

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:

PERFECT BROW ART, INC., *et al.*

Debtors.¹

)
) Chapter 11
)

) Case No. 19-01811
) (Jointly Administered)
)

) Honorable Donald R. Cassling
)
)

NOTICE OF FILING

PLEASE TAKE NOTICE that on August 29, 2019, Perfect Brow Art, Inc., and its debtor affiliates, the debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), filed their *Declaration of Harold D. Israel in Support of Debtors’ Motion for Entry of Order (A) Granting Relief from Judgment from Sale Order and (B)(I) Approving the Asset Purchase Agreement Among Seller and New Buyer, (II) Authorizing the Sale of Certain of the Debtors’ Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing Assignment of Certain Executory Contracts and Leases in Connection Therewith, and (IV) Granting Related Relief*, a copy of which is hereby served upon you.

Dated: August 29, 2019

Respectfully submitted,
PERFECT BROW ART, INC., ET AL.

By: /s/ Harold D. Israel

Harold D. Israel
Jamie L. Burns
LEVENFELD PEARLSTEIN, LLC
2 North LaSalle Street, Suite 1300
Chicago, Illinois 60602
Telephone: (312) 346-8380
Facsimile: (312) 346-8434

Attorneys for the Debtors

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal taxpayer-identification number, are: (i) Perfect Brow Art, Inc. (5731), (ii) Perfect Brow Florida, Inc. (5602), (iii) Perfect Brow Puerto Rico, Inc. (3497), (iv) Perfect Brow New York, Inc. (2041), (v) Locks Rock, Inc. (5046), (vi) P.B. Art Franchise, Inc. (0026), (vii) Perfect Brow Oakland, Inc. (5727), and (viii) Ooh La La Beauty Bar Franchise, Inc. (0714).

CERTIFICATE OF SERVICE

I, Harold D. Israel, an attorney, certify that on the 29th day of August, 2019, I caused the foregoing *Notice of Filing* and *Declaration of Harold D. Israel in Support of Debtors' Motion for Entry of Order (A) Granting Relief from Judgment from Sale Order and (B)(I) Approving the Asset Purchase Agreement Among Seller and New Buyer, (II) Authorizing the Sale of Certain of the Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing Assignment of Certain Executory Contracts and Leases in Connection Therewith, and (IV) Granting Related Relief*, to be filed electronically, via the Court's CM/ECF System thereby served upon the parties listed below, to whom the System automatically delivered an electronic copy of each such filing at the following electronic mail addresses:

- **Dustin P. Branch** – dustin.branch@kattenlaw.com; donna.carolo@kattenlaw.com; jessica.mickelsensimon@kattenlaw.com; lora.anderson@kattenlaw.com; ecf.lax.docket@kattenlaw.com
- **Michael A. Brandess** – mbrandess@sfgf.com; bkdocket@sfgf.com
- **Scott R. Clar** – sclar@cranesimon.com; mjoberhausen@cranesimon.com; asimon@cranesimon.com
- **Andrew S. Conway** – aconway@taubman.com
- **Michael K. Desmond** – mdesmond@fslegal.com
- **Jonathan P. Friedland** – jfriedland@sfgf.com; bkdocket@sfgf.com
- **Steven A. Ginther** – ndilecf@dor.mo.gov
- **Ronald E. Gold** – rgold@fbtlaw.com; awebb@fbtlaw.com; eseverini@fbtlaw.com; bmparker@fbtlaw.com
- **Jeffrey M. Goldberg** – jeffg@goldmclaw.com
- **Caleb T. Holzapfel** – caleb.holzaepfel@huschblackwell.com; LegalSupportTeam-Lookout-CHT@huschblackwell.com; caleb-holzaepfel-9767@ecf.pacerpro.com
- **Patrick S. Layng** – USTPRegion11.ES.ECF@usdoj.gov
- **Tara T. LeDay** – tleday@mvalaw.com
- **Michael Joseph Linneman** – linnemanm@jbltd.com
- **William F. McCormick** – bill.mccormick@ag.tn.gov
- **David A. Newby** – dnewby@momkus.com; lholub@momkus.com
- **Kristen N. Pate** – bk@brookfieldpropertiesretail.com
- **Scott N. Schreiber** – sschreiber@clarkhill.com; blambert@clarkhill.com
- **Robert D. Tepper** – rtepper@satclaw.com; agamble@satclaw.com; heilmanl@ballardspahr.com; RoglenL@ballardspahr.com
- **Elizabeth B. Vandesteeg** – evandesteeg@sfgf.com; bkdocket@sfgf.com

