

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF OHIO  
EASTERN DIVISION

In re:	)	Case No. 2:23-bk-52859
	)	
S&G HOSPITALITY, INC., <i>et al.</i> , <sup>1</sup>	)	Chapter 11
	)	
Debtors.	)	Judge Nami Khorrami.
	)	(Jointly administered)

**NOTICE OF MOTION OF DEBTORS AND DEBTORS IN POSSESSION FOR ENTRY OF AN ORDER: (A) AUTHORIZING THE DEBTORS TO ENTER INTO AND PERFORM UNDER LETTER OF INTENT WITH SDGD ENTERPRISES LLC; AND (B) APPROVING BIDDING PROCEDURES FOR MAKING NEW EQUITY INVESTMENT UNDER PROPOSED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

[Re: Docket Nos. 287]

The above captioned debtors and debtors in possession (collectively, the “Debtors”), have filed motion papers with the Court to obtain entry of an order: (a) authorizing the Debtors to enter into and perform under letter of intent with SDGD Enterprises LLC; and (b) approving bidding procedures for making new equity investment under the Debtors’ proposed joint chapter 11 plan of reorganization. A copy of those papers is attached.

**Your rights may be affected.** You should read these papers carefully and discuss them with your attorney if you have one in this bankruptcy case. If you do not have one, you may wish to consult one.

If you do not want the court to grant the relief sought in the Debtors’ motion, then on or before **twenty-one (21) days from the date set forth in the certificate of service for the motion**, you must file with the Court a response explaining your position by filing a response using the court’s ECF System or by mailing your response by first class mail to:

Richard B. Jones  
Clerk of Court  
U.S. Bankruptcy Court  
Southern District of Ohio  
Columbus Divisional Office  
170 N. High Street, Columbus, OH 43215

The Court must **receive** your response on or before the above date.

You must also mail or hand-deliver a copy of your response to:

<sup>1</sup> The Debtors and the last four digits of their federal tax identification numbers are as follows: S&G Hospitality, Inc. (4566), Buckeye Lodging, LLC (6047), Lancaster Hospitality, LLC (8830), and Sunburst Hotels, LLC (0374).

S&G Hospitality, Inc.  
Attn: Abhijit Vasani  
P.O. Box 773  
New Albany, Ohio 43054

Pamela D. Arndt  
Office of the United States Trustee  
170 N. High St., Suite 200  
Columbus, Ohio 43215

David A. Beck  
Carpenter Lipps LLP  
280 N. High Street, Suite 1300  
Columbus, Ohio 43215

If the Court sets a hearing on your response/request, you must also attend the hearing.

**If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the motion and may enter an order granting that relief without further hearing or notice.**

Dated: January 15, 2025

Respectfully submitted,

/s/ David A. Beck

David A. Beck (0072868)  
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COUNSEL FOR DEBTORS AND  
DEBTORS IN POSSESSION

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF OHIO  
EASTERN DIVISION

In re:	)	Case No. 2:23-bk-52859
	)	
S&G HOSPITALITY, INC., <i>et al.</i> , <sup>1</sup>	)	Chapter 11
	)	
Debtors.	)	Judge Nami Khorrami.
	)	(Jointly administered)

**MOTION OF DEBTORS AND DEBTORS IN POSSESSION FOR ENTRY  
OF AN ORDER: (A) AUTHORIZING THE DEBTORS TO ENTER INTO AND  
PERFORM UNDER LETTER OF INTENT WITH SDGD ENTERPRISES LLC;  
AND (B) APPROVING BIDDING PROCEDURES FOR MAKING NEW EQUITY  
INVESTMENT UNDER PROPOSED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

[Re: Docket No. 287]

The above captioned debtors and debtors in possession (collectively, the “**Debtors**”) hereby move this Court for entry of an order (the “**Proposed Order**”) in substantially the form attached hereto as Exhibit A: (a) authorizing the Debtors to enter and perform under a letter of intent (the “**LOI**”) with SDGD Enterprises, LLC (“**SDGD**”); and (b) approving bidding procedures for making new equity investment under proposed joint chapter 11 plan of reorganization. In support of this Motion, the Debtors respectfully state as follows:

**JURISDICTION AND VENUE**

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue of this proceeding and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

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<sup>1</sup> The Debtors and the last four digits of their federal tax identification numbers are as follows: S&G Hospitality, Inc. (4566), Buckeye Lodging, LLC (6047), Lancaster Hospitality, LLC (8830), and Sunburst Hotels, LLC (0374).

