in Possession

EXHIBIT A

Proposed Order

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

In re:

Medley LLC,¹

Debtor.

Chapter 11

Case No. 21-10526 (KBO)

Re: Docket Nos. 3, 83 & ____

AMENDED AND RESTATED FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTOR TO CONTINUE AND MAINTAIN ITS EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNT AND BUSINESS FORMS, (II) AUTHORIZING THE CONTINUATION OF ORDINARY-COURSE INTERCOMPANY TRANSACTIONS, AND (III) GRANTING RELATED RELIEF

Upon consideration of the motion (the "Motion")² of the Debtor for entry of an amended and restated final order (this "A&R Final Order"): (i) authorizing the Debtor to continue and maintain its existing cash management system, bank account and business forms; (ii) authorizing the continuation of ordinary-course intercompany transactions; and (iii) granting related relief; and upon consideration of the First Day Declaration, the Allorto Declaration, the Interim Order, and the Final Order; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. § 157(b); and the Court having determined that granting the relief requested in the Motion is in the best interests of the Debtor, its estate and creditors; and notice of the Motion being sufficient under the circumstances; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

The Motion is granted as set forth herein.

¹ The last four digits of the Debtor's taxpayer identification number are 7343. The Debtor's principal executive office is located at 280 Park Avenue, 6th Floor East, New York, New York 10017.

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

The Debtor is authorized, but not directed, and subject to this A&R Final Order, to continue to use the Cash Management System, including the Bank Account, in the ordinary course of business.

The Debtor is further authorized, but not directed to: (i) continue to use, with the same account number, the Bank Account in existence on the Petition Date, and need not comply with certain of the U.S. Trustee Operating Guidelines relating to bank accounts, including, without limitation, the requirement to establish separate accounts for cash collateral and/or tax payments; (ii) treat the Bank Account for all purposes as an account of the Debtor as debtor in possession; (iii) deposit funds in and withdraw funds from the Bank Account by all usual means, including, without limitation, by check, wire transfer and other methods; (iv) pay the Bank Fees, including, without limitation, any undisputed Bank Fees regardless of whether such Bank Fees arose before, on or after the Petition Date; and (v) otherwise perform its obligations under the documents governing the Bank Account. Only to the extent that the Debtor did not already take the actions set forth in this paragraph 3 in connection with entry of the Interim Order or Final Order, then within fifteen (15) days of the date of entry of this A&R Final Order the Debtor shall (a) contact the Bank, (b) provide the Bank with the Debtor's employer identification number and (c) identify its Bank Account as being held by a debtor in possession in a bankruptcy case.

The Debtor is authorized to use, in their present form, all Business Forms and other documents related to the Bank Account, without reference to its status as debtor in possession; *provided, however*, that if the Debtor exhausts its existing check stock during the pendency of this Chapter 11 Case, the Debtor will order checks with a notation indicating the designation "debtor in possession" and the case number of this Chapter 11 Case; *provided further*, that with respect to checks and other Business Forms which the Debtor or its agents print themselves, the Debtor or

its agents shall begin printing “debtor in possession” or “DIP” and the case number for the Chapter 11 Case on such items within ten (10) days of the date of the entry of this A&R Final Order.

Except as otherwise expressly provided in this A&R Final Order, the Bank is authorized to: (i) continue to maintain, service and administer the Bank Account as an account of the Debtor as debtor in possession and provide related treasury, account and cash management services, all without interruption and in the ordinary course of business; (ii) receive, process, honor and pay, to the extent of available funds, any and all checks, drafts, EFT (including wires or ACH transfers), credit card payments and other items presented, issued or drawn on the Bank Account; *provided, however,* that any check, draft or other notification that the Debtor advises the Bank to have been drawn, issued or otherwise presented before the Petition Date may be honored by the Bank only to the extent authorized by order of the Court; (iii) accept and honor all representations from the Debtor as to which checks, drafts, EFT (including wires or ACH transfers), credit card payments and other items presented, issued or drawn should be honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts, EFT (including wires or ACH transfers), credit card payments and other items are dated before or after the Petition Date; and (iv) debit or charge the Bank Account for all undisputed Bank Fees, whether arising before, on or after the Petition Date.

Subject to the terms of this A&R Final Order, the Bank and the Medley Capital Clients (as defined below) may rely upon the representations of the Debtor with respect to whether any disbursement should be honored pursuant to any order of this Court, whether or not such disbursements are dated before, on or after the Petition Date, and the Bank shall not have any liability to any party for relying on such representations by the Debtor as provided for herein.

The relief granted in this A&R Final Order is extended to any new bank account opened by the Debtor after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Bank.

The Debtor is authorized to open any new Bank Accounts or close the existing Bank Account as it may deem necessary and appropriate; *provided* that the Debtor shall give notice within five (5) business days to the U.S. Trustee, counsel to U.S. Bank National Association, in its capacity as indenture trustee for the 2024 Notes and the 2026 Notes (as defined in the First Day Declaration) (the “Notes Trustee”), Strategic Capital Advisory Services (“Strategic”), the official committee of unsecured creditors (the “Committee”), and Medley Capital LLC (“Medley Capital”, together with the U.S. Trustee, the Notes Trustee, Strategic, and the Committee, the “Notice Parties”) of the opening or closing of any Bank Account and such opening or closing shall be timely indicated on the Debtor’s monthly operating reports; *provided, further*, that the Debtor shall open any such new Bank Account at banks that have executed a UDA with the U.S. Trustee or at such banks that are willing to immediately execute such an agreement.