/s/ Harold D. Israel
Harold D. Israel

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NORTHERN DISTRICT OF ILLINOIS
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In re:

PERFECT BROW ART, INC., *et al.*

Debtors.¹

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) Chapter 11
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) Case No. 19-01811
) (Jointly Administered)
)
) Honorable Donald R. Cassling
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**DECLARATION OF HAROLD D. ISRAEL IN SUPPORT OF DEBTORS' MOTION
FOR ENTRY OF ORDER (A) GRANTING RELIEF FROM JUDGMENT FROM SALE
ORDER AND (B)(I) APPROVING THE ASSET PURCHASE AGREEMENT AMONG
SELLER AND NEW BUYER, (II) AUTHORIZING THE SALE OF CERTAIN OF THE
DEBTORS' ASSETS FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND
ENCUMBRANCES, (III) AUTHORIZING ASSIGNMENT OF CERTAIN EXECUTORY
CONTRACTS AND LEASES IN CONNECTION THEREWITH,
AND (IV) GRANTING RELATED RELIEF**

I, Harold D. Israel, being duly sworn, state the following under penalty of perjury.

1. I am a partner in the law firm of Levenfeld Pearlstein, LLC.
2. I represent the Debtors in the above-captioned proceedings and have been actively involved in the closing of the sale to Brow Art 23 LLC ("Buyer").

3. On August 21, 2019, I sent an email to Buyer's counsel that stated as follows:

The Debtors have consulted with the Committee and, notwithstanding Brow Art's default under the APA, if Brow Art (i) makes a nonrefundable deposit to the Debtors in the amount of \$1,000,000 on or before 12:00 noon Chicago time on August 22, 2019 (wired funds or provide a Fed Wire Reference Number); and (ii) agrees to close on or before August 26, 2019 (or such other date acceptable to the Debtors after consulting the committee), the Debtors will proceed to a closing under the APA. Otherwise the Debtors' estates will be terminating the APA and going with the other bidder (who is bidding \$500,000 less than your client). The

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Debtors and their estates reserve their rights to recover their damages in the event that they proceed with the other bidder.

A true and correct copy of the August 21, 2019 email is attached hereto as **Exhibit 1**.

3. Prior to sending the email attached as Exhibit 1, I, after consulting with the Committee, reached out to counsel for Brow Art Management LLC (“BAM” or “*New Buyer*”). BAM is the entity that made the “upset bid” that was disclosed at the Sale Hearing.

4. I inquired whether BAM would be interested in stepping into the shoes of the Buyer if Buyer failed to make the deposit. A true and correct copy of the email to BAM’s attorney is attached hereto as **Exhibit 2**.

5. BAM’s counsel, Nathan Rugg made a counterproposal as set forth in the email dated 2:57 p.m. on August 21, 2019 attached hereto as **Exhibit 3**.

6. After consulting with Committee counsel, the Debtors accepted the offer set forth in Mr. Rugg’s email attached hereto as Exhibit 3.