### STATUTORY PREDICATES

2. The statutory bases for the relief requested herein are sections 105(a) and 363 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 6004-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of Ohio (the “**Local Bankruptcy Rules**”).

### BACKGROUND

3. The Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code on August 18, 2023. They are operating their businesses and managing their affairs as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. Debtor S&G Hospitality, Inc. is the sole member and the manager of each of the other Debtors. Each of the other Debtors owns a hotel in Central Ohio that is part of a major national hotel franchise system. Debtor Sunburst Hotels, LLC owns and operates the Quality Inn & Suites located at 7500 Vantage Drive, Columbus, Ohio 43235. Debtor Buckeye Lodging, LLC owns and operates the Red Roof Inn Plus Columbus – Dublin located at 5125 Post Road, Dublin, Ohio 43017. Debtor Lancaster Hospitality, LLC owns and operates the Hampton Inn Lancaster located at 2041 Schorrrway Drive NW, Lancaster, Ohio 43130.

5. The Debtors’ cases are being jointly administered for procedural purposes only under Case No. 2:23-bk-52859. The Debtors’ individual case numbers are: S&G Hospitality, Inc., Case No. 2:23-bk-52859; Buckeye Lodging, LLC Case No. 2:23-bk-52861; Lancaster Hospitality, LLC, Case No. 2:23-bk-52862; and Sunburst Hotels, LLC, Case No.2:23-bk-52863.

6. Additional information regarding the Debtors and the circumstances which led to the filing of these cases is contained in the *Declaration of Abhijit Vasani in Support of First Day Motions of Debtors and Debtors-in-Possession* (Docket No. 11) (the “**Vasani Declaration**”), which was filed on the Petition Date.

7. On August 30, 2024, the Debtors filed the *Joint Plan of Reorganization of S&G Hospitality, Inc. and Its Debtor Subsidiaries* (Docket No. 287) (as it may be amended, the “**Plan**”).

**RELIEF REQUESTED**

8. The Plan is structured around an infusion of \$500,000 in cash (the “**New Equity Investment**”), which will help provide funds to pay administrative expenses of these cases, cure costs for executory contracts (including the Debtors’ valuable franchise agreements to operate their hotels under their current branding), and provide working capital and funds for necessary capital improvements in the reorganized Debtors. In return for making the New Equity Investment, the party that makes it will receive 100% ownership of reorganized S&G Hospitality, Inc., which shall be the holding company for each of the other reorganized Debtors under the Plan.

9. At the time the Debtors filed the Plan, they were in discussions with SDGD Enterprises, LLC (“**SDGD**”) and other parties about potentially funding the New Equity Investment. As part of these discussions, the Debtors were adamant that there should be some sort of bidding process to allow for other parties to make higher and better offers for the New Equity Investment, particularly because SDGD is controlled by Dev Vasani, who is a relative of Abhijit Vasani who owns S&G Hospitality, LLC. While the process to reach a binding letter of intent for such transaction took longer than expected, on January 1, 2025 the Debtors executed a Letter of Intent (the “**LOI**”) with SDGD to make the New Equity Investment and serve as a stalking-horse bidder whose offer to make the New Equity Investment was subject to higher and better bids in the form of offering to make the New Equity Investment in a higher amount. A copy of the LOI is attached hereto as Exhibit B.

10. Section 5 of the LOI provides for SDGD to receive a break-up fee of \$75,000 (the “**Break-up Fee**”) if the Debtors end up closing on an alternative transaction. The LOI also provides for a minimum overbid for the New Equity Investment of \$575,000 (which will ensure

that the overbid provides greater economic consideration to the Debtors even after paying the Break-Up Fee). It also provides for a minimum bidding increment of \$25,000 thereafter.

11. Under the LOI, the Debtors have to file a motion to approve its provisions no later than January 15, 2025 and SDGD has the right to terminate the LOI if it is not approved within 45 days of January 1, 2025 (i.e., February 15, 2026). By this Motion, the Debtors are requesting approval of their entry in to the LOI and the approval of bidding procedures for making the New Equity Investment, which will help facilitate the ultimate confirmation of the Plan. This Motion does not request confirmation of the Plan and the relief requested herein does not limit any party's ability to later object to approval of a disclosure statement for the Plan or the confirmation of the Plan.

