

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address  Leslie A. Cohen (SBN 93698) leslie@lesliecohenlaw.com J'aime K. Williams (SBN 261148) jaime@lesliecohenlaw.com Brian A. Link (SBN 275683) brian@lesliecohenlaw.com LESLIE COHEN LAW PC 506 Santa Monica Blvd., Suite 200 Santa Monica, CA 90401 T: 310.394.5900 F: 310.394.9280  <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for Debtor in Possession	FOR COURT USE ONLY
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**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re: TODD-SOUNDELUX, LLC          Debtor(s).	CASE NO.: 2:14-bk-19980-SK CHAPTER: 11          <p style="text-align: center;"><b>NOTICE OF SALE OF ESTATE PROPERTY</b></p>
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<b>Sale Date:</b> November 13, 2014	<b>Time:</b> 8:30 a.m.
<b>Location:</b> Courtroom 1575	

**Type of Sale:**  Public  Private **Last date to file objections:** October 30, 2014

**Description of property to be sold:** The Debtor's interest in The Hollywood Edge and the Sound Library including but not limited to the sound library and all related intellectual property, media, licenses, contracts and stock (collectively, the "Property")

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**Terms and conditions of sale:** See attached

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**Proposed sale price:** \$500,000, subject to overbid, as described in the attached.

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

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

November 13, 2014

8:30 a.m.

255 East Temple Street

Los Angeles, CA 90012

Courtroom 1575

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

Counsel for the Debtor: J'aime Williams at Leslie Cohen Law PC

506 Santa Monica Blvd., Suite 200, Santa Monica, CA 90401 if

T: 310.394.5900 F: 310.394.9280

jaime@lesliecohenlaw.com

Counsel for the OCC: Mette Kurth at Arent Fox LLP

555 W. 5th Street, 48th Floor, Los Angeles, CA 90013

T: 213.443.7547 F: 213.629.7401

mette.kurth@arentfox.com

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Date: October 23, 2014

1 Leslie A. Cohen, Esq. (SBN: 93698)  
leslie@lesliecohenlaw.com  
2 J'aime K. Williams, Esq. (SBN 261148)  
jaime@lesliecohenlaw.com  
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7 Attorneys for Debtor in Possession

8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **LOS ANGELES DIVISION**

11 *In re*

12 TODD-SOUNDELUX, LLC

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14  
15 Debtor and  
16 Debtor in Possession

Case No. 2:14-bk-19980-SK

Chapter 11

**NOTICE OF MOTION AND MOTION BY  
DEBTOR IN POSSESSION (1) TO APPROVE  
SALE OF ASSETS AND ASSUMPTION AND  
ASSIGNMENT OF CONTRACTS, (2) FOR  
AUTHORITY TO SELL ESTATE'S INTEREST IN  
PERSONAL PROPERTY AND ASSUME AND  
ASSIGN RELATED CONTRACTS TO THE  
SUCCESSFUL BIDDER (3) DETERMINING THE  
SUCCESSFUL BIDDER TO BE A "GOOD  
FAITH" PURCHASER WITHIN THE MEANING  
OF BANKRUPTCY CODE SECTION 363(M) (4)  
WAIVING THE 14-DAY STAY PERIODS SET  
FORTH IN BANKRUPTCY RULES 6004(H) AND  
6006(D); DECLARATION OF J'AIME WILLIAMS**

Hearing Information:

Date: November 13, 2014

Time: 8:30 a.m.

Courtroom: 1575

1 TO THE HONORABLE SANDRA KLEIN, UNITED STATES BANKRUPTCY JUDGE, THE OFFICE OF THE  
2 UNITED STATES TRUSTEE, COUNSEL FOR THE CREDITOR'S COMMITTEE, COUNSEL FOR SOUND  
3 IDEAS; THE COUNTERPARTIES TO THE CONTRACTS TO BE ASSUMED AND ASSIGNED; PARTIES IN  
4 INTEREST AND PERSONS REQUESTING SPECIAL NOTICE:

5       **PLEASE TAKE NOTICE** that Todd-Soundelux, LLC ("**Debtor**"), Debtor and Debtor-in-Possession in  
6 the above-captioned bankruptcy case, will and hereby does move the Court for an order: (1) authorizing the  
7 sell, convey, transfer, assign, and deliver all of the Debtor's rights, title, and interest in The Hollywood Edge,  
8 the Hollywood Edge Sound Effects Library, and the Soundelux Sound Effects Library, including but not limited  
9 to all trademarks and copyrights relating to the Hollywood Edge Sound Effects Library, the Hollywood Edge  
10 logo and website, distribution agreements relating to the Hollywood Edge Sound Effects Library, product  
11 inventory relating to the Hollywood Edge Sound Effects Library, the Soundelux Sound Effects Library  
12 catalogues, social media and content relating to the Hollywood Edge Sound Effects Library, license  
13 agreements relating to the Hollywood Edge Sound Effects Library, contents of the Goldmine system, artworks  
14 and graphics relating to the Hollywood Edge Sound Effects Library, all as set forth in detail in Exhibit A to the  
15 Sound Ideas APA attached hereto as **Exhibit B** (collectively, the "**Property**") to the Successful Bidder  
16 pursuant to an auction to be held immediately prior to the hearing on this motion, (2) authoring the Debtor to  
17 assume and assign to the Successful Bidder any assignable contract rights included among the Purchased  
18 Assets, including the contracts identified in **Exhibit C** hereto (the "**Assigned Contracts**"), (3) approving  
19 procedures for the assumption and assignment of executor contracts in connection with the sale; (4) providing  
20 that the Purchased Assets will be delivered to the Successful Bidder free and clear of all encumbrances,  
21 claims, interests, liens or other restrictions of any kind or nature to the maximum extent possible under  
22 Bankruptcy Code section 363(f); (5) determining the Successful Bidder to be a "good faith" purchaser within  
23 the meaning of Bankruptcy code Section 363(m) and that the Successful Bidder is entitled to the protections  
24 of such Section; (6) waiving the 14 day stay under FRBP 6004(h) and 6006(d), and (7) granting any related  
25 relief. Per the ruling at the bid procedures hearing on October 23, 2014, the Court has approved the initial bid  
26 of "Sound Ideas, a division of the Brian Nimens Corporation Limited" ("**Sound Ideas**") as a stalking horse bid,  
27 and approved the proposed bidding procedures, as modified.

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1 The motion is based upon the accompanying Memorandum of Points and Authorities and Declaration  
2 of J'aime Williams, all files and pleadings and records on file in this Chapter 11 bankruptcy case or anything  
3 else of which the Court may take judicial notice, and such other evidence as may be presented at the hearing  
4 on this Motion.

5 **PLEASE TAKE FURTHER NOTICE** that any bids—including the required Deposit—are due from  
6 interested bidders and must be **received** not later than 4:00 p.m. (PST) on **November 5, 2014** (the "**Bidding**  
7 **Deadline**") by: (a) Counsel for the Debtor, Leslie Cohen Law PC, 506 Santa Monica Blvd., Suite 200, Santa  
8 Monica, CA 90401 if sent via regular or overnight mail or personal delivery, **and** via electronic mail at  
9 [jaime@lesliecohenlaw.com](mailto:jaime@lesliecohenlaw.com); and (b) Counsel for the OCC at [mette.kurth@arentfox.com](mailto:mette.kurth@arentfox.com) with a copy to  
10 [jonnash@deloitte.com](mailto:jonnash@deloitte.com), **or** if sent by mail or personal delivery, to Mette H. Kurth, Esq. at Arent Fox LLP, 555  
11 W. 5<sup>th</sup> Street, 48<sup>th</sup> Floor, Los Angeles, CA 90013).

12 **PLEASE TAKE FURTHER NOTICE** that on or before 4:00 p.m. (PST) on **November 6, 2014** the  
13 Debtor will: (i) notify each bidder who submitted a bid before the Bidding Deadline whether it has been  
14 determined to have submitted a Qualified Bid; and (ii) notify the Stalking Horse Bidder whether any Qualified  
15 Bids have been received

16 **PLEASE TAKE FURTHER NOTICE** that an auction will be held on on **November 13, 2014 at 8:30**  
17 **a.m.** in Courtroom 1575 located at 255 E. Temple St., Los Angeles, CA 90012. All Qualified Bidders, the  
18 Debtor, the Committee, and the Stalking Horse Bidder must check in at the courtroom before 8:30 a.m.

19 **PLEASE TAKE FURTHER NOTICE** that the hearing to approve this Motion will also be held on  
20 **November 13, 2014 at 8:30 a.m.** before the Honorable Sandra R. Klein in Courtroom 1575 located at 255 E.  
21 Temple St., Los Angeles, CA 90012.

22 **PLEASE TAKE FURTHER NOTICE** that pursuant to Local Bankruptcy Rule (LBR) 9013-1(f), any  
23 party objecting to the relief sought in the Motion must file written objections with the Bankruptcy Court and  
24 must serve such objections upon counsel listed above and the Office of the United States Trustee, at the  
25 Office of the U.S. Trustee, 915 Wilshire Blvd., Suite 1850, Los Angeles, CA 90017, not later than 14 days  
26 before the date to set for hearing. Failure to file and serve a timely written opposition may be deemed to  
27 constitute consent to the relief requested in the Motion, per LBR 9013-1(h).

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**WHEREFORE**, the Debtor respectfully requests this Court to enter an order:

1. Granting this Motion in its entirety;
2. Authorizing the sale of the Debtor's interest in the Property at auction;
3. Authoring the Debtor sell the Property and assume and assign related contracts to the Successful Bidder;
4. Determining the Successful Bidder to be a "good faith" purchaser within the meaning of Bankruptcy code Section 363(m);
5. Waiving the 14 day stay under FRBP 6004(h) and 6006(d); and
6. Granting such other and further relief as the Court deems just and proper.

