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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

THINK FINANCE, LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 17-[] ()

(Joint Administration Requested)

**DECLARATION OF BARNEY C. BRIGGS, CHIEF FINANCIAL OFFICER OF THINK
FINANCE, LLC, IN SUPPORT OF THE DEBTORS'
CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS²**

Barney C. Briggs declares and says:

1. I am the Chief Financial Officer of Think Finance, LLC (formerly known as Think Finance, Inc.) ("Think Finance"), a limited liability company with corporate offices located in Addison and Ft. Worth, Texas. I have served in the role of CFO of Think Finance

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Think Finance, LLC (6762), Think Finance SPV, LLC (4522), Financial U, LLC (1850), TC Loan Service, LLC (3103), Tailwind Marketing, LLC (1602), TC Administrative Services, LLC (4558), and TC Decision Sciences, LLC (8949).

² The financial information provided in this Declaration has been prepared by the Debtors and their advisors for illustrative purposes only. Such information is unaudited and subject to material change based on certain contingencies. While this financial information is presented with numerical specificity, the Debtors caution that no representations or guarantee can be made as to the accuracy of this information. The Debtors expressly disclaim any obligation to update any estimates or assumptions after the date hereof on any basis (including new or different information received and/or errors discovered).

since November 2016. In my capacity as CFO, I help guide Think Finance's direction and growth efforts, as well as the company's financial planning, operations, and investor relations. I am also familiar with Think Finance's day to day operations.

2. I submit this declaration (i) in support of the petitions of the Debtors (as defined below) for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), (ii) pursuant to 28 U.S.C. § 1746 in support of the Debtors' petitions and contemporaneously-filed requests for relief in the form of motions and applications (the "First Day Motions"), and (iii) to assist the Court and other interested parties in understanding the circumstances giving rise to the commencement of these chapter 11 cases. I have reviewed the First Day Motions or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to the uninterrupted operation of the Debtors' business and to the Debtors' reorganization.

3. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by other officers of the Debtors, employees of the organization and outside professional advisors of the business, or my opinion based upon my experience, knowledge and information concerning the operations of the Debtors and the financial services industry as a whole. If called upon to testify, I would testify competently to the facts set forth in this declaration. Unless otherwise indicated, the financial information contained herein is unaudited and provided on a consolidated basis.

Preliminary Statement

4. Think Finance is a leading provider of financial technology services that has improved the ability of its clients to market, underwrite and service loans for more than fifteen

years. The market for financial technology, or “fintech,” has been one of the fastest growing sectors in the financial services industry in the last decade. Online and mobile payments, peer-to-peer lending, marketplace lending, digital banking, equity crowdfunding, and digital currencies are just a few examples of innovative new digital financial services that rely heavily on fintech providers, such as Think Finance.³

5. While Think Finance had intended to leverage its successful track-record and explore opportunities for continued growth and innovation in the fast-moving fintech industry, it has been forced to seek bankruptcy protection because of a liquidity crisis caused by hedge fund Victory Park Capital Advisors, LLC (“Victory Park”). Victory Park has caused GPL Servicing, Ltd. (“GPLS”)—an entity that owes Think Finance and its subsidiaries tens of millions of dollars—to stop paying Think Finance for its services and Victory Park has raided GPLS’s bank accounts. The scheduled payments from GPLS that Victory Park has intercepted represent a major component of Think Finance’s near-term cash flow. Without these funds, Think Finance soon could be forced to cease or substantially curtail its operations. In fact, shortly before the bankruptcy filing, Victory Park’s seizure of funds forced the Debtors to terminate 31 employees—a third of their workforce—and incur substantial severance obligations. A key first step in these bankruptcy cases is to stop Victory Park from withholding payments and to gain access to cash that is critical for Think Finance’s continued operations and the preservation of jobs.

³ See Business Insider, One Chart Shows How FinTech is Radically Changing Everything, <http://www.businessinsider.com/one-chart-that-shows-how-fintech-is-radically-changing-everything-2016-8>.

6. On October 23, 2017 (the “Petition Date”), Think Finance and its subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors” or the “Company”), each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors intend to continue in the possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

7. Part I of this declaration describes the Debtors’ businesses, Part II describes the circumstances giving rise to the commencement of these chapter 11 cases, and Part III sets forth the relevant facts in support of the First Day Motions.

I.