12. The Debtors are currently in the process of revising the Plan and anticipate filing the amended Plan, an accompanying disclosure statement, and a motion to approve the disclosure statement and solicitation procedures for the Plan in the near future. The Proposed Order granting this Motion makes it clear that approval of the proposed bidding procedures does not prejudice the rights of any party in interest to object to approval of disclosure statement or confirmation of the Plan.

### **BASIS FOR RELIEF**

13. Pursuant to section 363 of the Bankruptcy Code, a debtor in possession may use or sell property of its estate outside of the ordinary course of its business, subject to the approval of the Court after notice and a hearing. *See* 11 U.S.C. § 363(b)(1). In general, a debtor may use or sell property of its estate outside of the ordinary course of its business under section 363(b)(1) of the Bankruptcy Code where the sale represents an exercise of the debtor's sound business judgment. *See, e.g., Stephens Indus., Inc. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986); *see also In re Martin (Myers v. Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (*citing In re Schipper*

(*Fulton State Bank v. Schipper*), 933 F.2d 513, 515 (7th Cir. 1986)); *In re Lionel Corp. (Comm. of Equity Security Holders v. Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991) (explaining that courts have applied the "sound business purpose" test to evaluate motions brought pursuant to section 363(b) of the Bankruptcy Code).

14. Courts typically consider the following four factors in determining whether a proposed use or sale satisfies this standard: (a) whether a sound business justification exists for the sale; (b) whether adequate and reasonable notice of the sale was given to interested parties; (c) whether the sale will produce a fair and reasonable price for the property; and (d) whether the parties have acted in good faith. *See, e.g., In re Weatherly Frozen Food Group, Inc.*, 149 B.R. 480, 483 (Bankr. N.D. Ohio 1992); *Delaware & Hudson Ry.*, 124 B.R. at 176.

15. Here each of these four factors have been satisfied. **First**, a sound business judgment exists for entering into the proposed transaction. The Plan is designed around the New Equity Investment and it is necessary for it to work. As will be described in more detail in the Disclosure Statement, and as the Debtors anticipate the evidence will show at the hearing on confirmation of the Plan, the Debtors believe that this is the most prudent path forward for the Debtors and their estates.

16. **Second**, adequate and reasonable notice has been provided of the proposed entry into the LOI. The Debtors will be providing notice of this motion by serving a copy of the Motion on all parties who have appeared in this case on all parties who have filed a notice of appearance in these cases by email and the ECF system and serving a notice in substantially the form attached hereto as Exhibit C by first-class mail on all persons or entities in the Debtors' creditor matrices for whom which mail has not been returned as undeliverable. The Debtors also

propose to send any order entered granting this motion by first-class mail on everyone in the creditor matrices in the same manner.

17. In addition, the Debtors will ultimately be providing notice of the opportunities to object to and hearings scheduled on the disclosure statement and the confirmation of the Plan (if the Disclosure Statement is approved) in accordance with the requirements of Bankruptcy Rules 2002 and 3017.

18. **Third**, the Debtors are subjecting the LOI to a bidding and auction process. The Debtors anticipate that will show the terms of the New Equity Investment are fair and reasonable at the confirmation hearing on the Plan. *See, e.g., In re Colony Hill Assocs.*, 111 F.3d 269, 276 (2d Cir. 1997) (the auction price is sufficient to establish that the purchaser paid fair value); *In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143, 149 (3d Cir. 1986) (absent collusion, the sale price obtained from a bidding process is sufficient evidence that fair value has been paid for the property); *In re Edwards*, 228 B.R. 552, 566-67 (Bankr. E.D. Pa. 1998) (finding that the sale was conducted in good faith was “dispositive of fair value” received for the property).

19. **Fourth**, the parties to the LOI have acted in good faith. Courts have concluded that parties have acted in good faith with respect to a proposed sale if the consideration is adequate and reasonable and the terms of the sale are fully disclosed. *See, e.g., Abbotts Dairies*, 788 F.2d at 149-50. For the reasons set forth above, both of those requirements are met here.