Dated: October 23, 2014

LESLIE COHEN LAW, PC

By:           /s/ Leslie A. Cohen          

Leslie A. Cohen  
Attorneys for Debtor and Debtor  
In Possession

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 Todd-Soundelux, LLC ("**Debtor**"), Debtor and Debtor-in-Possession in the above-captioned  
3 bankruptcy case, will and hereby does move the Court for an order: (1) authorizing the sale of the Debtor's  
4 interest in The Hollywood Edge and the Sound Libraries including but not limited to the sound library and all  
5 related intellectual property, media, licenses, and contracts (collectively, the "**Property**") pursuant to an  
6 auction to be held immediately prior to the hearing on this motion, (2) authoring the Debtor sell the Property  
7 and assume and assign related contracts to the Successful Bidder, (3) determining the Successful Bidder to  
8 be a "good faith" purchaser within the meaning of Bankruptcy code Section 363(m); (4) waiving the 14 day  
9 stay under FRBP 6004(h) and 6006(d), and (5) granting any related relief. Per the ruling at the bid  
10 procedures hearing on October 23, 2014, the Court has approved the initial bid of "Sound Ideas, a division of  
11 the Brian Nimens Corporation Limited" ("**Sound Ideas**") as a stalking horse bid, and approved the proposed  
12 bidding procedures, as modified. The Court-approved bidding procedures (the "**Bidding Procedures**") are  
13 attached hereto as **Exhibit. A**.

14 I. FACTUAL BACKGROUND

15 Debtor, was an independent creative post-production sound company which provided services for film  
16 and television, filed a voluntary petition for relief under chapter 11 of title 11 of the United States Bankruptcy  
17 Code ("**Code**") on May 21, 2014 (the "**Petition Date**") commencing this case in the United States Bankruptcy  
18 Court for the Central District of California (the "**Bankruptcy Court**" or "**Court**").<sup>1</sup> Debtor manages and  
19 operates its estate as debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. An  
20 Official Committee of Unsecured Creditors ("**OCC**") was appointed on or about June 20, 2014. See Docket  
21 No. 98. Debtor and its counsel have been working closely with the OCC and its counsel since the OCC's  
22 formation. As of this filing, no trustee or examiner has been appointed in Debtor's case.

23 Leading up to the Bankruptcy Case, the Debtor held commercial leasehold interests in real property at  
24 the following locations:

25 (A) 7080 Hollywood Blvd., Hollywood, CA 90028 (the "**Hollywood Property**");

26 (B) 2901 West Alameda Ave., Burbank, CA 91505 (the "**Burbank Property**");

27 \_\_\_\_\_  
28 <sup>1</sup> Unless otherwise noted, all statutory references refer to the U.S. Bankruptcy Code, 11 U.S.C. §101 *et seq.*

- 1 (C) 625 Arizona Avenue, Santa Monica, CA 90401 ("**625 Arizona**");  
2 (D) 3000 Olympic Boulevard, Santa Monica, CA 90404 (the "**Lantana Property**");  
3 (E) 900 Seward Street, Hollywood, CA 9003 ("**900 Seward**").

4 The Debtor rejected these leases on or about July 1, 2014, pursuant to the order entered August 4,  
5 2014 [Docket No. 218].

6 The Debtor's financial difficulties were primarily caused by a significant decline in revenues, primarily  
7 in the feature film segment, which has impacted the independent post-production sound business in the Los  
8 Angeles area. The Debtor commenced the chapter 11 case in good faith, with the intention to liquidate  
9 through the sale of its business segments; and, shortly thereafter ceased its business operations and began  
10 to liquidate its equipment and other tangible personal property

11  
12 **II. THE STALKING HORSE BID**

13 The Debtor has exposed the Property to the marketplace and has addressed inquiries from numerous  
14 potential buyers for the Property. The Debtor ultimately selected Sound Ideas as the stalking horse bidder, as  
15 Sound Ideas' offer was the highest and best bid received to date, and has no financing contingencies. The  
16 Debtor accepted the Sound Ideas offer as a stalking horse bid, subject to overbid in accordance with  
17 procedures approved by the Court on October 23, 2014. The Debtor and Sound Ideas have entered into an  
18 Asset Purchase Agreement ("**Sound Ideas APA**"), a copy of which is attached as **Exhibit "B"** to this motion.  
19 Sound Ideas has deposited \$100,000 into a client trust account of Debtor's counsel, Leslie Cohen Law PC.

20 Pursuant to the Sound Ideas APA, Sound Ideas is offering to purchase the Property for an all cash  
21 payment to the Debtor's bankruptcy estate of \$500,000.

22 To the extent that Sound Ideas is overbid at an auction of the Property, and the sale closes to another  
23 purchaser, the Court has approved Sound Ideas' receipt of an amount equal to all of Sound Ideas' actual out-  
24 of-pocket due diligence fees and expenses, in a minimum amount of \$10,000 and a maximum amount of  
25 \$30,000 (the "**Break-up Fee**"). The Court-approved bidding procedures are attached hereto as **Exhibit A**.

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1 **III. THE ASSUMPTION AND ASSIGNMENT PROCEDURES**

2 **Exhibit C** to this motion lists all of the Assigned Contracts to be assumed and assigned to the  
3 Successful Bidder pursuant to this motion, as well as the debtor's calculation of the amounts that must be paid  
4 in connection with the assumption and assignment of the Assigned Contracts pursuant to Bankruptcy Code  
5 section 365(b). That total amount due as a cure amount to each of the counterparties to the Assigned  
6 Contracts is set forth under the "Total" column of **Exhibit D** (the "**Cure Amount**"). No later than one business  
7 day following the Qualification Deadline (November 7, 2014), and only upon written request to the Debtor by a  
8 counterparty to the Assigned Contracts, the debtor will provide to the requesting counterparty, on a  
9 confidential basis, the identity of each Qualified Bidder and information regarding each Qualified Bidders'  
10 adequate assurance of future performance pursuant to Bankruptcy Code section 365. Counterparties to the  
11 Assigned Contracts should send their written request to [jaimel@lesliecohenlaw.com](mailto:jaimel@lesliecohenlaw.com) by no later than 4:00 p.m.  
12 PST on November 7, 2014.

13 The Debtor will cure any defaults in royalties due under any such assigned contracts, in the amounts  
14 set forth in **Exhibit D** to this Motion. Any party who disagrees with the scheduled royalty payment must file an  
15 objection with the Court and notify the Debtor and the Committee in writing by October 30, 2014. Also, the  
16 Successful Bidder will take over ongoing royalty obligations under assigned contracts.

17 Section 3.3 of the Sound Ideas APA provides that, as a condition to closing, "This Agreement shall  
18 have been approved by the Committee." The Committee has indicated that it has not provided its consent to  
19 the Sound Ideas APA to the extent that any of the Cure Amounts exceed the amounts set forth on **Exhibit D**.  
20 Therefore, if an objection is raised by the counterparty to any of the Assigned Contracts and such dispute  
21 cannot be consensually resolved prior to the Sale Hearing, the debtor reserves the right to remove the  
22 contract in question from the Purchased Assets and to modify this motion to withdraw its request to assume  
23 and assign the contract in question to the Successful Bidder.

24 If an objection is raised by a counterparty to an Assigned Contract as to adequate assurance of future  
25 performance, and such dispute cannot be consensually resolved before the sale hearing, said objection will  
26 be determined by the Court at the time of the sale hearing or on such other date as the Court may designate.

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1 IV. DISCUSSION

2 a. The Court Should Authorize The Debtor To Sell The Property To Sound Ideas or  
3 Another Overbidder Free and Clear of Liens

4 Bankruptcy Code Section 363(b)(1) authorizes the trustee or debtor in possession, after notice and a  
5 hearing, to use, sell or lease property of the estate outside the ordinary course of business. One  
6 commentator observes that:

7 [i]n determining whether to approve a proposed sale under section 363, courts generally  
8 apply standard that represent essentially a business judgment test. Some courts have  
9 described the standard as one of "good faith" or of whether the transaction is "fair and  
10 equitable." Others question whether the sale is "in the best interest of the estate." (Citations  
11 omitted.) 3 Collier on Bankruptcy Paragraph 363.02[1][f].

12  
13 A debtor or trustee's business judgment in the use, sale, or lease of property outside of the ordinary  
14 course of business is subject to great judicial deference. See, e.g., In re Moore, 110 B.R. 924, 928 (Bankr.  
15 C.D. Cal. 1990) ("The choice of which type of action (whether it be acceptance of the offer, a counteroffer,  
16 negotiation, open bidding, or bringing a formal motion for abandonment) belongs to the trustee within the  
17 sound exercise of the trustee's business judgment so long as the trustee fulfills his statutory duties."). A sale  
18 of estate assets should be authorized pursuant to section 363(b) of the Bankruptcy Code if a sound business  
19 reason exists for doing so. See, e.g., Simantob v. Claims Prosecutor, L.L.C. (In re Lahijani), 325 B.R. 282,  
20 288-89 (B.A.P. 9th Cir. 2005) ("The court's obligation in § 363(b) sales is to assure that optimal value is  
21 realized by the estate under the circumstances. . . . Ordinarily, the position of the trustee is afforded  
22 deference, particularly where business judgment is entailed in the analysis or where there is no objection.").

23 Here it is clear that there is sound business justification for the Debtor to sell the Property through the  
24 Bidding Procedures. It is Debtor's intent to liquidate, which requires the estate to realize the assets' greatest  
25 value through their sale. The Bidding Procedures will result in the greatest return from the disposition of the  
26 Property. Further, the Debtor submits that the proposed sale of the Property to a successful bidder is more  
27 than "fair and equitable" to the creditors of the estate, and in the best interest of the estate and therefore  
28 demonstrates that the Debtor's business judgment to proceed with the sale is sound. The facts pertaining to

1 the Debtor's proposed sale of the property substantiate the Debtor's business decision that such  
2 contemplated sale serves the best interest of the Debtors' estate and its creditors.

3 In light of the terms of the proposed sale, the Debtor respectfully submits that the Court should  
4 approve the sale of the Property free and clear of any liens, claims and encumbrances, pursuant to Section  
5 363(b)(1) and 363(f), except that all associated contract rights shall be assigned to the Successful Bidder  
6 pursuant to 11 USC section 365. Debtor requests authority to transfer free and clear title to its buyers and  
7 believes that doing so is appropriate under the circumstances.