The Debtor is authorized, but not directed, and subject to this A&R Final Order, to continue performing transfers of funds that are not Medley Capital Funds (as defined below) from the Debtor to a Non-Debtor Affiliate for payment of Company (as defined in the Motion) obligations (collectively, “Intercompany Transactions”)³ in the ordinary course of business on a postpetition basis; *provided* that the Debtor will provide three (3) business days prior notice of any individual

³ For the avoidance of doubt, transfers of funds between any Non-Debtor Affiliate to another Non-Debtor Affiliate are not “Intercompany Transactions” as that term is used herein, provided that any transfers of funds to Medley Management, Inc. or any other direct or indirect parent of the Debtor shall only be made pursuant to an order of this Court or a confirmed chapter 11 plan, except that payments relating to insurance premiums and the independent director fees of Medley Management, Inc.’s independent restructuring subcommittee, or otherwise provided in the budget not to exceed \$250,000 in quarter, may be paid in the ordinary course.

Intercompany Transaction over \$100,000 to be made by the Debtor, with such notice to include a schedule setting forth (i) the purpose, amount and the payee with respect to each Intercompany Transaction, including a breakdown of expenditures by category, and (ii) the cumulative cash balance showing the unapplied application of funds received and accumulated in Non-Debtor Affiliates as a result of Intercompany Transactions, to the Notice Parties, and each such party shall have the right to seek emergency relief from the Court with respect to any proposed Intercompany Transaction. All transfers of funds to or from the Debtor, whether or not such transfer is an “Intercompany Transaction” as defined herein, shall be identified as such and accorded administrative expense priority in accordance with sections 364(b), 503(b), and 507(a)(2) of the Bankruptcy Code. A summary report of all Intercompany Transactions, setting forth the date, purpose, amount and the payer/payee with respect to each Intercompany Transaction, shall be provided on a weekly basis to the Notice Parties. Payment of Intercompany Transactions pursuant to the Final Order were capped at \$3.5 million. Payment of Intercompany Transactions pursuant to this A&R Final Order shall not exceed \$3.5 million.

In connection with the ongoing utilization of the Cash Management System, the Debtor shall continue to maintain records with respect to all transfers of cash in the ordinary course so that all transactions (including Intercompany Transactions) may be readily ascertained, traced, recorded properly, and distinguished between prepetition and postpetition transactions and shall make such records available to the U.S. Trustee, counsel to the Notice Parties upon request.

In the event that the Debtor opens or closes any Bank Accounts, such opening or closing shall be timely indicated on the Debtor’s monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee, counsel to the Notice Parties within ten (10) business days.

Any new domestic bank account opened by the Debtor shall be established at an institution insured by the FDIC and organized under the laws of the United States or any State therein or, in the case of accounts that may carry a balance exceeding the insurance limitations set thereby, is a party to a UDA with the U.S. Trustee or is willing to immediately execute such an UDA.

As soon as practicable after entry of this A&R Final Order, the Debtor shall serve a copy of this A&R Final Order on the Bank.

Nothing contained herein shall permit the Bank to terminate any cash management services.

The requirement to establish separate accounts for cash collateral and/or tax payments is hereby waived.

The Debtor is authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of this Chapter 11 Case with respect to prepetition amounts owed in connection with any Bank Fees.

The Debtor shall not make any income distributions to management absent prior order from the Court.

Notwithstanding anything to the contrary in the Interim Order, the Final Order, or this A&R Final Order, any, fees, costs, expenses, reimbursements, or any other amounts due and owing to Medley Capital (collectively, the "Medley Capital Obligations"), shall be paid directly to Medley Capital in the first instance (and not to, or through, the Debtor): (i) from the Advisors (as defined in that certain Services and Licensing Agreement, dated December 12, 2017 by and between the Debtor, Medley Capital (the "SLA")) for Medley Capital Obligations arising under the SLA; (ii) from Sierra Income Corporation ("Sierra") pursuant to that certain Administration Agreement,

dated April 5, 2012 by and between Sierra and Medley Capital (the “AA”) for Medley Capital Obligations arising under the AA and as modified by that certain Expense Limitation Agreement, dated April 23, 2021 by and between Sierra and Medley Capital; and (iii) from any other entity or Non-Debtor Affiliate for Medley Capital Obligations under any agreement with Medley Capital (collectively, the contracting parties other than the Debtor, the “Medley Capital Clients,” and the Medley Capital Obligations paid, the “Medley Capital Funds”). The Debtor is authorized but not directed to refuse to accept Medley Capital Funds directly from Medley Capital Clients and may direct all Medley Capital Clients to send such funds to Medley Capital. Notwithstanding the forgoing, if the Debtor receives Medley Capital Funds: (i) the Debtor shall (a) immediately transfer such funds to Medley Capital or the appropriate Non-Debtor Affiliate, and (b) provide notice of such transfer to the Notice Parties; (ii) such transfer shall not be subject to the limitations set forth herein for Intercompany Transactions; and (iii) such transfer shall be treated as an allowed administrative expense claims as set forth herein; *provided, however*, that nothing in this paragraph 18 or in this A&R Final Order shall prohibit Medley Capital from informing Medley Capital Clients of the Debtor’s obligations under this A&R Final Order, including, without limitation, that Medley Capital Funds be paid to Medley Capital directly. All Medley Capital Obligations (to the extent unpaid) shall be accorded administrative expense priority in accordance with sections 364(b), 503(b), and 507(a)(2) of the Bankruptcy Code.