### **NO PRIOR REQUESTS**

20. No prior request for the relief requested herein has been made in this or any other Court.

### **NOTICE**

21. In accordance with the *Order Establishing Limited Notice and Service Procedures* (Docket No. 120), notice of this Motion will be provided to: (i) the Columbus office of the United



States Trustee for Region 9: Southern District of Ohio; (ii) counsel to RSS; (iii) the United States Small Business Administration; (iv) Itria Ventures LLC, (v) the Debtors' largest 20 unsecured creditors on a consolidated basis; and (vi) any party who has filed a notice of appearance in these cases. In addition, the Debtors will be having a vendor serve the Sale Notice in the form attached hereto as Exhibit C by first-class mail on all parties identified in their creditor matrices for whom mail has not previously been returned as undeliverable in these cases.

WHEREFORE, the Debtors respectfully request that this Court enter an order substantially in the form attached hereto as Exhibit A: (a) authorizing the Debtors to enter into and perform under the LOI; and (b) approving the proposed bidding procedures for the New Equity Investment.

Dated: January 15, 2025

Respectfully submitted,

/s/ David A. Beck

David A. Beck (0072868)  
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280 North High Street, Suite 1300  
Columbus, Ohio 43215  
Telephone: (614) 365-4100  
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COUNSEL FOR DEBTORS AND  
DEBTORS IN POSSESSION

**CERTIFICATE OF SERVICE**

I hereby certify that on January 15, 2025 in accordance with the *Order Establishing Limited Notice and Service Procedures* (Docket No. 120) a copy of the *Motion of Debtors and Debtors in Possession for Entry of an Order: (A) Authorizing the Debtors to Enter Into and Perform Under Letter of Intent with SDGD Enterprises, LLC; and (B) Approving Bidding Procedures for Making New Equity Investment Under Proposed Joint Chapter 11 Plan of Reorganization* was served electronically on the date of filing through the Court's ECF system on all ECF System on all ECF participants registered in this case at the email address registered with the Court, by email on the parties on the Master Service List identified below as receiving service by email at the email addresses indicated below.

**Office of the U.S. Trustee – service by email**

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**Knight Capital Funding – service by email**

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**Counsel for State of Ohio Department  
of Job and Family Services**

Brian M. Gianengeli  
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bgianangeli@mifsudlaw.com

*/s/ David A. Beck*  
\_\_\_\_\_  
One of the Counsel for Debtors  
and Debtors in Possession

**Exhibit A**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF OHIO  
EASTERN DIVISION

In re:	)	Case No. 2:23-bk-52859
S&G HOSPITALITY, INC., <i>et al.</i> , <sup>1</sup>	)	Chapter 11
Debtors.	)	Judge Nami Khorrami.
	)	(Jointly administered)

**ORDER (A) AUTHORIZING THE DEBTORS TO ENTER INTO AND  
PERFORM UNDER LETTER OF INTENT WITH SDGD ENTERPRISES, LLC  
AND (B) APPROVING BIDDING PROCEDURES FOR MAKING NEW EQUITY  
INVESTMENT UNDER PROPOSED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

[Re: Docket Nos. \_\_\_\_]

Upon the *Motion of Debtors and Debtors in Possession for Entry of an Order (A) Authorizing the Debtors to Enter Into and Perform Under Letter of Intent With SDGD Enterprises, LLC and (B) Approving Bidding Procedures for Making New Equity Investment Under Proposed Joint Chapter 11 Plan of Reorganization* (Doc. No. \_\_) (the “**Motion**”)<sup>2</sup> of the above-captioned

<sup>1</sup> The Debtors and the last four digits of their federal tax identification numbers are as follows: S&G Hospitality, Inc. (4566), Buckeye Lodging, LLC (6047), Lancaster Hospitality, LLC (8830), and Sunburst Hotels, LLC (0374).