8 **c. The Court Should Approve the Assignment of Contract Rights As Part Of The Sale**

9 Bankruptcy Code Section 365(c),(f) contemplates the assignment of executory contracts and  
10 unexpired leases; § 365(c)(1) permits the assignment of executory contracts if a party does not withhold  
11 consent so long as applicable non-bankruptcy law does not prohibit assignment:

12 *(c) The trustee may not assume or assign any executory contract or unexpired lease of the debtor,*  
13 *whether or not such contract or lease prohibits or restricts assignment of rights or delegation of*  
14 *duties, if—*

15 *(1) (A) applicable law excuses a party, other than the debtor, to such contract or lease from*  
16 *accepting performance from or rendering performance to an entity other than the debtor or the debtor*  
17 *in possession, whether or not such contract or lease prohibits or restricts assignment of rights or*  
18 *delegation of duties; and*

19 *(B) such party does not consent to such assumption or assignment; or*

20 *(2) such contract is a contract to make a loan, or extend other debt financing or financial*  
21 *accommodations, to or for the benefit of the debtor, or to issue a security of the debtor; or*  
22 *(3) such lease is of nonresidential real property and has been terminated under applicable*  
23 *nonbankruptcy law prior to the order for relief.*

24 11 U.S.C. § 365(c).

25 "Applying the Countryman definition of executory contracts, courts generally have found intellectual  
26 property licenses to be 'executory' within the meaning of section 365(c) because each party to the license had  
27 the material duty of 'refraining from suing the other for infringement of any of the [intellectual property] covered  
28 by the license.'" In re Golden Books Family Entm'T, 269 B.R. 311, 314 (Bankr. D. Del. 2001) (citing  
Countryman, EXECUTORY CONTRACTS IN BANKRUPTCY; PART I, 57 Minn. L. Rev. 439, 460 (1973); Everex  
Systems, Inc. v. Cadtrak Corp (In re CFLC, Inc.), 89 F.3d 673, 677 (9th Cir. 1996)).

Applicable copyright law does not prohibit subsequent assignments of associated contracts rights  
given there is a transferable ownership interest. See Gardner v. Nike, Inc., 279 F.3d 774 (9th Cir. 2002)  
(distinguishing between licenses and assignments); accord Beatty v. Tribune Media Servs., 2005 U.S. Dist.

1 LEXIS 46421 at n2 (C.D. Cal. Aug. 9, 2005) (citing Melville B. Nimmer & David Nimmer, NIMMER ON  
2 COPYRIGHT at § 10.01[A] and 10.02[A] (2004)).

3 Here, the assignment of the associated contract rights serves to benefit the parties to the contracts  
4 and licensing agreements, as the Debtor is liquidating and assignment of these rights preserves their ability to  
5 continue receiving revenue. Thus, the associated contracts rights subject to this Motion may be assigned by  
6 the Debtor-in-Possession, who is acting as Trustee in this case, and the assignment of the contract rights  
7 should be approved.

8 **d. The Court Should Find That Sound Ideas or Another Overbidder Is A Good Faith**  
9 **Purchaser Within The Meaning Of 11 U.S.C. § 363(m)**

10 Bankruptcy Code Section 363(m) provides that a purchaser of property of the estate is protected from  
11 the effects of a reversal on appeal of the authorization to sell or lease as long as the purchaser acted in good  
12 faith and the appellant failed to obtain a stay of sale. (Citations omitted) 3 Collier on Bankruptcy paragraph  
13 363.11. The Code does not define “good faith.” Courts have found that a good faith purchase is “one who  
14 buys property...for value, without knowledge of adverse claims,” and that lack of good faith is typically shown  
15 by “fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly  
16 unfair advantage of other bidders.” *Id.*

17 Here, Sound Ideas is not an insider of the Debtor, and the offer was negotiated at arms-length and in  
18 good faith. Further, to the extent an overbidder is selected as the Successful Bidder, such a  
19 determination will be made jointly by the Debtor and the Committee. Therefore, there is no hint of any fraud  
20 or collusion or other absence of good faith. Additionally, the Debtor is seeking a determination that the  
21 ultimate buyer of the Property is a “good faith purchaser” for the purposes of Section 363(m) of the  
22 Bankruptcy Code. Such a finding is warranted because Sound Ideas is an independent third party, arms-  
23 length buyer who seeks to buy the assets at prices that are reasonable and negotiated. In the event that a  
24 different bidder is the Successful Bidder, the Debtor plans to make an offer of proof at the hearing regarding  
25 the arms-length nature of such bidder. Accordingly, the Court should find the ultimate Buyer to be a Good  
26 Faith Purchaser under Section 363(m).

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**DECLARATION OF J'AIME WILLIAMS**

I, J'aime Williams, declare as follows:

1. I am over 18 years of age. I am a member, in good standing, of the Bar of the State of California, and I am admitted to practice before, among other courts, the United States District Court for the Central District of California. I am an attorney at Leslie Cohen Law, PC (the "Firm"), attorneys for the Debtor in this chapter 11 case. I have personal knowledge of the matters set forth below and, if called to testify, I would and could competently testify thereto. Where facts are alleged upon information and belief, I believe them to be true and correct

2. I make this declaration in support of the *Motion By Debtor In Possession (1) To Approve Sale Of Assets And Assignment Of Contracts, (2) For Authority To Sell Estate's Interest In Personal Property And Assign Related Contracts To The Successful Bidder (3) Determining The Successful Bidder To Be A "Good Faith" Purchaser Within The Meaning Of Bankruptcy Code Section 363(M) (4) Waiving The 14-Day Stay Periods Set Forth In Bankruptcy Rules 6004(H) And 6006(D)* ("Motion"). Where capitalized terms herein are undefined, they shall have the same meaning as in the Motion.

3. Attached hereto as **Exhibit A** is a true and correct copy of the Court-approved Bidding Procedures for the sale of the Property.

4. Attached hereto as **Exhibit B** is a true and correct copy of the Asset Purchase Agreement ("Sound Ideas APA") entered into by the Debtor and Sound Ideas. Sound Ideas has deposited \$100,000 into a client trust account of Leslie Cohen Law PC.

5. Attached hereto as **Exhibit C** is a list of contracts to be assumed and assigned.

6. Attached hereto as **Exhibit D** is a list of the default cure amounts due under the contracts to be assigned as part of the sale.

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

Executed on October 23, 2014 at Santa Monica, CA.

  
\_\_\_\_\_  
J'aime Williams

**EXHIBIT A**

EXHIBIT 2

TODD-SOUNDELUX, LLC

MODIFIED BIDDING PROCEDURES

A. Bidding Procedures

1. **Overbid Deadline:** Bids—including the required Deposit—are due from interested bidders and must be *received* not later than 4:00 p.m. (PST) on **November 5, 2014** (the "**Bidding Deadline**") by:
  - a. Counsel for the Debtor, Leslie Cohen Law PC, 506 Santa Monica Blvd., Suite 200, Santa Monica, CA 90401 if sent via regular or overnight mail or personal delivery, *and* via electronic mail at [jaime@lesliecohenlaw.com](mailto:jaime@lesliecohenlaw.com); and
  - b. Counsel for the OCC at [mette.kurth@arentfox.com](mailto:mette.kurth@arentfox.com) with a copy to [jonnash@deloitte.com](mailto:jonnash@deloitte.com), *or* if sent by mail or personal delivery, to Mette H. Kurth, Esq. at Arent Fox LLP, 555 W. 5<sup>th</sup> Street, 48<sup>th</sup> Floor, Los Angeles, CA 90013).
2. **Qualified Bids:** To be a "**Qualified Bid**" a bid must be by received by the Debtor and the OCC no later than the Bidding Deadline and must satisfy each of the following conditions, as determined jointly by the Debtor and the OCC in their reasonable business judgment;<sup>1</sup> *provided, however*, that the Debtor and the OCC may jointly accept a substantially conforming bid as a Qualified Bid as long as the Minimum Overbid amount is met and the bid is free of financing and due diligence contingencies. On or before 4:00 p.m. (PST) on **November 7, 2014** (the "**Qualification Deadline**") the Debtor will: (i) notify each bidder who submitted a bid before the Bidding Deadline whether it has been determined to have submitted a Qualified Bid; and (ii) notify the Stalking Horse Bidder whether any Qualified Bids have been received.
  - a. Minimum Overbid: The bid must be in an amount at least equal to the Minimum Overbid of \$570,000;
  - b. Written & Irrevocable. The bid must be in writing and must state that it shall remain irrevocable unless and until: (i) the Debtor and the OCC accept a higher or otherwise better Qualified Bid, and (ii) the bidder is not selected as the Back-Up Bidder;
  - c. Form of Bid. The bid must include an executed Asset Purchase Agreement ("APA") in substantially the same form as the Sound Ideas APA and upon substantially similar or better terms and conditions as the Sound Ideas APA, with the bidder's APA clearly marked to show any and all amendments or modifications to the Sound

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<sup>1</sup> For purposes of these Bidding Procedures, the Stalking Horse Bidder is deemed to be a Qualified Bidder.

- Ideas APA, including, but not limited to, the purchase price and the bidder's contact information. The bidder's APA shall reference the Deposit and the requirement that any sale close no later than November 15, 2014 (the "**Closing Deadline**"), and it shall not contain any financing or due diligence contingencies;
- d. Bid Deposit. Each Bid must be accompanied by a deposit in an amount equal to the greater of \$100,000 or ten percent (10%) of the proposed purchase price (the "**Deposit**"), to be delivered to the Debtor on or before the Bid Deadline in the form of a wire transfer, certified check, or cashier's check (which amount shall be deposited by the Debtor into the trust account of Leslie Cohen Law PC within two business days of receipt). Deposits shall be non-refundable unless and until the Auction has taken place and the bidder is not selected as either the Successful Bidder or Back-Up Bidder, in which case the Deposit will be refunded unless otherwise forfeited as a result of a breach.<sup>2</sup>
  - e. Good Faith Offer. Each bid must constitute a good faith, *bona fide* offer;
  - f. Sale "As Is". Each bid must acknowledge that the sale contemplated thereunder shall be on an "as-is, where-is" basis, without representation or warranty, and that the bidder: (i) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or premises in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express or implied, regarding the Debtor's assets or the completeness of any information provided in connection with its bid;
  - g. No Contingencies. No bid can be subject to any due diligence contingencies or financing contingencies of any kind whatsoever;
  - h. Demonstrated Capacity. Each bid must be accompanied by sufficient and adequate financial and other information to demonstrate, to the satisfaction of the Debtor and the OCC, that: (i) the bidder can consummate the transactions set forth in the bid; and (ii) that the bidder (A) can either provide adequate assurance of future performance under all contracts to be assumed and assigned in the proposed transaction or (b) has obtained the consent of any counter-parties to such contracts to their assumption and assignment;
  - i. Identity. Each bid must fully disclose the identity and contact information of each person or entity that will be participating at the Auction in connection with such bid (the "Auction Participants"), and the complete terms of their participation;

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<sup>2</sup> If a bid is determined not to be a Qualified Bid, then that bidder's Deposit will be refunded to it on or before

- j. Authorization. Each bid must verify that the bidder has obtained all necessary internal authorizations or approvals with respect to the submission, execution, delivery, and closing of its bid and the transactions contemplated thereby;
- k. Prohibition Against Collusive Bidding. Each bid shall include a written statement acknowledging the prohibition against collusive bidding;
- l. No Fees. Each bid (other than the Stalking Horse bid) must be devoid of any break-up fee, transaction fee, commission, or any similar type of payment; and
- m. Consent to Jurisdiction. Each bid must confirm that the bidder submits to the jurisdiction of the Bankruptcy Court in connection with any disputes relating to these Bidding Procedures.