All funds flowing through the Debtor’s cash management system or the Debtor’s enterprise as a whole are Medley Capital Funds until all Medley Capital Obligations are paid in full. All such funds must first be used to pay all Medley Capital Obligations in accordance with the operative limited liability agreements and contractual documents. In order to preserve the value of the Debtor’s estate during the pendency of this Case, there is an immediate need to satisfy all

Medley Capital Obligations as set forth in the Budget (as defined below). Accordingly, subject to the terms and conditions of this A&R Final Order, the Debtor is authorized to use the Medley Capital Funds solely in accordance with the budget for Medley LLC attached hereto as **Exhibit 1** (the “Budget”), for the period (the “Specified Period”) from the date of this A&R Final Order through the date which is the earliest to occur of: (a) the Debtor or the Committee shall challenge, support, or encourage a challenge of any payments made to Medley Capital with respect to the Medley Capital Obligations or otherwise; and (b) August 31, 2021 (unless otherwise extended in writing by agreement of the Debtor and Medley Capital (which agreement may be by email)). For the sole purpose of keeping parties in interest apprised of the Medley Capital Obligations, attached hereto as **Exhibit 2** is the budget for Medley Capital LLC (the “Medley Capital Budget”).

The Budget may be updated, modified, or supplemented by the Debtor with the written consent of Medley Capital and notice to the Notice Parties. In any event, the Budget shall be updated by the Debtor not less than one time in each four (4) consecutive week period, and each such updated, modified, or supplemented budget shall be approved in writing (including by email) by, and shall be in form and substance satisfactory to, Medley Capital (in its sole discretion), and no such updated, modified, or supplemented budget shall be effective until so approved, and once so approved shall be deemed the Budget. Each Budget delivered to Medley Capital shall be accompanied by such customary supporting documentation as reasonably requested by Medley Capital and shall be prepared in good faith based upon assumptions the Debtor believes to be reasonable at the time of delivery. A copy of any Budget (or updated Budget once approved by Medley Capital) shall simultaneously be delivered to the Notice Parties. All use of Medley Capital Funds must be strictly in accordance with the terms of the Budget or agreed to in writing by Medley Capital.

The Debtor shall create weekly budget to actual reports as compared to the then approved Budget with explanations for variances over/under 10% of the in- flows/outflows included in the then approved Budget.

No Intercompany Transfers from Medley Capital or any other Non-Debtor Affiliate shall be made to the Debtor unless set forth in the Budget. To the extent that there are funds remaining at Medley Capital or any other Non-Debtor Affiliate after payment in full of all Medley Capital Obligations, such remaining funds shall be distributed to the Debtor only (i) pursuant to a confirmed chapter 11 plan in this Case or (ii) a Budget that is modified or updated as set forth herein.

Nothing contained in the Motion or this A&R Final Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of the Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

The Debtor is authorized to take, or cause to be taken, all actions necessary to effectuate the relief granted pursuant to this A&R Final Order in accordance with the Motion.

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The requirements set forth in Bankruptcy Rule 6003 are satisfied by the contents of the Motion.

The requirement of Bankruptcy Rule 6004(a) is waived.

Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this A&R Final Order shall be immediately effective and enforceable upon its entry.

This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this A&R Final Order.

EXHIBIT 1

Budget

Medley LLC
(\$ in thousands)

Budget / Actual Week Ended:	Budget 6/18/2021	Budget 6/25/2021	Budget 7/2/2021	Budget 7/9/2021	Budget 7/16/2021	Budget 7/23/2021	Budget 7/30/2021	Budget 8/6/2021	Budget 8/13/2021	Budget 8/20/2021	Budget 8/27/2021	Budget 9/3/2021	Budget 9/10/2021
Beginning Cash Balance	\$ 2,074	\$ 2,066	\$ 1,705	\$ 1,697	\$ 1,697	\$ 1,688	\$ 1,333	\$ 1,333	\$ 1,319	\$ 1,283	\$ 847	\$ 847	\$ 250
<i>Cash Inflows</i>													
Other Management fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SIC management fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Admin fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Return	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Inflow	-	-	-	-	-	-	-	-	-	-	-	1,755	-
<i>Total Inflows</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,755	\$ -
<i>Cash Outflows</i>													
Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long Term Earn Out	-	-	-	-	-	-	-	-	-	-	-	-	-
RSU Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Marketing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
DE Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax payments	-	(20)	-	-	-	-	-	(6)	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	(623)	-
IT Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	(5)	-	-	(36)	-	-	-	-
Legal Fees	(9)	(7)	(9)	-	(9)	-	-	(9)	-	(9)	-	(21)	-
G&A and other working capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring Fees	-	(333)	-	-	-	(350)	-	-	-	(428)	-	(1,707)	-
Intercompany Outflow	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Outflows</i>	\$ (9)	\$ (360)	\$ (9)	\$ -	\$ (9)	\$ (355)	\$ -	\$ (15)	\$ (36)	\$ (436)	\$ -	\$ (2,352)	\$ -
Free Cash Flow	\$ (9)	\$ (360)	\$ (9)	\$ -	\$ (9)	\$ (355)	\$ -	\$ (15)	\$ (36)	\$ (436)	\$ -	\$ (597)	\$ -
Ending Cash Balance	\$ 2,066	\$ 1,705	\$ 1,697	\$ 1,697	\$ 1,688	\$ 1,333	\$ 1,333	\$ 1,319	\$ 1,283	\$ 847	\$ 847	\$ 250	\$ 250