<sup>2</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.

debtors and debtors in possession (“**Debtors**”) for entry of an order (this “**Order**”) (a) authorizing the Debtors to enter and perform under a letter of intent (the “**LOI**”) with SDGD Enterprises, LLC (“**SDGD**”) and (b) approving bidding procedures for making new equity investment under proposed chapter 11 plan; and this Court having reviewed the Motion; this Court finds that:

- A. It has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- B. The matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
- C. Venue of this case is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
- D. Adequate notice of the motion has been given under the circumstances and the provisions of the *Order Establishing Limited Notice and Service Procedures* (Docket No. 120) have been complied with.
- E. The relief requested in the Motion is in the best interests of the Debtors, their estate, creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby

**ORDERED, ADJUDICATED, AND DECREED that:**

1. The Motion is granted.
2. The Debtors’ entry in the LOI, as attached as Exhibit B to the Motion is authorized.
3. The Debtors are authorized under section 363 of the Bankruptcy Code to perform their obligations under the LOI.
4. Within seven days of the entry of this Order, SDGD Enterprises LLC (the “**Stalking Horse**”) shall provide a good faith deposit (the “**Stalking Horse Deposit**”) of \$50,000 either with counsel for the debtor or an escrow agent designated by the Debtors.
5. The bidding procedures for the right to submit higher and better offers to have the right to provide equity financing under the Plan are the following:
  - a. Any person or entity interested in bidding on the right to make an equity infusion under the Plan (each such person or entity constitutes a “**Potential Bidder**”) shall contact counsel to the Debtors, David A. Beck, Carpenter Lipps LLP, 280 N. High Street, Suite 1300, Columbus, Ohio, 43215, Phone (614) 365-4142, email [beck@carpenterlipps.com](mailto:beck@carpenterlipps.com), to obtain further

information regarding the Plan and the Debtors' businesses. Access to any non-public information regarding the Debtors may be conditioned on the execution by the Potential Bidder of a confidentiality agreement in form and substance reasonably satisfactory to the Debtors. The Debtors may also deny access to non-public information or site visits to parties who cannot demonstrate a reasonable ability to close the transactions contemplated by the Plan or who seek site visits in a manner which would be disruptive to the Debtors' operations.

- b. Potential Bidders will have until March 7, 2025 at 4:00 p.m. Eastern Standard Time (the "**Bid Deadline**") to submit better and higher bids ("**Bids**") for the right to make an equity investment under the Plan.
- c. Any Bid must propose infusing at least \$600,000 as the New Equity Infusion under the Plan.
- d. Each such Bid shall be accompanied by a (i) a marked copy of the LOI showing any changes being proposed as part of the bid to the LOI, (ii) a marked copy of the Plan showing any changes being proposed to the Plan as part of the bid, (iii) information demonstrating the ability to close on the transaction proposed by the Bid, (iv) information demonstrating that the bidder is likely to be approved as the assignee of the Debtors' franchise agreements by the respective franchisors; and (v) a good faith deposit of \$50,000 ("**Good Faith Deposit**").
- e. The Debtors shall then review the Bids and have the right, but not the obligation, to reject any Bids which fail to: (i) comply with the requirements of subsection 5(d) above; (ii) fail to demonstrate to the Debtors' satisfaction that the bidder can close on the proposed transaction or will likely be approved as an assignee of the Debtors' franchise agreements by the Debtors' franchisors; or (iv) make changes to the LOI or Plan other than (x) substituting the bidder's identity for SDGD in those documents; (y) changing the amount being infused as the new equity investment; and (z) the provisions of paragraph 5 of the LOI requiring bidding procedures to be approved by a certain date and authorizing a break-up fee of \$75,000 if the Debtors end up closing on an alternative transaction with a third-party bidder. Any Bids submitted which the Debtors find satisfy these criteria, or for which they decide to waive one or more of these criteria shall constitute a "**Qualified Bid**."
- f. If the Debtors determine based on a review of all bids received that there are one or more Qualified Bids for the right to make an equity infusion under the Plan, an auction (the "**Auction**") shall be held on March 11, 2025 at 10:00 am Eastern Daylight Standard Time at the offices of Carpenter Lipps LLP, 280 N. High Street, Suite 1300, Columbus, OH 43215 or at such later time or such other place as the Debtors shall designate and notify all persons or entities who have submitted such a Qualified Bid (each such person or entity, a "**Qualified Bidders**").