The Debtors’ Businesses

A. Company History

8. Founded in 2001 in Fort Worth, Texas, Think Finance provides financial technology services to clients predominately in the online consumer lending industry. Before the term “fintech” was coined, Think Finance was an established leader and innovator in the marketplace for online lending. For over 15 years, Think Finance has helped its clients market, underwrite and service loans through the use of Think Finance’s proprietary software technology, analytics and marketing services. In 2013, Think was ranked number #2 on the Forbes List of America’s Most Promising Companies. It is a five-time honoree on the Inc. 5000 List of Fastest Growing Companies (2010-2015). Inc. magazine has described Think as a company that

“develops next-generation financial products for under-served consumers using a technology and analytics platform to bridge the gap between payday loans and credit cards.”⁴

9. Think Finance provides online lending solutions that allow lenders to market, underwrite, and service their loans more effectively. The technology tools and services that Think Finance provides its clients span across the life of a loan, from origination or acquisition through payoff or sale of the debt. Think Finance has developed an online lending platform that allows its clients to grow their lending portfolios, mitigate fraud with established technology and process controls, and manage compliance through established credit policies. Think Finance also offers administrative services to its clients, such as consumer marketing, loan servicing, and compliance and risk management services.

10. More consumers today than ever before consume digital forms of financial services, which run the gamut from applying for loans online to using mobile forms of payment in daily financial transactions. As a result, financial institutions increasingly rely on technology firms to generate innovative new products in the global marketplace for financial services. Indeed, fintech firms are becoming so relevant to the economy and financial services industry that the Office of the Comptroller of the Currency (OCC) is considering creating a special purpose national bank charter for fintech companies.⁵ Many of these providers of digital

⁴ See Inc. 5000 #1898, “Think Finance” (2014), <https://www.inc.com/profile/think-finance>.

⁵ In December 2016, the OCC released a white paper and requested comment on its plans to consider providing a special purpose national bank charter for fintech companies. See <http://www.occ.gov/topics/responsible-innovation/comments/special-purpose-national-bank-charters-for-fintech.pdf>

financial services rely heavily on advanced technology and data, such as that offered by Think Finance, in order to meet sharply rising consumer demands and to unlock new opportunities.

11. For example, utilizing the financial technology services provided by Think Finance, digital lenders can often provide faster access to credit than traditional lenders. Lending decisions are often made much more quickly through the use of electronic data sources and technology-assisted underwriting models than through traditional avenues for obtaining loans. The range of credit products available from digital lenders is typically broader than what retail banks have historically offered. Digital lenders may provide loans with shorter maturities and smaller principal balances than is typically available from traditional bank lenders. The wider range of credit products and technology-based underwriting frequently place digital lenders in a position to service a large segment of the population for which obtaining credit through traditional “brick and mortar” banking has been unavailable.

12. Prior to 2014, Think Finance had two discrete lines of businesses: (a) a direct lender and branded product provider to non-prime consumers and (b) a provider of a technology platform and other services to third-party lenders, as described above. In May 2014, Think Finance spun off its direct lending and branded consumer products portfolio into a new independent company, called Elevate Credit, Inc. (“Elevate”). Since the spinoff of Elevate, Think Finance has focused nearly exclusively on its core business of providing analytics, technology and professional services to third-party lenders.

13. Think Finance currently employs 52 full-time employees and 18 contract employees. The Debtors supplement their business needs and workforce with a variable number

of temporary, contract employees that provide services in a number of different business areas, including information technology and accounting.

B. Corporate Structure

14. Debtor Think Finance, LLC is a Delaware limited liability company. Its parent company, TF Holdings, Inc. (“TF Holdings”), is the sole member of Think Finance, LLC, and is not a debtor in these cases. Think Finance, LLC is the sole member of Debtors TC Loan Service, LLC (“TC Loan Service”), Think Finance SPV, LLC (“Think SPV”), and Financial U, LLC (“Financial U”). TC Loan Service is the sole member of Debtors TC Administrative Services, LLC (“TCAS”), Tailwind Marketing, LLC (“Tailwind”), and TC Decision Sciences LLC (“Decision Sciences”).

15. Non-Debtor parent company TF Holdings is also the parent to various sister companies of Think Finance, none of which are debtors in these cases. A complete corporate organizational chart is attached hereto as **Exhibit A**, which identifies the Debtor and non-Debtor companies within the TF Holdings corporate enterprise.