EXHIBIT 2

Medley Capital Budget

Budget / Actual Week Ended:	Budget 6/18/2021	Budget 6/25/2021	Budget 7/2/2021	Budget 7/9/2021	Budget 7/16/2021	Budget 7/23/2021	Budget 7/30/2021	Budget 8/6/2021	Budget 8/13/2021	Budget 8/20/2021	Budget 8/27/2021	Budget 9/3/2021	Budget 9/10/2021
Beginning Cash Balance	\$ 3,622	\$ 3,211	\$ 2,437	\$ 861	\$ 3,053	\$ 2,878	\$ 2,511	\$ 2,222	\$ 2,919	\$ 2,716	\$ 3,618	\$ 3,526	\$ 1,103
<i>Cash Inflows</i>													
Other Management fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 601	\$ -	\$ 1,202	\$ -	\$ -	\$ -
SIC management fees	-	-	-	2,231	-	-	-	-	-	744	-	-	-
Admin fees	-	-	-	-	226	-	-	419	-	-	-	-	-
Tax Return	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Inflow	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Inflows</i>	\$ -	\$ -	\$ -	\$ 2,231	\$ 226	\$ -	\$ -	\$ 1,020	\$ -	\$ 1,946	\$ -	\$ -	\$ -
<i>Cash Outflows</i>													
Salaries & Benefits	\$ (275)	\$ -	\$ (1,020)	\$ -	\$ (298)	\$ -	\$ (242)	\$ -	\$ -	\$ (754)	\$ -	\$ (226)	\$ -
Long Term Earn Out	-	-	(200)	-	-	-	-	-	-	-	-	-	-
RSU Payments	-	-	-	-	-	-	-	-	(5)	-	-	-	-
Rent	-	-	(171)	-	-	-	-	(171)	-	-	-	(171)	-
Fund Marketing Fees	-	-	-	-	-	-	-	-	(115)	-	-	-	-
DE Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
IT Costs	(1)	(3)	(4)	(4)	(2)	(4)	-	(3)	(4)	(1)	-	(6)	(8)
Professional Fees	-	-	-	-	-	(3)	-	-	(24)	-	-	-	-
Legal Fees	(8)	(6)	(8)	-	(8)	-	-	(8)	-	(8)	-	(18)	-
G&A and other working capital	(9)	(61)	(32)	(28)	(27)	8	(37)	(6)	(29)	(57)	(55)	24	(37)
Restructuring Fees	-	-	-	-	(50)	-	-	-	-	(50)	-	(48)	-
Intercompany Outflow	(119)	(704)	(142)	(7)	(16)	(368)	(9)	(135)	(27)	(173)	(37)	(1,978)	(9)
<i>Total Outflows</i>	\$ (411)	\$ (774)	\$ (1,576)	\$ (39)	\$ (401)	\$ (367)	\$ (289)	\$ (322)	\$ (204)	\$ (1,043)	\$ (93)	\$ (2,423)	\$ (55)
Free Cash Flow	\$ (411)	\$ (774)	\$ (1,576)	\$ 2,192	\$ (175)	\$ (367)	\$ (289)	\$ 698	\$ (204)	\$ 903	\$ (93)	\$ (2,423)	\$ (55)
Ending Cash Balance	\$ 3,211	\$ 2,437	\$ 861	\$ 3,053	\$ 2,878	\$ 2,511	\$ 2,222	\$ 2,919	\$ 2,716	\$ 3,618	\$ 3,526	\$ 1,103	\$ 1,048

EXHIBIT B

Allorto Declaration

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

In re:

Medley LLC,¹

Debtor

Chapter 11

Case No. 21-10526 (KBO)

DECLARATION OF RICHARD T. ALLORTO, JR. IN SUPPORT OF MOTION FOR APPROVAL AND ENTRY OF AMENDED AND RESTATED FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTOR TO CONTINUE AND MAINTAIN ITS EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNT AND BUSINESS FORMS, (II) AUTHORIZING THE CONTINUATION OF ORDINARY-COURSE INTERCOMPANY TRANSACTIONS, AND (III) GRANTING RELATED RELIEF

I, Richard T. Allorto, Jr., pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am the Chief Financial Officer of Medley LLC (the “Debtor”),² of the above-captioned debtor and debtor-in-possession. I have been the Debtor’s Chief Financial Officer since joining the Company in July 2010. I am also the Chief Financial Officer of certain non-debtor affiliates of the Debtor, including Medley Management Inc. (“MDLY”) and Medley Capital LLC (“Medley Capital”).