## **B. Auction Procedures.**

### **1. Auction Date and Time**

An auction will be held on **November 13, 2014** at 8:30 a.m. at the United States Bankruptcy Court in Los Angeles, CA. All Qualified Bidders, the Debtor, the Committee, and the Stalking Horse Bidder must check in at the courtroom before 8:30 a.m. After the case is called, the parties will adjourn to a conference room convenient to the Court (or such other time, date, and place that may be approved by the Court at the Bid Procedures Hearing), where the auction will be held. After the auction is completed, the Debtor, the Committee, the Successful Bidder, and any Backup Bidders will return to the courtroom where the Debtor will seek approval of the highest and best bid as recommended by the Debtor and the Committee. On or before 4:00 p.m. (PST) on October 24, 2014, the Debtor will provide all entities who have submitted a Qualified Bid (through their designated Auction Participants) and the Stalking Horse Bidder (through its counsel) with notice of the auction time and place fixed by the Court for the Auction.

### **2. Failure to Receive Qualified Bids / Cancellation of the Auction**

If no Qualified Bid is received by the Bid Deadline, then the Debtor and the OCC may cancel the Auction and proceed to seek approval of the sale of the Property to Sound Ideas.

### **3. Auction Procedures**

The Auction shall run in accordance with the following procedures (the "**Auction Procedures**"):

- a. Only bidders who have been designated as Qualified Bidders on or before the Qualification Deadline (including the Stalking Horse Bidder), the Debtor, and the OCC and their representatives will be permitted to attend and to participate at the Auction.

- b. The Qualified Bidders, Stalking Horse Bidder, the Debtor, and the OCC will check in with the Court at 8:30 a.m. on November 13, 2014. After the parties have checked in, they will recess to a conference room convenient to the Court to conduct the Auction, and the sale hearing will be placed on second call.
- c. The Auction will be conducted as an open bid process in the presence of a court reporter (provide by the Debtor), with all bids stated orally and on the record;
- d. Qualified Overbidders who wish to submit an overbid at the Auction must attend the Auction in person or through an authorized representative.
- e. Bidding at the Auction will start with the highest Qualified Bid received;
- f. Thereafter, each overbid (a "Qualified Overbid") shall be higher and better than the last Qualified Bid or Qualified Overbid and in minimum increments of at least \$25,000.00;
- g. Bidding shall continue until such time as the highest and best bid is determined;
- h. The Debtor and the OCC may recess the Auction for a reasonable time;
- i. Qualified Bidders may ask for a reasonable time, not to exceed 10 minutes, for a recess during the Auction; and
- j. The Debtor and the OCC may make modifications to these Auction Procedures as may be determined to be in the best interests of the Debtor's estate or creditors and as may be announced by the Debtor from time to time before or during the auction so long as the modifications are not materially inconsistent with these Auction Procedures.

**C. Evaluation of Competing Bids and Selection of a Successful Bid**

The Debtor and the OCC will jointly evaluate the Stalking Horse Bid and any Qualified Bids or Qualified Overbids and shall determine which Qualified Bid or Overbid, as applicable, is the highest and best offer in such Auction (the "**Successful Bid**"). Bids will be valued based upon several factors, including, without limitation, items such as (i) the purchase price and the net value (including assumed liabilities and other obligations to be performed by the Qualified Bidder); (ii) the relative ability of the Qualified Bidder to consummate such sale; and (iii) any other factors affecting the speed, certainty, and value of the sale proposed by the Qualified Bid or Overbid.

**D. Back-Up Bidders**

At the conclusion of the Auction, the Debtor and the OCC may jointly designate a Back-Up Bidder or multiple Back-Up Bidders. If a Back-Up Bidder is selected, such Back-Up-Bidder's Deposit shall be released upon the later to occur of (a) the closing of a transaction with the Successful Bidder, or other Back-Up Bidder; or (b) fourteen (14) days after the entry of a final sale order. If the Successful Bidder does not close the transaction, then the Back-Up Bidder's Deposit shall be non-refundable and the Debtor shall close the transaction upon the terms of the Back-Up Bidder's last and highest bid at the

Auction. Upon the failure to consummate a sale because of a breach or failure on the part of a Qualified Bidder or Overbidder who submitted the Successful Bid, the Debtor and OCC may jointly select, in their business judgment, the next highest or otherwise best Qualified Bidder(s) or Overbidder(s) to be the Successful Bidder(s) as approved in a final sale order, without further order of the Bankruptcy Court (each a "**Back-Up Bidder**").

#### **E. The Sale Approval Hearing**

Once the Debtor and the OCC have selected the Successful Bid and any Back-Up Bidders, they will notify the Court that the Auction has concluded, and the hearing to approve the Successful Bid, which may be the Stalking Horse Bid, will be resumed as soon as practicable and at the Court's convenience. If the Auction is cancelled, the sale hearing will take place before the Bankruptcy Court on November 13, 2013 at 8:30 a.m.

#### **F. Closing**

The closing of a sale of the Property to the Successful Bidder or Back-Up Bidder (the "**Closing**") shall be held in the office of counsel for the Debtor, or such other location as is agreed to by the parties, no later than November 15, 2014 (the "**Closing Deadline**") unless expressly agreed to by the Debtor, the Successful Bidder, and the OCC in writing.

#### **G. Free and Clear of Any and All Claims and Interests**

Except as may be agreed to by a Successful Bidder, and subject to the terms of any order of the Bankruptcy Court authorizing and approving the sale of the Debtor's assets to the Successful Bidder – which order shall be in a form and substance reasonably acceptable to the Debtor, and the OCC, all of the rights, title and interest of the Debtor in the assets to be acquired as part of the proposed sale shall be sold free and clear of liens, claims, and encumbrances to the extent permitted by 11 U.S.C. section 363(f), and all associated contract rights shall be assigned to the Successful Bidder pursuant to 11 U.S.C. section 365.

**EXHIBIT B**

## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement") is made and entered into as of September \_\_, 2014 (the "Execution Date"), by and among Todd-Soundelux, LLC, a New York limited liability company ("Seller"), and Sound Ideas, a division of the Brian Nimens Corporation Limited, a corporation formed under the laws of Ontario, Canada, or its designee (in either case, "Buyer," and together with Seller, the "Parties," and each a "Party").

### RECITALS

A. WHEREAS, Seller was in the business of providing creative and technical post production sound and music services for motion picture studios, independent producers, broadcast networks, cable channels, advertising agencies and other content creators working across all media platforms);

B. WHEREAS, on May 21, 2014, Seller commenced Case No. 2:14-bk-19980 (the "Bankruptcy Case") under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court") for the purpose of selling all of its assets and liquidating itself in the Bankruptcy Case;

C. WHEREAS, as of the Execution Date, Seller has ceased all operations other than the operation of a website which licenses for a fee certain sound effects ("The Hollywood Edge Sound Effects Library");

D. WHEREAS, with respect to those assets that have not been liquidated as of the Execution Date, Seller continues in possession of its assets and in the management of its affairs pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

E. WHEREAS, Buyer desires to purchase the Purchased Assets (as hereinafter defined) from Seller, and Seller desires to sell, assign, transfer and deliver the Purchased Assets to Buyer, all in the manner and subject to the terms and conditions set forth in this Agreement, in accordance with Sections 105, 363, 365 and all other applicable provisions of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure;

F. WHEREAS, this Agreement and the transactions contemplated by this Agreement are subject to the approval of the Bankruptcy Court and will be consummated only pursuant to approval by order of the Bankruptcy Court; and

G. WHEREAS, Seller and Buyer have negotiated in good faith and at arm's length for the purchase and sale of the Purchased Assets, and for certain limited and conditional bid protections in connection therewith, subject to and upon the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the premises, and the mutual agreements, covenants, representations and warranties hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

## ARTICLE I PURCHASE AND SALE

1.1 **Purchased Assets.** Subject to the terms and conditions of this Agreement, on the Closing Date, Seller shall sell, convey, transfer, assign and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller, all of Seller's right, title and interest in and to the assets described on Exhibit A to this Agreement (the "Purchased Assets"). Other than the Purchased Assets, all other assets of Seller are expressly excluded from the purchase and sale contemplated hereby and are not included in the Purchased Assets (each, an "Excluded Asset"). To the extent that the Purchased Assets include assignable contract rights, the Sale Order shall provide for the assignment of such contract rights to Buyer pursuant to Section 365 of the Bankruptcy Code.

1.2 **Free and Clear.** The Purchased Assets shall be delivered to Purchaser free and clear of all encumbrances, claims, interests, liens or other restrictions of any kind or nature (each, an "Encumbrance"), to the maximum extent possible under Section 363(f) of the Bankruptcy Code, and the Sale Order (as hereinafter defined) shall so provide.

1.3 **"As-Is," "Where Is"**. Except as otherwise set forth in this Agreement, including in Section 2.1 below relating to the representations and warranties of Seller, the Purchased Assets will be sold, assigned, transferred and conveyed to Buyer on an "as is," "where is" basis, with all faults, without express or implied warranties of merchantability or fitness for particular purpose.

1.4 **Consideration.** In consideration of the sale to Buyer of the Purchased Assets on the Closing Date, Buyer shall pay to Seller the sum of Five Hundred Thousand Dollars (\$500,000.00) (the "Purchase Price"), minus any credit in accordance with Section 1.6(b) below.