- g. The Debtors shall select what they believe is the highest and best Qualified Bid (the “**Baseline Bid**”) to serve as the starting point at the Auction. As soon as practicable, the Debtors shall provide to the Stalking-Horse Bidder and all Qualified Bidders a copy of the Baseline Bid.
- h. At the Auction, participants (including the Stalking-Horse) will be permitted to increase their bids and will be permitted to bid based only upon the terms of the Baseline Bid (except to the extent otherwise authorized by the Debtors). The bidding will start at the purchase price and terms proposed in the Baseline Bid, and continue in increments of \$25,000. To the extent the Stalking Horse increases its bid, it will be entitled to credit bid of the amount of its Break-up Fee (as defined below) in subsequent bids.
- i. Immediately prior to the conclusion of the Auction, the Debtors and their representatives will: (a) review and evaluate each bid made at the Auction on the basis of financial and contractual terms, including any benefit to the Debtors’ bankruptcy estates from any proposal to assume obligations of the Debtors, and other factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the Sale Transaction; (b) identify the successful bid (the “**Successful Bid**”) and the next best bid (the “**Next Best Bid**”); and (c) notify all Qualified Bidders participating in the Auction, prior to its adjournment, of the successful bidder (the “**Successful Bidder**”), and the amount and other material terms of the Successful Bid. At the conclusion of the Auction, no other or further bids from Qualified Bidders or other bidders shall be considered for any purpose. At the Sale Hearing, the Debtors shall present the Successful Bid to the Bankruptcy Court for approval. Disputes, if any, over the determination of the highest or otherwise best offer will be resolved by the Bankruptcy Court at the Sale Hearing. Within one business day after the conclusion of the Auction, the Debtors will file with the Bankruptcy Court a report of the results of the Auction (the “**Auction Report**”) and serve the Auction Report on the primary service list maintained in these Chapter 11 cases.
- j. Nothing herein shall restrict the right of the Debtors and their representatives to reject at any time any bid that, in the Debtors’ reasonable judgment is (i) insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures or the terms and conditions of the Sale Transaction or (iii) contrary to the best interests of the Debtors and their estates.

6. The Stalking Horse Deposit and any Good Faith Deposits of other Potential Bidder and any other parties who submit qualified bids shall not become property of the Debtors’ bankruptcy estates. The Good Faith Deposit shall be returned upon the earlier of (a) the

consummation of a chapter 11 plan in these cases or (b) the termination of the letter of intent or sale agreement with the requisite bidder.

7. If the Debtors end up consummating a plan of reorganization without the Stalking Horse making the New Equity Investment, the Debtors shall pay a breakup-fee to the Stalking Horse of \$75,000 (the “**Break-up Fee**”) within three business days of the occurrence of the effective date of the plan of reorganization. The Break-up Fee shall be an allowed administrative expense under section 503(c)(1) of the Bankruptcy Code. The Stalking Horse’s sole rights against the Debtors if its LOI is terminated shall be the return of the Stalking Horse Deposit (together with any accrued interest) and the payment of the Break-up Fee if it is payable under this paragraph.

8. This Order does not set a deadline to object to any disclosure statement for the Plan or the confirmation of the Plan. Notice of such deadlines shall be provided separately by the Debtors.

9. Nothing in this Order shall be considered an approval of a chapter 11 plan for the Debtors or to limit any party’s ability to object to a chapter 11 plan on any grounds.

10. The Debtors having provided notice of the request for entry of this Order and the provisions contained herein through the mailing of the Sale Notice was reasonable and satisfies all necessary requirements under the Bankruptcy Rules and the Local Rules. In addition, the Debtors shall serve a copy of this Order once entered by first-class mail on all parties listed in their creditor matrices for whom mail has not previously been returned as undeliverable.

11. The Court shall retain jurisdiction over any matter or dispute arising from or relating to implementation of this Order.

**SO ORDERED.**

Copies to: Default List

###

**EXHIBIT B**

December 31, 2024

S&G Hospitality, Inc.  
Attn: Abhijit Vasani  
P.O. Box 773  
Columbus, OH 43235

Dear Mr. Vasani:

I am pleased to present this binding letter of intent (“**LOI**”) which will set forth the preliminary terms upon which SDGD Enterprises LLC (the “**Investor**”) will purchase 100% of the newly issued shares in reorganized S&G Hospitality, Inc. (the “**Company**”, and together with its 100% owned subsidiaries Buckeye Lodging, LLC, Lancaster Hospitality, LLC, and Sunburst Hotels, LLC, the “**Debtors**”) for a purchase price of \$500,0000 (the “**New Equity Infusion**”). Based upon the information that I have received to date and our conversations with the Company and its representatives, I am proposing a transaction (the “**Transaction**”) based on the following terms and conditions:

### **1. Investment**

The Transaction would be structured as set forth in the Joint Plan of Reorganization of S&G Hospitality, Inc. and Its Debtor Subsidiaries (as it may be amended, the “**Plan**”) of the Debtors filed on August 30, 2024 in U.S. Bankruptcy Court for the Southern District of Ohio Eastern Division (the “**Bankruptcy Court**”), Case No. 2:23-bk-52859 (the “**Case**”). Any capitalized terms not defined in this LOI shall have the same meaning as set forth in the Plan.

### **2. Agreement**

The specific terms of the Transaction shall be negotiated and incorporated into the Plan and any other documents reasonably required by the Investor, which will also be incorporated into the Plan via plan supplement as necessary. As part of the Transaction and the Plan, the Investor confirms that it will assume and continue the Management Agreement with Innvite Hospitality. Any additional documents required for making the New Equity Infusion in return for the issuance of the New Common Stock shall be prepared by the Investor and shall contain representations, warranties, covenants and indemnities customary in this type of transaction.

### **3. Closing/Effective Date**

The Effective Date of the Plan and the date on which the transactions contemplated hereunder shall have been consummated and the definitive agreements related thereto shall have been executed by all relevant parties (“**Closing**”), shall occur within 90 days of this LOI (the “**Closing**”).

**Date**”). Moreover, the Investor conditions its obligation to make the New Equity Infusion on the following: (a) the Plan is in a form reasonably satisfactory to the Investor; (b) that the Bankruptcy Court have entered an order confirming the Plan (the “**Confirmation Order**”) in a form reasonably satisfactory to the Investor; and (c) that the 14 day period to file a notice of appeal of the Confirmation Order has expired and either no appeal is pending, that all appeals have been dismissed, or that no stay has been issued of the effectiveness of the Confirmation Order while those appeals are pending. If the Closing has not occurred by March 28, 2025, the Investor shall be permitted to terminate this LOI. Investor’s sole remedy in the event of such termination shall be to receive a return of the Deposit (as such term is defined below), together with any accrued interest thereof.

#### **4. Expenses**

Except as otherwise provided herein, the Investor and the Company will each pay its respective costs and expenses incurred in connection with the Transaction contemplated by this LOI (including fees and expenses of attorneys, accountants and other representatives and advisors).

#### **5. Court Approval of LOI and Bidding Procedures**

At the request of the Debtors, Investor acknowledges that the Transaction will be subject to the right of others to submit higher and better offers to the Bankruptcy Court. The bidding procedures for the solicitation of higher and better offers for the Transaction, shall contain terms and conditions customary in transactions of this type, including: (a) Investor making a good faith deposit (the “**Deposit**”) of \$50,000 with counsel for the debtor or an escrow agent designated by the Debtors upon the Bankruptcy Court’s approval of this LOI or of bidding procedures for the New Equity Infusion under the Plan that satisfy the requirements of this paragraph; (b) a marketing period of not more than 60 days for overbids; (c) a minimum initial overbid of \$75,000 with subsequent minimum overbids of \$25,000; and (c) that investor receive a break-up fee of \$75,000 if the Debtors end up closing on an alternative transaction with a third-party bidder. The Debtors shall either file a motion seeking approval of this LOI as part of standalone bidding procedures or solicitation procedures which incorporate such bidding procedures within 14 days hereof, which will seek approval of these bidding procedures. If the bidding procedures are not approved within 45 days of the filing of such Motion, Investor shall have the right to terminate the LOI. Following such termination, the Investor’s sole and exclusive remedy shall be return of the Deposit together with any interest accrued thereof.

**6. Binding Effect**

This LOI constitutes a commitment by the Parties hereto to negotiate in good faith and to enter into one or more definitive agreements as set forth herein. The terms and conditions of the potential transaction described are not limited to those set forth herein. Matters that are not covered by the provisions hereof are subject to the approval and mutual agreement of the parties. Investor acknowledges, that the Bankruptcy Court must authorize the Debtors to complete this Transaction.