2. I submit this declaration (the “Declaration”) in support of the *Debtor’s Motion for Approval and Entry of Amended and Restated Final Order (I) Authorizing, But Not Directing, the Debtor to Continue and Maintain Its Existing Cash Management System, Bank Account and Business Forms, (II) Authorizing the Continuation of Ordinary-Course Intercompany Transactions, and (III) Granting Related Relief* (the “Motion”) filed contemporaneously herewith.

¹ The last four digits of the Debtor’s taxpayer identification number are 7343. The Debtor’s principal executive office is located at 280 Park Avenue, 6th Floor East, New York, New York 10017.

² Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Motion (as defined below).

3. In my capacity as Chief Financial Officer, I am generally familiar with the Debtor's day-to-day operations, business and financial affairs, and books and records.

4. Except as otherwise indicated, the facts set forth in this Declaration are based upon my personal knowledge of the Debtor's business operations and/or the Debtor's business generally, information learned from my review of relevant documents, and/or information provided to me by the Debtor's advisors or other members of management or employees of the Company. Reference is also made to the *Declaration of Richard T. Allorto, Jr. in Support of Chapter 11 Petition and First Day Pleadings* [D.I. 5] (the "First Day Declaration"), which this Declaration incorporates by reference and expounds upon with respect to the flow of funds by and among the Debtor, Medley Capital, MDLY, and the other Non-Debtor Affiliates.

5. I have reviewed the Final Order and the A&R Final Order, and I am generally familiar with the amendments sought in the A&R Final Order. To the best of my knowledge and insofar as I have been able to ascertain after reasonable inquiry, I believe that approval of the amendments contemplated by the A&R Final Order are critical and necessary to maximize value for the Debtor and its estate.

Case Trajectory Change

6. Since entry of the Final Order, the Debtor amended its corporate structure, appointing an independent manager, Michelle Dreyer, to manage the operations of the Debtor. This management change was intended to help the Debtor effectively bring this Chapter 11 Case to an end and maximize value to the Debtor's estate. To this end, the Debtor is continuing to evaluate its various alternatives to exit the chapter 11 process and is diligently working on a consensual plan that would be filed in early July. As part of this process, the Debtor, in its business judgment, has determined that the Chapter 11 Case would be best served through an amendment and restatement of the Final Order. The provisions of the A&R Final Order, establish clear

boundaries regarding Intercompany Transfers to the Debtor's parent MDLY and more accurately reflect the flow of funds between the Debtor, Medley Capital, and the other Non-Debtor Affiliates.

7. When this case was filed, the expectation was for the Debtor to reorganize around its revenue generating advisory business operated by Medley Capital. To facilitate that reorganization, the Final Order provided for all money to flow first through the Debtor, then out to other entities as appropriate. Based on the current posture of this Chapter 11 Case and the contractual obligations of the Debtor, Medley Capital, and the other Non-Debtor Affiliates, the A&R Final Order is necessary to properly allocate the funds generated by Medley Capital and the other Non-Debtor Affiliates and their distribution through the enterprise.

Medley Capital's Critical Importance

8. As set forth in the Cash Management Motion and the First Day Declaration, Medley Capital employs all of the employees in the Company. Medley Capital also incurs substantially all of the costs to operate the enterprise (including, among other things, being the lessee under the lease for the Company's corporate headquarters) and provides substantially all of the services, both advisory and administrative, entitling Medley Capital to be paid for its allocation of services to the Company as a whole. Further, the contracts through which Medley Capital provides its services – including, without limitation, that certain Services and Licensing Agreement, dated December 12, 2017, by and between the Debtor, Medley Capital, and the Advisors, and that certain Administration Agreement, dated April 5, 2012, by and between Sierra Income Corporation and Medley Capital – specify that Medley Capital should be paid directly for the services rendered prior to those funds being distributed to the Debtor, MDLY, or the other Non-Debtor Affiliates.

9. The A&R Final Order is in the best interests of the Debtor and its estate. The proper flow of funds among the Debtor, Medley Capital, MDLY, and the other the Non-Debtor Affiliates

as set forth in the A&R Final Order will allow Medley Capital to honor its contractual obligations that generate on-going revenue which will ultimately benefit the Debtor and its estate.

Conclusion

I believe that amendments set forth in the A&R Final Order are critical to the operation of the enterprise as a whole and will maximize value for the Debtor and its estate. Accordingly, for the reasons stated herein and in the Motion, I respectfully request that the Court grant the Motion in its entirety and grant such other and further relief as the Court deems just and proper.

[remainder of page intentionally left blank]

I certify under penalty of perjury that, to the best of my knowledge, information and belief, the statements set forth in this Declaration are true and correct.

Dated: June 24, 2021

/s/ Richard T. Allorto, Jr.
Name: Richard T. Allorto, Jr.
Title: Chief Financial Officer

EXHIBIT C

Redline Order

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

In re:

Medley LLC,¹

Debtor.