1.5 **Deposit.** Seller acknowledges that Buyer has heretofore deposited the sum of One Hundred Thousand Dollars (\$100,000.00) (together with any interest accrued thereon, the "Deposit") to the client trust account of Leslie Cohen Law PC.

(a) The Deposit shall be refundable to Buyer except as otherwise provided in Section 1.5(b) or Section 6.2(b).

(b) If this Agreement is not terminated, thereby resulting in transactions contemplated hereby being consummated, then the Deposit shall be credited against the Purchase Price, which credit shall be applied at the Closing.

1.6 **Taxes.** The Parties shall allocate liability for taxes as follows:

(a) Buyer shall be wholly responsible for the payment of any and all sales taxes incurred as a result of the transactions contemplated herein, and Buyer, at its own expense,

shall file or cause to be filed all necessary tax returns and other documentation with respect to such taxes; however, Seller shall be solely responsible for its federal, state or local income tax liabilities attributable to the consummation of the transactions contemplated hereby.

(b) Buyer shall be wholly responsible for the payment of any and all personal property taxes for the Purchased Assets arising or accruing on and after the Closing Date, and Buyer, at its own expense, shall file or cause to be filed all necessary tax returns and other documentation with respect to such taxes. Seller shall be wholly responsible for the payment of any and all personal property taxes for the Purchased Assets arising or accruing prior to the Closing Date, and Seller, at its own expense, shall file or cause to be filed all necessary tax returns and other documentation with respect to such taxes.

1.8 **Expenses.** Each Party shall be responsible for its own legal, accounting and other fees and expenses related to the transactions contemplated by this Agreement, subject to the immediately following sentence. Should Buyer not be the successful bidder in the Bankruptcy Case, and should a sale be consummated to another buyer, then Seller shall pay to Buyer (subject to Bankruptcy Court approval as provided in Section 1.9 below) an amount equal to all of Buyer's actual, out-of-pocket due diligence fees and expenses incurred, including the fees and expenses of its counsel, in a minimum amount of Ten Thousand Dollars (\$10,000.00), and a maximum amount of Fifty Thousand Dollars (\$50,000.00) (the "Buyer Fees"), in connection with the transactions contemplated by this Agreement. In addition, in such event, Seller shall immediately return the entire Deposit to Buyer. The Buyer Fees shall be treated as a break-up fee to be paid by Seller (if approved by the Bankruptcy Court by order entered as provided in Section 1.9 below) in the event Buyer is not the successful bidder in the Bankruptcy Case.

1.9 **Court Approval.** This Agreement shall be subject to Court Approval on notice to creditors, with an opportunity for third parties to overbid at Bankruptcy Court auction. Promptly following execution of this Agreement, Seller shall file a motion with the Bankruptcy Court seeking approval of the sale and bid procedures, including the Buyer Fees referenced in Section 1.8 above. The first minimum overbid shall be Eighty Thousand Dollars (\$80,000.00), and thereafter bid increments shall be at Twenty-Five Thousand Dollars (\$25,000.00) for each overbid. Following court approval of the bid procedures, the bankruptcy court auction sale shall be set for hearing on notice to creditors.

1.10 **Further Conveyances and Assumptions.**

(a) From time to time following the Closing, Seller and Buyer shall execute, acknowledge and deliver all such further documents, and shall take such further actions, as may be reasonably necessary assure consummation of the transactions contemplated by this Agreement.

(b) If, following the Closing, Seller receives or becomes aware that it holds any property, right, claim, demand or asset which constitutes a Purchased Asset, then Seller shall transfer such property, right, claim, demand or asset to Buyer as promptly as practicable for no additional consideration.

(c) If, following the Closing, Buyer receives or becomes aware that it holds any property, right, claim, demand or asset which constitutes an Excluded Asset, then Buyer shall transfer such property, right, claim, demand or asset to Seller as promptly as practicable for no additional consideration.

1.11 **Closing.** Subject to such different procedures as may be agreed upon by the Parties in writing, the consummation of the transactions contemplated by this Agreement (the "Closing") shall take place via a "paper" closing, pursuant to which the Parties shall exchange such documents and instruments or copies thereof sufficient to effect the Closing by electronic or other means, without the use of a "roundtable" closing at a particular location.

(a) The Closing shall occur no later than the later of (i) three (3) Business Days after the Bankruptcy Court enters the Sale Order (defined below), provided that, if the Sale Order has been stayed, the Closing shall occur no less than three (3) business days after termination of any such stay, or (ii) the date that all of the conditions precedent to the Closing set forth herein have been satisfied or waived by the appropriate Party, or at such later date as the Parties may mutually agree in writing (the "Closing Date"). The Closing shall be effective as of the end of business on the Closing Date.

(b) On the Closing Date, (a) Buyer shall deliver to Seller the remainder of the Purchase Price (net of the Deposit) by cashier's check or wire transfer, and (b) Seller shall sell, assign, transfer, convey and deliver to Buyer the proper title to, and possession of, the Purchased Assets, including delivery of any and all bills of sale, assignments, and other appropriate documents necessary to consummate the transaction contemplated by this Agreement.

(c) During the ten (10) business day period immediately following the Closing Date, Buyer shall be entitled to access Seller's premises located at 7080 Hollywood Boulevard, Suite 100, Hollywood, California 90028, for the sole and exclusive purpose of removing the Purchased Assets from such premises in an organized and orderly manner.

## ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1 **Representations and Warranties of Seller.** Seller represents and warrants to Buyer, as of the date hereof and as of the Closing Date, as follows:

(a) Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New York, and has the requisite power and authority to conduct its business as it is now being conducted, subject to Bankruptcy Court approval.

(b) Upon entry of the Sale Order: (i) Seller has all requisite power, authority and legal capacity to execute and deliver this Agreement, and Seller has all requisite power, authority and legal capacity to execute and deliver such other documents as may be reasonably necessary to consummate the transactions contemplated by this Agreement (the "Seller Documents"), to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby; and (ii) this Agreement has been, and each of the

Seller Documents will, at or prior to the Closing, be duly and validly executed and delivered by Seller, and (assuming the due authorization, execution and delivery by the other Parties hereto and thereto and the entry of the Sale Order) this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms.

(c) Upon entry of the Sale Order, neither Seller's execution and delivery of this Agreement nor Seller's consummation of any of the transactions contemplated hereby will directly or indirectly violate Seller's Articles of Incorporation or any of its other governing documents.

(d) Upon entry of the Sale Order: (i) all of the Purchased Assets will be available for purchase by, and delivery to, Buyer at the Closing; (ii) Seller shall have obtained all necessary consents and approvals necessary for the consummation of the transactions contemplated hereby at the Closing consistent with Sections 363 and 365 of the United States Bankruptcy Code; and (iii) at the Closing, Buyer will acquire the Purchased Assets, free and clear of any Encumbrance in accordance with the Bankruptcy Code as set forth in the Sale Order.

(e) Except for the Bankruptcy Case, the claims scheduled in the case and claims reflected in the Court's claims register, and any contested matters arising in or related to the Bankruptcy Case, to the Seller's knowledge, there is no suit, action, litigation or arbitration proceeding pending against to Seller regarding ownership of the Purchased Assets. Seller has not conducted an independent investigation to determine whether any such claims, proceedings or actions exist.

2.2 **Representations and Warranties of Buyer.** Buyer represents and warrants to Seller, as of the date hereof and as of the Closing on the Closing Date, as follows:

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of Ontario, Canada, and has the requisite power and authority to conduct its business as it is now being conducted.

(b) Buyer has the right, power and capacity to execute, deliver and perform this Agreement and all the documents and instruments referred to herein and contemplated hereby to consummate the Agreement upon approval by the Bankruptcy Court. The execution, delivery and performance of this Agreement have been duly and validly authorized by all requisite limited partnership, partner, corporate, shareholder, member or other action, and Buyer has full power and authority on the part of Buyer. This Agreement has been duly and validly executed and delivered by Buyer, and the obligations under this Agreement constitute legal, valid and binding obligations, enforceable in accordance with their terms.

(c) The execution and delivery by Buyer of this Agreement and the consummation of the transactions contemplated by this Agreement by Buyer will not: (i) violate or conflict with any of the provisions of Buyer's Articles of Formation or any of its other governing documents; (ii) violate, conflict with, result in a breach or default under, cause termination of, create any right of termination under or any adverse change of rights as to this

Agreement; or (iii) violate any valid and enforceable court order or ruling of any governmental entity binding upon Buyer.

(d) On or before the date of the Sale Order, and through the Closing Date, Buyer shall have the necessary funds immediately available to consummate the transactions contemplated by this Agreement, and there is no financing contingency with respect to Buyer's obligations in connection with this transaction.

**2.3 Disclaimer of Warranties. Other than as expressly set forth herein, Seller makes no warranty or representation of any kind concerning any of the Purchased Assets, including any warranty of merchantability or fitness for a particular purpose. Buyer acknowledges that it is acquiring the Purchased Assets "as is, where is, and with all faults," and Seller does not make (and expressly disclaims) any representation or warranty other than as expressly set forth herein, including, without limitation, implied warranties of merchantability or fitness for a particular purpose.**

### ARTICLE III CLOSING CONDITIONS

**3.1 Conditions to Obligations of Seller.** Seller's obligation to consummate the transactions contemplated hereby at the Closing shall be subject to the complete satisfaction and fulfillment of all of the following conditions precedent, any or all of which may be waived in whole or in part by Seller (but no such waiver of any such condition precedent shall be or shall constitute a waiver of any covenant, promise, agreement, representation or warranty made by Buyer in this Agreement):

(a) All representations and warranties made by Buyer in this Agreement shall be complete and accurate on and as of the date hereof (unless such representation or warranty is given as of a particular date, in which case such representation or warranty will be considered only as of such particular date) and as of the Closing Date.

(b) All covenants, promises and agreements made by Buyer in this Agreement and all other actions required to be performed or complied with by Buyer under this Agreement prior to or as of the Closing Date shall have been performed or complied with by Buyer prior to or as of the Closing Date as provided under this Agreement.

(c) Buyer shall have executed and delivered to Seller all of the documents, agreements and certificates required to be executed and/or delivered by Buyer pursuant to this Agreement, as well as the Purchase Price (net of the Deposit).