Executed this 29th day of August, 2019

/s/ Harold D. Israel
Harold D. Israel

EXHIBIT 1

From: Harold D. Israel <hisrael@lplegal.com>
Sent: Wednesday, August 21, 2019 3:45 PM
To: Pamela Mills; Hackney, William
Cc: Jonathan Friedland; Michael A. Brandess; Elizabeth Vandesteeg; Berk, Charles; Prol, Scott; Michael Friman; Jamie L. Burns; jwk@raviniacapitalllc.com; David Bergal
Subject: Brow Art 23 -Perfect Brow [LPLEGAL-Emails.FID1367367]
Importance: High

Pam and Bill:

The Debtors have consulted with the Committee and, notwithstanding Brow Art's default under the APA, if Brow Art (i) makes a nonrefundable deposit to the Debtors in the amount of \$1,000,000 on or before 12:00 noon Chicago time on August 22, 2019 (wired funds or provide a Fed Wire Reference Number); and (ii) agrees to close on or before August 26, 2019 (or such other date acceptable to the Debtors after consulting the committee), the Debtors will proceed to a closing under the APA. Otherwise the Debtors' estates will be terminating the APA and going with the other bidder (who is bidding \$500,000 less than your client). The Debtors and their estates reserve their rights to recover their damages in the event that they proceed with the other bidder.

Harold

HAROLD D. ISRAEL



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EXHIBIT 2

From: Harold D. Israel <hisrael@lplegal.com>
Sent: Wednesday, August 21, 2019 11:18 AM
To: Nathan Rugg
Cc: 'Jonathan Friedland'; 'Michael A. Brandess'; 'Elizabeth Vandesteeg'; 'Berk, Charles'; 'Prol, Scott'; Michael Friman; Jamie L. Burns; jwk@raviniacapitalllc.com; David Bergal
Subject: Brow Art [LPLEGAL-Emails.FID1367367]
Importance: High

Nate:

Following up on our call, the Debtors have consulted with the Committee and propose the following:

If Brow Art 23, LLC has not initiated a wire (i.e at a minimum provide a Fed Wire Reference Number) in the amount of \$1.0 million (which will constitute a non-refundable deposit) on or before 12:00 noon on August 22, 2019 then the Debtors will agree to immediately terminate its purchase agreement with Brow Art 23 and replace Brow Art 23 with your clients on the condition that (i) that your clients step into the shoes of Brow Art to the existing purchase agreement (including, but not limited to, the purchase price) and (ii) they agree to make a nonrefundable deposit in the amount of \$500,000 on or before the close of business on August 22, 2019 (wired funds or provide a Fed Wire Reference Number). The parties will use their best efforts to close the transaction within three business days of a court order approving your clients as the replacement purchaser.

Please let me know if this is acceptable by 2:00 central time if at all possible. Thank you.

Harold

HAROLD D. ISRAEL



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EXHIBIT 3

From: Nathan Rugg <Nathan.Rugg@bfkn.com>
Sent: Wednesday, August 21, 2019 2:57 PM
To: Harold D. Israel
Cc: Jonathan Friedland; Michael A. Brandess; Elizabeth Vandesteeg; Berk, Charles; Prol, Scott; Michael Friman; Jamie L. Burns; jwk@raviniacapitalllc.com; David Bergal; JACK SNYDER; MATT JACKSON
Subject: Re: Brow Art [LPLEGAL-Emails.FID1367367]

Harold,

My client is willing to proceed with a \$4.5 million offer and a 10% deposit; that is its best and final offer. A wire for the deposit can be initiated tomorrow afternoon once you confirm in writing that debtors have terminated their purchase agreement with Brow Art 23. There will be some modifications of the APA with Brow Art 23 to address the obvious differences in situation, e.g. court approval is required. Also, the deposit will be refundable as with the terms of the prior purchase agreement— I am merely trying to clarify that it is not “nonrefundable” as you stated, which I presume is an oversight. For example, if we proceed and there is no court approval (or the debtors cannot close), obviously our deposit is returned.

The debtors and Committee have previously made a record that it was willing to sell these assets for \$4.5 million in the best interests of the estates. Please note, the debtors and Committee are asking for my client to effectively serve as a Back-Up Bidder after rejecting our agreement outright. Regardless of the prior history on this specific deal, the debtors and Committee cannot reasonably expect a bidder to serve as back-up at the exact same price as the successful bidder.

Best regards,

Nate

Nathan Q. Rugg | T. [312.984.3127](tel:312.984.3127) | F. [312.984.3150](tel:312.984.3150) | nathan.rugg@bfkn.com
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