Chapter 11

Case No. 21-10526 (KBO)

Re: Docket ~~No~~Nos. 3

.83 &

AMENDED AND RESTATED FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTOR TO CONTINUE AND MAINTAIN ITS EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNT AND BUSINESS FORMS, (II) AUTHORIZING THE CONTINUATION OF ORDINARY-COURSE INTERCOMPANY TRANSACTIONS, AND (III) GRANTING RELATED RELIEF

Upon consideration of the motion (the “Motion”)² of the Debtor for entry of **a an amended and restated** final order (this “A&R Final Order”): (i) authorizing the Debtor to continue and maintain its existing cash management system, bank account and business forms; (ii) authorizing the continuation of ordinary-course intercompany transactions; and (iii) granting related relief; and upon consideration of the First Day Declaration, the Allorto Declaration, the Interim Order, and the Final Order; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. § 157(b); and the Court having determined that granting the relief requested in the Motion is in the best interests of the Debtor, its estate and creditors; and notice of the Motion being sufficient under the circumstances; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

¹ The last four digits of the Debtor’s taxpayer identification number are 7343. The Debtor’s principal executive office is located at 280 Park Avenue, 6th Floor East, New York, New York 10017.

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

1. The Motion is granted **on a final basis** as set forth herein.

2. The Debtor is authorized, but not directed, and subject to this [A&R](#) Final Order, to continue to use the Cash Management System, including the Bank Account, in the ordinary course of business.

3. The Debtor is further authorized, but not directed to: (i) continue to use, with the same account number, the Bank Account in existence on the Petition Date, and need not comply with certain of the U.S. Trustee Operating Guidelines relating to bank accounts, including, without limitation, the requirement to establish separate accounts for cash collateral and/or tax payments; (ii) treat the Bank Account for all purposes as an account of the Debtor as debtor in possession; (iii) deposit funds in and withdraw funds from the Bank Account by all usual means, including, without limitation, by check, wire transfer and other methods; (iv) pay the Bank Fees, including, without limitation, any undisputed Bank Fees regardless of whether such Bank Fees arose before, on or after the Petition Date; and (v) otherwise perform its obligations under the documents governing the Bank Account. **Within** Only to the extent that the Debtor did not already take the actions set forth in this paragraph 3 in connection with entry of the Interim Order or Final Order, then within fifteen (15) days of the date of entry of this [A&R](#) Final Order the Debtor shall (a) contact the Bank, (b) provide the Bank with the Debtor's employer identification number and (c) identify its Bank Account as being held by a debtor in possession in a bankruptcy case.

4. The Debtor is authorized to use, in their present form, all Business Forms and other documents related to the Bank Account, without reference to its status as debtor in possession; *provided, however*, that if the Debtor exhausts its existing check stock during the pendency of this Chapter 11 Case, the Debtor will order checks with a notation indicating the designation "debtor in possession" and the case number of this Chapter 11 Case; *provided further*, that with respect to

checks and other Business Forms which the Debtor or its agents print themselves, the Debtor or its agents shall begin printing “debtor in possession” or “DIP” and the case number for the Chapter 11 Case on such items within ten (10) days of the date of the entry of this [A&R](#) Final Order.

5. Except as otherwise expressly provided in this [A&R](#) Final Order, the Bank is authorized to: (i) continue to maintain, service and administer the Bank Account as an account of the Debtor as debtor in possession and provide related treasury, account and cash management services, all without interruption and in the ordinary course of business; (ii) receive, process, honor and pay, to the extent of available funds, any and all checks, drafts, EFT (including wires or ACH transfers), credit card payments and other items presented, issued or drawn on the Bank Account; *provided, however,* that any check, draft or other notification that the Debtor advises the Bank to have been drawn, issued or otherwise presented before the Petition Date may be honored by the Bank only to the extent authorized by order of the Court; (iii) accept and honor all representations from the Debtor as to which checks, drafts, EFT (including wires or ACH transfers), credit card payments and other items presented, issued or drawn should be honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts, EFT (including wires or ACH transfers), credit card payments and other items are dated before or after the Petition Date; and (iv) debit or charge the Bank Account for all undisputed Bank Fees, whether arising before, on or after the Petition Date.

6. Subject to the terms of this [A&R](#) Final Order, the Bank [and the Medley Capital Clients \(as defined below\)](#) may rely upon the representations of the Debtor with respect to whether any disbursement should be honored pursuant to any order of this Court, whether or not such

disbursements are dated before, on or after the Petition Date, and the Bank shall not have any liability to any party for relying on such representations by the Debtor as provided for herein.

7. The relief granted in this [A&R](#) Final Order is extended to any new bank account opened by the Debtor after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Bank.

8. The Debtor is authorized to open any new Bank Accounts or close the existing Bank Account as it may deem necessary and appropriate; *provided* that the Debtor shall give notice within five (5) business days to the U.S. Trustee, counsel to U.S. Bank National Association, in its capacity as indenture trustee for the 2024 Notes and the 2026 Notes (as defined in the First Day Declaration) (the “Notes Trustee”) **and** [Strategic Capital Advisory Services \(“Strategic”\)](#), [the official committee of unsecured creditors \(the “Committee”\)](#), and [Medley Capital LLC \(“Medley Capital”, together with the U.S. Trustee, the Notes Trustee, Strategic, and the Committee, the “Notice Parties”\)](#) of the opening or closing of any Bank Account and such opening or closing shall be timely indicated on the Debtor’s monthly operating reports; *provided, further*, that the Debtor shall open any such new Bank Account at banks that have executed a UDA with the U.S. Trustee or at such banks that are willing to immediately execute such an agreement.