**3.2 Conditions to Obligations of Buyer.** Buyer's obligation to consummate the transactions contemplated hereby at the Closing shall be subject to the complete satisfaction and fulfillment of all of the following conditions precedent, any or all of which may be waived in whole or in part by Buyer (but no such waiver of any such condition precedent shall be or shall constitute a waiver of any covenant, promise, agreement, representation or warranty made by Seller in this Agreement):

(a) All representations and warranties made by Seller in this Agreement shall be complete and accurate on and as of the date hereof (unless such representation or warranty is given as of a particular date, in which case such representation or warranty will be considered only as of such particular date) and as of the Closing Date.

(b) All covenants, promises and agreements made by Seller in this Agreement and all other actions required to be performed or complied with by Seller under this Agreement prior to or as of the Closing Date shall have been performed or complied with by Seller prior to or as of the Closing Date as provided under this Agreement.

(c) Seller shall have executed and delivered to Buyer all of the documents, agreements and certificates required to be executed or delivered by Seller pursuant to this Agreement.

3.3 **Mutual Conditions to Close.** The obligations of both Buyer and Seller to close the transactions contemplated hereby at the Closing shall be subject to the complete satisfaction and fulfillment of all of the following conditions precedent:

(a) This Agreement shall have been approved by the Committee.

(b) The Closing Date shall occur no later than November 15, 2014, unless further extended in writing by mutual agreement of the Parties.

(c) The Bankruptcy Court shall have entered an order or orders approving the sale and all necessary associated transactions contemplated herein pursuant to Sections 105, 363 and 365 of the Bankruptcy Code (the "Sale Order"), which shall be in form and substance acceptable to the Parties in their discretion, and shall, among other things:

(i) include a finding that the Purchased Assets acquired by Buyer are being purchased in good faith within the meaning of Section 363(m) of the Bankruptcy Code, and that Buyer is entitled to the protections of such Section; and

(ii) provide that the sale to Buyer is free and clear of all liens, claims, encumbrances and other interests under Section 363(f) of the Bankruptcy Code, and the Sale Order shall not have been stayed nor shall any appeal therefrom have been filed as of the expiration of the time limit for filing such appeal or be subject to a motion for stay as of the Closing Date.

#### ARTICLE IV PRE-CLOSING COVENANTS

During the period from the Execution Date through and including (i) the Closing Date, or (ii) the earlier termination of this Agreement pursuant to Section 6.1, each Party shall perform its respective covenants under this Article IV as set forth below:

4.1 **Maintenance.** Unless otherwise required by an order of the Bankruptcy Court or applicable law, Seller shall use commercially reasonable efforts to maintain the Purchased Assets

and all parts thereof in good working order, repair and condition, ordinary wear and tear excepted.

4.2 **Sale Approval.** Seller shall use its best efforts to seek Bankruptcy Court approval of this Agreement and the transactions contemplated herein on an expedited basis pursuant to procedures negotiated and approved by Seller, Buyer and the Committee, so as to permit the Closing Date to occur by no later than November 15, 2014.

4.3 **Notifications.** Until the Closing, Seller shall promptly notify the Buyer in writing of any material fact, change, condition, circumstance, or occurrence or nonoccurrence of any event of which it has actual knowledge that will or is reasonably likely to result in any of the conditions set forth in Article III of this Agreement becoming incapable of being satisfied on or before the Closing Date. Seller shall, promptly upon attaining actual knowledge of such matter, prior to the Closing Date, by notice given in accordance with this Agreement, supplement or amend the applicable Schedule to correct any such matter that would otherwise constitute a material breach of any of Seller's representations and warranties or covenants contained herein. Notwithstanding any other provision herein to the contrary, no such additional disclosure or update by Seller shall be deemed to have cured any breach or inaccuracy of any of the Seller's representations, warranties, covenants or agreements contained herein.

4.4 **Cooperation.** Buyer and Seller shall use commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary or proper, consistent with applicable law, to consummate and make effective as soon as possible the transactions contemplated by this Agreement. Buyer shall promptly take all actions as are reasonably requested by Seller to assist in obtaining entry by the Bankruptcy Court of the Sale Order in the Bankruptcy Case and demonstrating that Buyer is a "good faith" purchaser under Section 363(m) of the Bankruptcy Code. Such cooperation shall include, without limitation, furnishing affidavits, financial information and other documents or information for filing with the Bankruptcy Court, and making available for testimony before the Bankruptcy Court, any of Buyer's officers, employees or agents that are necessary or desirable to testify to ensure prompt entry of the Sale Order.

## ARTICLE V POST-CLOSING COVENANTS

5.1 **Further Assurances.** At any time and from time to time from and after the Closing, Buyer and Seller shall, at the request of the other Party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments and other documents and perform or cause to be performed such acts and provide such information, as may be reasonably requested by any Party, to evidence or effectuate the transactions contemplated hereunder, or for the performance by Buyer or Seller of any of their other respective obligations hereunder.

## ARTICLE VI TERMINATION

6.1 **Termination.** This Agreement may be terminated only in accordance with this Article VI. This Agreement may be terminated at any time before the Closing as follows:

- (a) By mutual written consent of Seller and Buyer at any time;
- (b) By Buyer, upon written notice to Seller, if Buyer has previously provided Seller with notice of any material inaccuracy of any representation or warranty of Seller contained in Section 2.1 or of a material failure to perform any covenant or obligation of Seller contained in this Agreement, and Seller has failed, within two (2) business days after receipt of such notice, to remedy such inaccuracy or perform such covenant or obligation or provide adequate assurances to Buyer of Seller's ability to remedy such inaccuracy or perform such covenant or obligation; provided, however, that Buyer shall not have the right to terminate this Agreement under this Section if Buyer is then in material breach of this Agreement;
- (c) By Seller, upon written notice to Buyer, if Seller has previously provided Buyer with notice of any material inaccuracy of any representation or warranty of Buyer contained in Section 2.2 or of a material failure to perform any covenant or obligation of Buyer contained in this Agreement, and Buyer has failed, within two (2) business days after receipt of such notice, to remedy such inaccuracy or perform such covenant or obligation or provide adequate assurances to Seller of Buyer's ability to remedy such inaccuracy or perform such covenant or obligation; provided, however, that Seller shall not have the right to terminate this Agreement under this Section if Seller is then in material breach of this Agreement;
- (d) By Buyer, upon written notice to Seller, if any of the conditions to the obligations of Buyer set forth in Article III shall have become incapable of fulfillment other than as a result of a breach by Buyer of any covenant or agreement contained in this Agreement, and such condition is not waived by Buyer;
- (e) By Seller, upon written notice to Buyer, if any of the conditions to the obligations of Seller set forth in Article III shall have become incapable of fulfillment other than as a result of a breach by Seller of any covenant or agreement contained in this Agreement, and such condition is not waived by Seller;
- (f) By Buyer, upon written notice to Seller, if the Bankruptcy Court has not entered the Sale Order as of the Closing Date;
- (g) With no further action by either Party, if the Bankruptcy Court shall enter an order approving a competing bid in the Bankruptcy Case and the transaction contemplated by such competing bid is thereafter consummated; or
- (h) By either Party, upon written notice to the other Party, if, through no fault of the terminating Party, the Closing has not occurred prior on or before November 15, 2014, provided that any such termination shall not affect the liability of a Party for any breach of such Party's duties, obligations, covenants or agreements prior to such termination; and provided, however, that if the Closing shall not have occurred on or before November 15, 2014, and such

failure to close is due to a breach of any representation, warranty, covenant or agreement contained in this Agreement by the terminating Party, then the terminating Party may not terminate this Agreement pursuant to this Section 6.1(h).

**6.2 Effect of Termination.**

(a) If either Party terminates this Agreement pursuant to Section 6.1, then this Agreement shall be of no further force or effect, and the purchase of the Purchased Assets hereunder shall be abandoned, without further action by Buyer or Seller. Nothing herein shall relieve either Party of liability resulting from any breach of this Agreement prior to such termination.

(b) If Seller terminates this Agreement pursuant to Section 6.1(c) above, then Seller shall be entitled to retain the Deposit for its own account as liquidated damages.

(c) If this Agreement is terminated for any other reason, including by Seller pursuant to Section 6.1(e), by Buyer pursuant to Section 6.1(b), Section 6.1(d) or Section 6.1(f), or by either Party pursuant to Section 6.1(a), then Seller shall immediately return the entire Deposit to Buyer.

(d) If this Agreement is terminated pursuant to Section 6.1(g) or Section 6.1(h) above, and if the sale of the Purchased Assets is consummated to another buyer pursuant to Section 1.8 above and the Bankruptcy Court has approved the payment of the Buyer Fees, then Seller shall immediately pay to Buyer the Buyer Fees in the amount approved by the Bankruptcy Court.

**ARTICLE VII  
MISCELLANEOUS**

**7.1 Governing Law; Jurisdiction; Trial Waivers.**

(a) This Agreement shall be construed, performed and enforced in accordance with, and governed by the laws of the State of California (without giving effect to the principles of conflicts of laws thereof), except to the extent that the laws of such state are superseded by the Bankruptcy Code or other applicable law. For so long as Seller is subject to the jurisdiction of the Bankruptcy Court, the Parties irrevocably elect, as the sole and exclusive judicial forum for the adjudication of any matters arising under or in connection with this Agreement or any related agreements, and consent to the exclusive jurisdiction of, the Bankruptcy Court; provided, however, that if the Bankruptcy Case has been closed, and only in the event that the Parties are unable to get it reopened to address any such disputes, the Parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of the State of California with respect to any case or controversy arising out of or relating to this Agreement, its subject matter or the transactions contemplated hereby and that all litigation arising out of or relating to this Agreement, its subject matter or any of the transactions contemplated hereby will be commenced in such courts.

(b) TO THE EXTENT ALLOWED BY LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER PARTY OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER OF THEM HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT HAS TO SEEK PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER PARTY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER PARTY OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY DOCUMENTS CONTEMPLATED HEREIN OR RELATED HERETO. THE WAIVER BY THE PARTIES OF ANY RIGHT THEY MAY HAVE TO SEEK PUNITIVE OR EXEMPLARY DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES, AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

7.2 **Benefit; Assignment.** This Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and permitted assigns; provided, however, that no Party may assign this Agreement without the prior written consent of the other Party, which consent shall be not unreasonably withheld. The foregoing to the contrary notwithstanding, Buyer may assign its rights and obligations under this Agreement to an affiliate without the consent of Seller, provided, however, that notwithstanding any such assignment, Buyer shall remain liable for all of its obligations under this Agreement.

