

Mark S. Horoupian (CA Bar No. 175373) <a href="mailto:mhoroupian@sulmeyerlaw.com">mhoroupian@sulmeyerlaw.com</a> SulmeyerKupetz A Professional Corporation 333 South Hope Street, Thirty-Fifth Floor Los Angeles, CA 90071-1406 Telephone: 213.626.2311 Facsimile: 213.629.4520 <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Project Playlist, Inc., Debtor in Possession	
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**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

In re:  PROJECT PLAYLIST, INC., a Delaware Corporation, Case No. 2:10-bk-42927 TD  PLAYLIST, INC., a Delaware Corporation, Case No. 2:10-bk-42946 TD  <u>  X  </u> Affects both Debtors  <div style="text-align: right;">Debtors.</div>	CASE NO.: 2:10-bk-42927 TD CHAPTER: 11  <div style="text-align: center; padding: 20px;"><b>NOTICE OF SALE OF ESTATE PROPERTY</b></div>
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<b>Sale Date:</b> January 31, 2013	<b>Time:</b> 11:30 a.m.
<b>Location:</b> U.S. Bankruptcy Court, Courtroom 1345, 255 E. Temple Street, Los Angeles, CA 90012	

**Type of Sale:**  Public  Private      **Last date to file objections:** January 17, 2013

**Description of property to be sold:** Working assets of the Debtors (not including cash, accounts receivable, and most avoidance actions)

Initial deposit \$25,000.00 cash, delivered to counsel for Project Playlist, Inc.

**Terms and conditions of sale:** ("PPL")

Minimum overbid offer of **\$300,000.00** with subsequent overbid to be made in \$25,000.00 increments. Any competing bid (cash or cashier's check, made payable and tendered to counsel for PPL, with a copy to counsel for the Committee) to be received by PPL's and the Committee's counsel by 5:00 p.m., Pacific Standard Time, on **January 28, 2013**. Such third-party bidder agrees to execute a definitive asset purchase agreement, similar to the terms and conditions of the Asset Purchase Agreement (the "APA") executed between Buyer and the Debtors. Deposit to be forfeited if winning buyer fails to close sale within five days of entry of sale order. Sale is subject to overbid — see attached "**OVERBID TERMS AND PROCEDURES**" for complete bidding procedures.

**Proposed sale price:** **\$250,000.00 (with a minimum overbid of \$300,000 and subsequent increased bids in additional \$25,000.00 increments)**

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

Overbid procedure (if any): See attached "OVERBID TERMS AND PROCEDURES"

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

January 31, 2013

11:30 a.m.

U.S. Bankruptcy Court

Courtroom 1345

255 E. Temple Street

Los Angeles, CA 90012

Contact person for potential bidders (include name, address, telephone, fax and/or email address):

Mark S. Horoupian, Esq.

[mhoroupian@sulmeyerlaw.com](mailto:mhoroupian@sulmeyerlaw.com)

SulmeyerKupetz, A Professional Corporation

333 S. Hope St., 35<sup>th</sup> Floor

Los Angeles, CA 90071-1406

Telephone: (949) 721-7302

Facsimile: (213) 629-4520

DATED: January 11, 2013

### **PROPOSED OVERBID PROCEDURES**

The proposed Sale to the Buyer is subject to approval of the United States Bankruptcy Court and to qualified overbids. The Trustee's proposed overbid procedures are as follows:

The Buyer has offered to purchase the Property for \$250,000.00 (the "Purchase Price"). The purchase price shall include cash in the amount of \$25,000.00, a promissory note of \$175,000.00 (payable at 8% interest over two years — with the first 6 months at interest only — and which will be discounted by \$25,000.00 if paid in full within the first year after closing of the sale), and the assumption of approximately \$50,000.00 of postpetition administrative trade liabilities. In addition, in the event that the Buyer is the successful overbidder (see below), Mr. Davidorf will agree to remain the estate representative of the Debtors' estates for a period of up to two years after the closing without any compensation. Mr. Davidorf will assist with, among other things, objections to claims, collection of accounts receivable, pursuit of avoidance actions, and other wind down activities. It is estimated, that this will add at least \$50,000.00 in value to the proposed purchase price. As noted above, however, the sale of the Property is subject to overbid pursuant to the following proposed overbid procedures (the "Overbid Procedures"):