9. The Debtor is authorized, but not directed, and subject to this [A&R](#) Final Order, to continue performing [transfers of funds that are not Medley Capital Funds \(as defined below\) from the Debtor to a Non-Debtor Affiliate for payment of Company \(as defined in the Motion\) obligations \(collectively, “Intercompany Transactions ”\)](#)³ in the ordinary course of business on a

³ For the avoidance of doubt, transfers of funds between any Non-Debtor Affiliate to another Non-Debtor Affiliate are not “Intercompany Transactions” as that term is used herein, provided that any transfers of funds to Medley Management, Inc. or any other direct or indirect parent of the Debtor shall only be made pursuant to an order of this Court or a confirmed chapter 11 plan, except that payments relating to insurance premiums and the independent director fees of Medley Management, Inc.’s independent restructuring subcommittee, or otherwise provided in the

postpetition basis; *provided* that the Debtor will provide three (3) business days prior notice of any individual Intercompany Transaction over ~~\$200,000~~ 100,000 to be made by the Debtor, with such notice to include a schedule setting forth (i) the purpose, amount and the payee with respect to each Intercompany Transaction, including a breakdown of expenditures by category, and (ii) the cumulative cash balance showing the unapplied application of funds received and accumulated in **non-Debtor affiliates** Non-Debtor Affiliates as a result of Intercompany Transactions, to the **U.S. Trustee, counsel to the Notes Trustee, and Strategic**Notice Parties, and each such party shall have the right to seek emergency relief from the Court with respect to any proposed Intercompany Transaction. All transfers of funds to or from the Debtor, whether or not such transfer is an “Intercompany Claims arising after the Petition Date Transaction” as defined herein, shall be identified as such and accorded administrative expense priority in accordance with sections 364(b), 503(b), and 507(a)(2) of the Bankruptcy Code. A summary report of all Intercompany Transactions, setting forth the date, purpose, amount and the payer/payee with respect to each Intercompany Transaction, shall be provided on a weekly basis to the **U.S. Trustee, counsel to the Notes Trustee, and Strategic**Notice Parties. Payment of Intercompany Transactions pursuant to the Final Order were capped at \$3.5 million. Payment of Intercompany Transactions pursuant to this A&R Final Order shall not exceed \$3.5 million **on a final basis absent further order of this Court**.

10. In connection with the ongoing utilization of the Cash Management System, the Debtor shall continue to maintain records with respect to all transfers of cash in the ordinary course so that all transactions (including Intercompany Transactions) may be readily ascertained, traced,

budget not to exceed \$250,000 in quarter, may be paid in the ordinary course.

recorded properly, and distinguished between prepetition and postpetition transactions and shall make such records available to the U.S. Trustee, counsel to the **Notes Trustee, and Strategic Notice Parties** upon request.

11.In the event that the Debtor opens or closes any Bank Accounts, such opening or closing shall be timely indicated on the Debtor's monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee, counsel to the **Notes Trustee, and Strategic Notice Parties** within ten (10) business days.

12.Any new domestic bank account opened by the Debtor shall be established at an institution insured by the FDIC and organized under the laws of the United States or any State therein or, in the case of accounts that may carry a balance exceeding the insurance limitations set thereby, is a party to a UDA with the U.S. Trustee or is willing to immediately execute such an UDA.

13.As soon as practicable after entry of this **A&R** Final Order, the Debtor shall serve a copy of this **A&R** Final Order on the Bank.

14.Nothing contained herein shall permit the Bank to terminate any cash management services.

15.The requirement to establish separate accounts for cash collateral and/or tax payments is hereby waived.

16.The Debtor is authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of this Chapter 11 Case with respect to prepetition amounts owed in connection with any Bank Fees.

17. The Debtor shall not make any income distributions to management absent prior order from the Court.

18. The Debtor is required to update its 13-week cash flow forecast no later than 4 (four) weeks after the issuance of the previous budget.

Notwithstanding anything to the contrary in the Interim Order, the Final Order, or this A&R Final Order, any, fees, costs, expenses, reimbursements, or any other amounts due and owing to Medley Capital (collectively, the “Medley Capital Obligations”), shall be paid directly to Medley Capital in the first instance (and not to, or through, the Debtor): (i) from the Advisors (as defined in that certain Services and Licensing Agreement, dated December 12, 2017 by and between the Debtor, Medley Capital (the “SLA”)) for Medley Capital Obligations arising under the SLA; (ii) from Sierra Income Corporation (“Sierra”) pursuant to that certain Administration Agreement, dated April 5, 2012 by and between Sierra and Medley Capital (the “AA”) for Medley Capital Obligations arising under the AA and as modified by that certain Expense Limitation Agreement, dated April 23, 2021 by and between Sierra and Medley Capital; and (iii) from any other entity or Non-Debtor Affiliate for Medley Capital Obligations under any agreement with Medley Capital (collectively, the contracting parties other than the Debtor, the “Medley Capital Clients,” and the Medley Capital Obligations paid, the “Medley Capital Funds”). The Debtor is authorized but not directed to refuse to accept Medley Capital Funds directly from Medley Capital Clients and may direct all Medley Capital Clients to send such funds to Medley Capital. Notwithstanding the forgoing, if the Debtor receives Medley Capital Funds: (i) the Debtor shall (a) immediately transfer such funds to Medley Capital or the appropriate Non-Debtor Affiliate, and (b) provide notice of such transfer to the Notice Parties; (ii) such transfer shall not be subject to the limitations set forth herein for Intercompany Transactions; and (iii) such transfer shall be treated as an allowed