7.3 **Notices.** Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by 5:00 p.m. Pacific Time by personal delivery or electronic means (including facsimile and e-mail) or when delivered by overnight courier, or five (5) days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

To Seller:	Todd-Soundelux, LLC
	7080 Hollywood Boulevard
	Hollywood, California 90028
	Attention: Michael Greif, Vice President
	Email: <a href="mailto:mgreif@empireih.com">mgreif@empireih.com</a>
	Facsimile: (305) 403-1112

With a simultaneous  
copy to:

Leslie Cohen Law, PC  
506 Santa Monica, Boulevard, Suite 200  
Santa Monica, California 90401  
Attention: Leslie Cohen, Esq.  
Email: [leslie@leslicohenlaw.com](mailto:leslie@leslicohenlaw.com)  
Attention: J'aime Williams, Esq.  
Email: [jaime@leslicohenlaw.com](mailto:jaime@leslicohenlaw.com)  
Facsimile: (310) 394-9280

To Buyer:

Sound Ideas,  
A division of the Brian Nimens Corporation Limited  
105 West Beaver Creek Road, Suite 4  
Richmond Hill, Ontario, Canada L4B 1C6  
Attention: Brian Nimens, President and C.E.O.  
Email: [brian@sound-ideas.com](mailto:brian@sound-ideas.com)  
Facsimile: (905) 886-6800

With a simultaneous  
copy to:

Wolf, Rifkin, Shapiro, Schulman & Rabkin, LLP  
11400 W. Olympic Boulevard, Ninth Floor  
Los Angeles, California 90064  
Attention: Joseph A. Petro, Esq.  
Email: [jpetro@wrslawyers.com](mailto:jpetro@wrslawyers.com)  
Facsimile: (310) 478-4100

or to such other address or number, and to the attention of such other person or officer, as any Party may designate, at any time, in writing in conformity with these notice provisions.

7.4 **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of the Parties under this Agreement will not be materially and adversely affected thereby: (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

7.5 **Interpretation and Rules of Construction.** Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

(a) Whenever the words "include," "includes" or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation";

(b) The words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement; and

(c) All terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein.

(d) Reference to any agreement, instrument or other document herein shall be to such agreement, instrument or document as it may have been amended, restated, supplemented or otherwise modified from time to time.

7.6 **Time of Essence.** Time is of the essence in the performance of this Agreement.

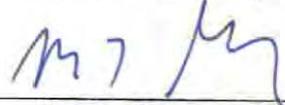
7.7 **Entire Agreement; Counterparts; Amendment.** This Agreement supersedes all previous contracts, and constitutes the entire agreement of every kind or nature existing between or among the Parties representing the transactions described herein and, unless otherwise expressly stated herein, no Party shall be entitled to benefits other than those specified herein. As between the Parties, no oral statement or prior written material not specifically incorporated herein shall be of any force and effect. The Parties specifically acknowledge that in entering into and executing this Agreement, the Parties rely solely upon the representations and agreements contained in this Agreement and the agreements referenced herein, and no others. All prior representations or agreements, whether written or oral, not expressly incorporated herein are superseded unless and until made in writing and signed by all Parties. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument. No terms, conditions, warranties, or representations, other than those contained herein, and no amendments or modifications hereto, shall be binding unless made in writing and signed by the Party to be charged.

[Remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed in multiple originals by their duly authorized officers, all as of the Execution Date.

**SELLER:**

**TODD-SOUNDELUX, LLC,**  
a New York limited liability company

By: 

Name: Michael J. Grant

Title:  Vice President, Secretary

**BUYER:**

**SOUND IDEAS,**  
A division of  
The Brian Nimens Corporation Limited,  
a corporation formed under the laws of  
Ontario, Canada

By: \_\_\_\_\_

Name: Brian Nimens

Title: President and C.E.O.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed in multiple originals by their duly authorized officers, all as of the Execution Date.

**SELLER:**

**TODD-SOUNDELUX, LLC,**  
a New York limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**BUYER:**

**SOUND IDEAS,**  
A division of  
The Brian Nimens Corporation Limited,  
a corporation formed under the laws of  
Ontario, Canada

By: B. Nimens  
Name: Brian Nimens  
Title: President and C.E.O.

## **Exhibit A**

### **Purchased Assets**

- Any and all of Seller's trademarks and other intellectual property rights directly and primarily pertaining to The Hollywood Edge Sound Effects Library;
- Any and all copyrights for The Hollywood Edge Sound Effects Library sound recordings and any and all deliverables, including but not limited to the sound elements/recordings that are the subject of each of the respective copyrights (the "Hollywood Edge Sound Effects Library");
- The "Hollywood Edge" logo;
- The "Hollywood Edge" website, all content therein and all web servers applicable thereto;
- The [www.HollywoodEdge.com](http://www.HollywoodEdge.com) URL;
- The [www.Soundelux.com](http://www.Soundelux.com) URL;
- All agreements entered by Seller primarily relating to the distribution of the Hollywood Edge Sound Effects Library;
- All product inventory in stock primarily relating to the Hollywood Edge Sound Effects Library, whether in physical or digital format, including HD (hard drive), CD (compact disc), DVD (digital video disc), or other packaged format, including the main product servers, together with all existing product masters (to specifically include metadata lists where applicable);
- Seller's entire sound effects library commonly known as the "Soundelux Sound Effects Library" that is located on computer servers commonly known as the "Soundelux Server";
- The "Soundelux Sound Effects Library" catalogues that are located in a series of binders in a cabinet at Seller's premises located at 7080 Hollywood Boulevard, Suite 100, Hollywood, California 90028 (including the binders and the cabinet);
- Any and all social media and content (including all media and content relating to Youtube, Facebook and Twitter) primarily relating to the Hollywood Edge Sound Effects Library;
- All license arrangements primarily relating to the Hollywood Edge Sound Effects Library in effect as of the Closing Date to which Seller is a party or by which Seller is bound;
- All of the contents of the Goldmine system, which is used to keep track of all communications with clients, and the Filemaker program, which is used by sales persons to keep track of invoices and shipments to clients, and all hardware (e.g., computer, monitor, etc.) on which the Goldmine system and Filemaker program are located; and

- All artwork and graphics (whether in print or digital format) for any or all products and promotional materials primarily relating to the Hollywood Edge Sound Effects Library.

**EXHIBIT C**

Contracts To Be Assumed and Assigned

American Zoetrope  
916 KEARNEY Street  
SAN FRANCISCO, CA 94133

Bob Hart  
HartSound Inc.  
22 Wildberry Way  
Carlisle, Ontario L0R 1H2 CANADA

Burtis Bills  
209 W UTAH AVENUE  
PAYSON, UT 84651

Mark Ormandy  
3995 ALTA MESA DR  
STUDIO CITY, CA 91604

CHRONIC MUSIC  
933 Garnet Cove  
Oak Point, TX 75068-2273

CLACK, INC.  
163 GRENIER ROAD  
JEFFERSON, NY 12093

Alan Howarth  
2810 TERRY RD  
LAGUNA BEACH, CA 92651

EILAM HOFFMAN  
22 Ranelagh Road, 1st Floor Flat  
London, UK W5 5RJ

RIC VIERS  
23358 ANGEL PARK  
MACOMB TWP, MI 48042

CAMPAGNA, CHARLES  
1433 RANDALL STREET  
GLENDALE, CA 91201

PATRICIO LIEBENSON  
LIBENSON TECHNICAL SERVICES,  
INC.  
14747 COVELLO ST  
VAN NUYS, CA 91405-1806

MARK MANGINI  
4028 STONE CANYON AVE  
SHERMAN OAKS, CA 91403

Richard Anderson  
11075 Hillhaven Ave.  
Tujunga, CA 91042-1419

CHARLES MAYNES MUSIC &  
SOUND DESIGN  
Charles Maynes  
514 CORNELL DRIVE  
BURBANK, CA 91504

Nigel Holland  
33 Pandora Rd., Ground Floor Flat  
London, UK

ANN KROEBER  
2101 SEA SHELL DRIVE  
RICHMOND, CA 94804

KAMEN ATANASOV  
ul. "DRIN", #30  
9000, Varna, Bulgaria

Peter Sullivan  
916 South New Hampshire Ave.  
Los Angeles, CA 90006-1623

MARC ARAMIAN  
11955 IOWA AVE # 8  
LOS ANGELES, CA 90025

Jim Stout  
10567 Wildhurst Cir  
Highlands Ranch, CO 80126

Kopeikin, Alexander  
Satatovskaya Street, 14./1, apt. 19  
109125, Moscow, RUSSIA

Kopec, Ben  
19 Howard Ave. #3  
Ansonia, CT 06401

DISCOVERY COMMUNICATIONS  
LLC  
c/o Discovery Studios  
One Discovery Place  
SILVER SPRING, MD 20910

King, Jonathan  
c/o Freestyle Funk Recordings LL  
2170 Armour St.  
Pomona, CA 91768

Robb Hutzal  
28 Brookpark Mews SW  
Calgary, Alberta, Canada T2W 2P3

Serafine, Inc.  
Frank Serafine  
44288 Munz Ranch Road  
Lake Hughes, CA 93532

Lang/Cunningham Productions  
907 3rd St. NW  
Albuquerque, NM 87102

Chris Lang/Rosemead Music/  
Prosonus/Greysound/Northstar  
1223 N. 23rd St  
Wilmington NC 28405

Konami Digital Entertainment  
2381 Rosecrans Ave. #200  
El Segundo, CA 90245

Electronic Arts, Inc.  
5510 Lincoln Blvd  
Playa Vista, CA 90094

Sony Computer Entertainment  
America, Inc.  
10075 Barnes Canyon Rd  
San Diego, CA 92121

Audio Micro, Inc.  
13351 Riverside Dr.  
Sherman Oaks, CA 91423

Sounddogs.com/Soundstorm  
4712 ADMIRALTY WAY UNIT 497  
MARINA DEL REY, CA 90202