### **BIDDING PROCEDURES**

Specifically, the Debtors propose that the Court approve the following bidding procedures, which include:

- (1) A requirement that any successful bid shall be on the same or better conditions, including financial terms and conditions, as Buyer's initial bid;
- (2) An initial overbid requirement that exceeds the purchase price contained in the Buyer's proposal by at least \$50,000 in value, with incremental bids thereafter of no less than \$25,000;
- (3) A requirement that any third party bidder agree to execute a definitive asset purchase agreement similar as to terms and conditions as the Asset Purchase Agreement (the "APA") executed between Buyer and the Debtors;
- (4) A requirement that a third-party bidder and the Buyer supply a deposit of \$25,000.00 in cash to counsel for PPL, which deposit shall be forfeited in the event the party selected as the winning bidder fails to close the sale;

(5) A requirement that a third party bidder demonstrate the financial wherewithal to close the transaction through submission of a letter from a financial institution or other objective basis for such determination;

(6) A requirement that such competing bid be received by the Debtors, with a copy to the Committee, not less than three (3) business days prior to the date set by the Bankruptcy Court for conduct of the sale.

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## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 333 South Hope Street, Thirty-Fifth Floor, Los Angeles, California 90071-1406.

A true and correct copy of the foregoing document entitled: "**NOTICE OF SALE OF ESTATE PROPERTY**" will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On January 11, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Vanessa L. Au, Esq. — Pilot Group II, LLP vanessaau@paulhastings.com
- Caroline Djang — Official Committee of Unsecured Creditors cdjang@rutan.com
- Roger Friedman Esq. — Official Committee of Unsecured Creditors rfriedman@rutan.com
- Eric J. Fromme, Esq. — Official Committee of Unsecured Creditors efromme@rutan.com
- Alan S. Gutman, Esq. — Counsel for WMG Entities (*Atlantic Recording Corp., Elektra Ent. Group, Inc., Warner Music, Inc., Warner Bros. Records, Inc. and Warner/Chappell Music, Inc.*) alangutman@gutmanlaw.com
- Garrick Hollander, Esq. — Counsel for Debtor Playlist, Inc. ghollander@winthropcouchot.com  
pj@winthropcouchot.com
- Mark S. Horoupian, Esq. — Counsel for Debtor Project Playlist, Inc. vcorbin@winthropcouchot.com
- Ivan L. Kallick, Esq. — Special Transactional Counsel for Debtor chipp@winthropcouchot.com
- David S. Kupetz, Esq. — Counsel for Debtor Project Playlist, Inc. mhoroupian@sulmeyerlaw.com
- Richard Levy, Esq. — Courtesy NEF ikallick@manatt.com
- Queenie K. Ng, Esq. — OUST (LA) dkupetz@sulmeyerlaw.com
- Michael B. Reynolds — rlevy@pryorcashman.com
- Wayne R. Terry, Esq. — Counsel for UMG Recordings queenie.k.ng@usdoj.gov
- Marcus Tompkins, Esq. — Counsel for Debtor Project Playlist, Inc. mreynolds@swlaw.com
- Katherine A. Traxler, Esq. — Courtesy NEF kcollins@swlaw.com
- United States Trustee (LA) wterry@hemar-rousso.com
- Marc J. Winthrop, Esq. — Counsel for Debtor Playlist, Inc. mtompkins@sulmeyerlaw.com
- katiextraxler@paulhastings.com
- ustpreion16.la.ecf@usdoj.gov
- mwinthrop@winthropcouchot.com
- pj@winthropcouchot.com

Service information continued on attached page.

**2. SERVED BY UNITED STATES MAIL:** On \_\_\_\_\_, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first-class, postage prepaid, and addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

Service information continued on attached page.

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on January 11, 2013, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.*

**VIA PERSONAL DELIVERY**  
**The Honorable Thomas B. Donovan, U.S. Bankruptcy Court**  
**255 E. Temple St., Suite 1352, Los Angeles, CA 90012-3332**

Service information continued on attached page.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

January 11, 2013

Kathleen Fox

/s/ Kathleen Fox

Date

Printed Name

Signature