**7. Miscellaneous**

This LOI (i) shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to its principles of conflicts of law, (ii) that the Bankruptcy Court shall have jurisdiction over any disputes regarding this LOI or the performance thereof; and (iii) may be executed in any number of counterparts (including by pdf or other electronic means) and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute one and the same document.

SDGD Enterprises LLC



\_\_\_\_\_  
Dave Vasani  
Sole Member

Accepted and Approved by:

S&G Hospitality Inc.



\_\_\_\_\_  
Print Name: **Avasani**

Title: \_\_\_\_\_

Date: **Jan 1 2025**

**Exhibit C**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF OHIO  
EASTERN DIVISION

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In re:	)	Case No. 2:23-bk-52859
	)	
S&G HOSPITALITY, INC., <i>et al.</i> , <sup>1</sup>	)	Chapter 11
	)	
Debtors.	)	Judge Nami Khorrami.
	)	(Jointly administered)

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**NOTICE OF MOTION OF DEBTORS AND DEBTORS IN POSSESSION FOR ENTRY OF AN ORDER: (A) AUTHORIZING THE DEBTORS TO ENTER INTO AND PERFORM UNDER LETTER OF INTENT WITH SDGD ENTERPRISES LLC; AND (B) APPROVING BIDDING PROCEDURES FOR MAKING NEW EQUITY INVESTMENT UNDER PROPOSED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

The above captioned debtors and debtors in possession (collectively, the “**Debtors**”), have filed motion papers (the “**Motion**”) with the Court to obtain entry of an order: (a) authorizing the Debtors to enter into and perform under letter of intent with SDGD Enterprises LLC; and (b) approving bidding procedures for making new equity investment under the Debtors’ proposed joint chapter 11 plan of reorganization. Under the letter of intent, SDGD will be making a cash investment of \$500,000 in Debtor S&G Hospitality in exchange for 100% of its equity under the Debtors’ proposed joint chapter 11 plan of reorganization. The bidding procedures allow other persons or entities to submit higher and better offers for 100% of the equity of reorganized S&G by **March 7, 2025 at 4:00 pm Eastern Standard Time** and for an auction to occur if one or more entities do so. The proposed bidding procedures also provide for SDGD to receive a \$75,000 breakup fee if the Debtors consummate a plan with another party providing a greater cash investment

Copies of the Motion may be obtained by contacting the undersigned counsel for the Debtors or for parties who have a PACER account by visiting the Court’s ECF site at <https://ecf.ohsb.uscourts.gov>.

**Your rights may be affected.** You should read the motion papers carefully and discuss them with your attorney if you have one in this bankruptcy case. If you do not have one, you may wish to consult one.

If you do not want the court to grant the relief sought in the Debtors’ motion, then **on or before twenty-one days from the date this notice is postmarked**, you must file with the Court a response explaining your position by filing a response using the court’s ECF System or by mailing your response by first class mail to:

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<sup>1</sup> The Debtors and the last four digits of their federal tax identification numbers are as follows: S&G Hospitality, Inc. (4566), Buckeye Lodging, LLC (6047), Lancaster Hospitality, LLC (8830), and Sunburst Hotels, LLC (0374).



Richard B. Jones  
Clerk of Court  
U.S. Bankruptcy Court  
Southern District of Ohio  
Columbus Divisional Office  
170 N. High Street, Columbus, OH 43215

The Court must **receive** your response on or before the above date.

You must also mail or hand-deliver a copy of your response to:

S&G Hospitality, Inc.  
Attn: Abhijit Vasani  
P.O. Box 773  
New Albany, Ohio 43054

Pamela D. Arndt  
Office of the United States Trustee  
170 N. High St., Suite 200  
Columbus, Ohio 43215

David A. Beck  
Carpenter Lipps LLP  
280 N. High Street, Suite 1300  
Columbus, Ohio 43215

If the Court sets a hearing on your response/request, you must also attend the hearing.

**If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the motion and may enter an order granting that relief without further hearing or notice.**

Please take notice that this deadline is NOT the deadline for parties to object to the Debtors' proposed chapter 11 plan and separate notice will be provided of the deadline to do so in the future.

Dated: January 15, 2025

Respectfully submitted,

*/s/ David A. Beck*

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COUNSEL FOR DEBTORS AND  
DEBTORS IN POSSESSION