Media Spova LLC / ProSound Effects  
195 CHRYSTIE ST. SUITE 303-O  
New York NY 10002

iTunes / Apple, Inc.  
1 INFINITE LOOP  
CUPERTINO, CA 95014

Rabbit Ears Audio LLC  
189 WARREN ST. 4B  
BROOKLYN NY 11201

Boom Library GbR  
Feldbergstr. 23 55118  
Mainz, GERMANY

**EXHIBIT D**

Name	Q2-2014 Pre-			Total
	Q4-2013	Q1-2014	Petition	
AMERICAN ZOETROPE	\$ 397.00	\$ 149.00	\$ 88.00	\$ 634.00
BOB HART	\$ 292.00	\$ 59.00	\$ 58.00	\$ 409.00
BURTIS BILLS	\$ 131.00	\$ 47.00	\$ 18.00	\$ 196.00
MARK ORMANDY	\$ 59.00	\$ 44.00	\$ 30.00	\$ 133.00
CHRONIC MUSIC	\$ 20.00	\$ 12.00	\$ 9.00	\$ 41.00
CLACK, INC	\$ 502.00	\$ 899.00	\$ 259.00	\$ 1,660.00
ALAN HOWARTH	\$ 521.00	\$ 695.00	\$ 79.00	\$ 1,295.00
EILAM HOFFMAN	\$ 29.00	\$ -	\$ -	\$ 29.00
RIC VIERS	\$ 115.00	\$ 45.00	\$ 839.00	\$ 999.00
CHARLES CAMPAGNA	\$ 24.00	\$ -	\$ 32.00	\$ 56.00
PATRICIO LIEBENSON	\$ 30.00	\$ 15.00	\$ 45.00	\$ 90.00
MARK MANGINI	\$ 18.00	\$ 2.50	\$ -	\$ 20.50
RICHARD ANDERSON	\$ 18.00	\$ 2.50	\$ -	\$ 20.50
CHARLES MAYNES MUSIC & SOUND DESIGN	\$ 26.00	\$ -	\$ -	\$ 26.00
NIGEL HOLLAND	\$ 484.00	\$ 138.00	\$ 369.00	\$ 991.00
ANN KROEBER	\$ 118.00	\$ 59.00	\$ -	\$ 177.00
KAMEN ATANASOV	\$ 796.00	\$ 1,515.00	\$ 498.00	\$ 2,809.00
PETER SULLIVAN	\$ -	\$ 17.00	\$ 24.00	\$ 41.00
MARC ARAMIAN	\$ 30.00	\$ 30.00	\$ 124.00	\$ 184.00
JIM STOUT	\$ 1,101.00	\$ 700.00	\$ 663.00	\$ 2,464.00
				<u>\$ 12,275.00</u>

## 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:  
506 Santa Monica Blvd. Suite 200, Santa Monica, CA 90401

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 *(date)* 10/23/14, 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:  
David E Ahdoot dahdoot@bushgottlieb.com, rsanthon@bushgottlieb.com  
Melody G Anderson manderson@hemar.com  
James C Bastian jbastian@shbllp.com  
Leslie A Cohen leslie@lesliecohenlaw.com, jaime@lesliecohenlaw.com; Brian@lesliecohenlaw.com  
M Douglas Flahaut flahaut.douglas@arentfox.com  
Barry R Gore bgore@goreassociates.com, nnarag@goreassociates.com  
Joseph A Kohanski jkohanski@bushgottlieb.com, jsilver@bushgottlieb.com  
Mette H Kurth kurth.mette@arentfox.com, nancy.peters@arentfox.com  
Ian Landsberg ilandsberg@landsberg-law.com, bgomelsky@landsberg-law.com; cdonoyan@landsberg-law.com; dzuniga@landsberg-law.com; ilandsberg@ecf.inforuptcy.com  
Dare Law dare.law@usdoj.gov  
Robert K Lee uclalaw90@gmail.com  
Melissa Davis Lowe mdavis@shbllp.com, lverstegen@shbllp.com  
Daniel J McCarthy dmccarthy@hillfarrer.com, spadilla@hillfarrer.com; docket@hillfarrer.com  
Juliet Y Oh jyo@lnrb.com, jyo@lnrb.com  
Leo D Plotkin lplotkin@lsl-la.com, hpetrilli@lsl-la.com; dsmall@lsl-la.com  
Lindsey L Smith lls@lnbyb.com  
Robyn B Sokol ecf@ebg-law.com, rsokol@ebg-law.com  
United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov  
Gilbert B Weisman notices@becket-lee.com

Service information continued on attached page

### **2. SERVED BY UNITED STATES MAIL:**

On *(date)* 10/23/14, 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.

Hon. Sandra Klein  
U.S. Bankruptcy Court  
255 E. Temple St.  
Los Angeles, CA 90012

Office of United States Trustee  
915 Wilshire Blvd., Suite 1850  
Los Angeles, CA 90017

TODD-SOUNDELUX, LLC  
7080 Hollywood Blvd.  
6th Floor  
Hollywood, CA 90028

Service information continued on attached page



Sound Ideas  
Attn: Brian Nimens  
105 West Beaver Creek Road  
Suite 4  
Richmond Hill, Ontario, Canada  
L4B 1C6

Leo D. Plotkin  
Levy, Small & Lallas  
815 Moraga Drive  
Los Angeles, CA 90049  
Counsel for Secured Creditor PNC Bank

**Committee – US Mail :**

900 Seward Hollywood, LLC  
c/o Jonathan Barach, President  
3103 Neilson Way, Suite A  
Santa Monica, CA 90405

Sovereign Sound  
c/o Marc Matiosian, President  
493 Stanford Place  
Santa Barbara, CA 93111

Slick Sounds  
c/o David F. Van Slyke, Sound  
Designer  
5038 Westwood Boulevard  
Culver City, CA 90230

Entertainment Digital Network (Ednet)  
Division of Onstream Media  
clo Thomas A. Scott, Vice President of  
Technology  
1291SW29th Avenue  
Pompano Beach, FL 33069

Minkler Corporation  
c/o Michael Minkler, President  
6250 Hollywood Boulevard, Unit 5D  
Los Angeles, CA 90028

Mette H. Kurth  
Arent Fox LLP  
555 West 5th Street, 48th Floor  
Los Angeles, CA 90013

**Special Notice – US Mail**

Robert K. Lee  
1007 N. Sepulveda Blvd. #1237  
Manhattan Beach, CA 90267-1237

Ian S. Landsberg  
Landsberg & Associates, A PC  
5950 Canoga Avenue, Suite 605  
Woodland Hills, CA. 91367

Linda Boyle  
tw telecom inc.  
10475 Park Meadows Drive, #400  
Littleton, CO 80124

**Hollywood Edge Contract/Interested Parties – US Mail**

American Zoetrope  
916 KEARNEY Street  
SAN FRANCISCO, CA 94133

Alan Howarth  
2810 TERRY RD  
LAGUNA BEACH, CA 92651

MARK MANGINI  
4028 STONE CANYON AVE  
SHERMAN OAKS, CA 91403

Bob Hart  
22 Wildberry Way  
Carlisle, Ontario L0R 1H2 CANADA

EILAM HOFFMAN  
22 Ranelagh Road, 1st Floor Flat  
London, UK W5 5RJ

Richard Anderson  
11075 Hillhaven Ave.  
Tujunga, CA 91042-1419

Burtis Bills  
209 W UTAH AVENUE  
PAYSON, UT 84651

RIC VIERS  
23358 ANGEL PARK  
MACOMB TWP, MI 48042

CHARLES MAYNES MUSIC & SOUND  
DESIGN  
Charles Maynes  
514 CORNELL DRIVE  
BURBANK, CA 91504

Mark Ormandy  
3995 ALTA MESA DR  
STUDIO CITY, CA 91604

CAMPAGNA, CHARLES  
1433 RANDALL STREET  
GLENDALE, CA 91201

Nigel Holland  
33 Pandora Rd., Ground Floor Flat  
London, UK

CHRONIC MUSIC  
933 Garnet Cove  
Oak Point, TX 75068-2273

PATRICIO LIEBENSON  
LIBENSON TECHNICAL SERVICES,  
INC.  
14747 COVELLO ST  
VAN NUYS, CA 91405-1806

ANN KROEBER  
2101 SEA SHELL DRIVE  
RICHMOND, CA 94804

CLACK, INC.  
163 GRENIER ROAD  
JEFFERSON, NY 12093

KAMEN ATANASOV  
ul. "DRIN", #30  
9000, Varna, Bulgaria

Peter Sullivan  
916 South New Hampshire Ave.  
Los Angeles, CA 90006-1623

MARC ARAMIAN  
11955 IOWA AVE # 8  
LOS ANGELES, CA 90025

Jim Stout  
10567 Wildhurst Cir  
Highlands Ranch, CO 80126

Kopeikin, Alexander  
Satatovskaya Street, 14./1, apt. 19  
109125, Moscow, RUSSIA

Kopec, Ben  
19 Howard Ave. #3  
Ansonia, CT 06401

DISCOVERY COMMUNICATIONS LLC  
c/o Discovery Studios  
One Discovery Place  
SILVER SPRING, MD 20910

King, Jonathan  
c/o Freestyle Funk Recordings LL  
2170 Armour St.  
Pomona, CA 91768

Robb Hutzal  
28 Brookpark Mews SW  
Calgary, Alberta, Canada T2W 2P3

Serafine, Inc.  
Frank Serafine  
44288 Munz Ranch Road  
Lake Hughes, CA 93532

Lang/Cunningham Productions  
907 3rd St. NW  
Albuquerque, NM 87102

Chris Lang/Rosemead Music/  
Prosonus/Greysound/Northstar  
1223 N. 23rd St  
Wilmington NC 28405

Konami Digital Entertainment  
2381 Rosecrans Ave. #200  
El Segundo, CA 90245

Electronic Arts, Inc.  
5510 Lincoln Blvd  
Playa Vista, CA 90094

Sony Computer Entertainment  
America, Inc.  
10075 Barnes Canyon Rd  
San Diego, CA 92121

Audio Micro, Inc.  
13351 Riverside Dr.  
Sherman Oaks, CA 91423

Sounddogs.com/Soundstorm  
4712 ADMIRALTY WAY UNIT 497  
MARINE DEL REY, CA 90202

Media Spova LLC / ProSound Effects  
195 CHRYSTIE ST. SUITE 303-O New  
York NY 10002

iTunes / Apple, Inc.  
1 INFINITE LOOP  
CUPERTINO, CA 95014

Rabbit Ears Audio LLC  
189 WARREN ST. 4B  
BROOKLYN NY 11201

Boom Library GbR  
Feldbergstr. 23 55118  
Mainz, GERMANY

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