administrative expense claims as set forth herein; provided, however, that nothing in this paragraph 18 or in this A&R Final Order shall prohibit Medley Capital from informing Medley Capital Clients of the Debtor's obligations under this A&R Final Order, including, without limitation, that Medley Capital Funds be paid to Medley Capital directly. All Medley Capital Obligations (to the extent unpaid) shall be accorded administrative expense priority in accordance with sections 364(b), 503(b), and 507(a)(2) of the Bankruptcy Code.

All funds flowing through the Debtor's cash management system or the Debtor's enterprise as a whole are Medley Capital Funds until all Medley Capital Obligations are paid in full. All such funds must first be used to pay all Medley Capital Obligations in accordance with the operative limited liability agreements and contractual documents. In order to preserve the value of the Debtor's estate during the pendency of this Case, there is an immediate need to satisfy all Medley Capital Obligations as set forth in the Budget (as defined below). Accordingly, subject to the terms and conditions of this A&R Final Order, the Debtor is authorized to use the Medley Capital Funds solely in accordance with the budget for Medley LLC attached hereto as **Exhibit 1** (the "Budget"), for the period (the "Specified Period") from the date of this A&R Final Order through the date which is the earliest to occur of: (a) the Debtor or the Committee shall challenge, support, or encourage a challenge of any payments made to Medley Capital with respect to the Medley Capital Obligations or otherwise; and (b) August 31, 2021 (unless otherwise extended in writing by agreement of the Debtor and Medley Capital (which agreement may be by email)). For the sole purpose of keeping parties in interest apprised of the Medley Capital Obligations, attached hereto as **Exhibit 2** is the budget for Medley Capital LLC (the "Medley Capital Budget").

The Budget may be updated, modified, or supplemented by the Debtor with the written consent of Medley Capital and notice to the Notice Parties. In any event, the Budget shall be

updated by the Debtor not less than one time in each four (4) consecutive week period, and each such updated, modified, or supplemented budget shall be approved in writing (including by email) by, and shall be in form and substance satisfactory to, Medley Capital (in its sole discretion), and no such updated, modified, or supplemented budget shall be effective until so approved, and once so approved shall be deemed the Budget. Each Budget delivered to Medley Capital shall be accompanied by such customary supporting documentation as reasonably requested by Medley Capital and shall be prepared in good faith based upon assumptions the Debtor believes to be reasonable at the time of delivery. A copy of any Budget (or updated Budget once approved by Medley Capital) shall simultaneously be delivered to the Notice Parties. All use of Medley Capital Funds must be strictly in accordance with the terms of the Budget or agreed to in writing by Medley Capital.

19. The Debtor shall create weekly budget to actual reports as compared to the **relevant 13-week cash flow forecast** then approved Budget with explanations for variances over/under 10% of the **in-in-** flows/outflows included in the **relevant 13-week cash flow forecast** then approved Budget.

No Intercompany Transfers from Medley Capital or any other Non-Debtor Affiliate shall be made to the Debtor unless set forth in the Budget. To the extent that there are funds remaining at Medley Capital or any other Non-Debtor Affiliate after payment in full of all Medley Capital Obligations, such remaining funds shall be distributed to the Debtor only (i) pursuant to a confirmed chapter 11 plan in this Case or (ii) a Budget that is modified or updated as set forth herein.

20. Nothing contained in the Motion or this A&R Final Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of the Debtor that did not

exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

21. The Debtor is authorized to take, or cause to be taken, all actions necessary to effectuate the relief granted pursuant to this [A&R](#) Final Order in accordance with the Motion.

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22. The requirements set forth in Bankruptcy Rule 6003 are satisfied by the contents of the Motion.

23. The requirement of Bankruptcy Rule 6004(a) is waived.

24. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this [A&R](#) Final Order shall be immediately effective and enforceable upon its entry.

25. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this [A&R](#) Final Order.

Comparison Details	
Title	pdfDocs compareDocs Comparison Results
Date & Time	6/24/2021 4:09:42 PM
Comparison Time	0.19 seconds
compareDocs version	v4.3.300.65

Sources	
Original Document	Medley - Cash Management Order (FINAL).docx
Modified Document	Amended Order.docx

Comparison Statistics	
Insertions	30
Deletions	26
Changes	16
Moves	0
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	72

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<u>Insertions</u>	
Deletions	
<u>Moves</u> / Moves	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.
Comments color	By Author.
Balloons	False

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Open Comparison Report after Saving	General	Always
Report Type	Word	Formatting
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Include Moves	Word	False
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	True
Update Automatic Links at Open	Word	[Yes / No]
Summary Report	Word	End
Include Change Detail Report	Word	Separate
Document View	Word	Print
Remove Personal Information	Word	False
Flatten Field Codes	Word	True