C. Capital Structure⁶

i. Assets and Other Revenue Sources

16. As of the Petition Date, the Debtors had approximately \$5.0 million in cash. As discussed in more detail in Part II of this Declaration, a significant source of revenue of the Debtors are fees for the services TCAS provides GPLS and a fixed rate of interest on the equity investment of Think SPV in GPLS. As of the Petition Date, GPLS owes TCAS “Agent Fees” of

⁶ The following summary is qualified in its entirety by reference to the operative documents, agreements, schedules and exhibits.

at least \$4,092,418.40 and owes a past due "Fixed Return" to Think SPV of at least \$5,271,780.84. Until Think SPV's shares in GPLS are redeemed, Think SPV anticipates additional "Fixed Return" amounts of approximately \$1 million will accrue each month. In addition, GPLS is obligated to redeem Think SPV's shares, which should result in the return of tens of millions of dollars of capital to Think SPV.

17. Think Finance is the holder of a promissory note from Haynes Investment, Inc., in the original principal amount of \$5.269 million that matures on June 15, 2019.

18. Think Finance is the lender under two secured intercompany loans: (a) an Amended and Restated Revolving Loan Agreement, Promissory Note and Security Agreement with TF Investment Services, LLC ("TF Investment") in the amount of \$9.35 million (the "TF Investment Loan") and (b) a Revolving Loan Agreement, Promissory Note and Security Agreement with Cortex Holdings, LLC ("Cortex Holdings") in a maximum commitment amount of \$6 million (the "Cortex Holdings Loan"). The current outstanding balance on the TF Investment Loan is approximately \$9 million and it pays interest weekly at the rate of 20% per annum and matures on May 10, 2018. The current outstanding balance on the Cortex Holdings Loan is approximately \$3.5 million and it pays interest monthly at the rate of 8% per annum and matures on May 31, 2019.

19. Certain of the Debtors also receive monthly payments through services agreements entered into with non-Debtor affiliates on a cost-plus basis. Debtor TC Loan Service provides non-Debtor Cortex Management, LLC ("Cortex Management") accounting and financial reporting services, data operations, human resources services, and enterprise risk management services pursuant to that certain Services Agreement, dated March 31, 2017 (as

amended by that certain First Amendment to Services Agreement, dated June 1, 2017, the “TCLS-Cortex Services Agreement”). Debtor Decision Sciences has agreed to provide certain services to non-Debtor Cortex Holdings under that certain Master Services Agreement, dated March 31, 2017 (the “TCDS-Cortex Master Services Agreement”), which services are set forth in statements of work. Pursuant to the statement of work dated March 31, 2017, Decision Sciences provides Cortex Holdings with system processing services for a monthly fee.

20. Certain of the Debtors also license their intellectual property, on a non-exclusive basis, to non-Debtor affiliates and receive monthly fees. Decision Sciences and Cortex Holdings are party to that certain License Agreement, dated March 31, 2017 (the “TCDS-Cortex License Agreement”), pursuant to which Decision Sciences licenses underwriting and portfolio management technology (“Risk Licenses”) and software, documentation and tools (“TLMP Licenses”) to Cortex Holdings. Under the TCDS-Cortex Licenses Agreement, Decision Sciences receives monthly license fees for both the Risk Licenses and the TLMP Licenses. Decision Sciences and non-Debtor Cortex Management, LLC (“Cortex Management”), on behalf of itself and each other direct or indirect subsidiary of Cortex Holdings, are party to that certain Data License Agreement, dated March 31, 2017 (the “TCDS-Cortex Data License Agreement”), pursuant to which Decisions Sciences licenses certain data and information for product development and validation purposes (the “Product Development Data License”) and for fraud mitigation and prevention (the “Fraud Mitigation Data License”) to Cortex Management. Under the TCDS-Cortex Data License Agreement, Decision Sciences receives yearly fees payable quarterly for both the Product Development Data License and the Fraud Mitigation Data License.

ii. Liabilities

21. The Debtors do not have any funded debt obligations or outstanding long-term interest-bearing debt.

22. As discussed in more detail in Part II of this Declaration, the Debtors guaranteed certain obligations owed to Victory Park and GPLS. To secure the guaranty of these obligations, the Debtors pledged substantially all of their assets to the “GPLS Secured Parties,” which consist of Victory Park, GPL Servicing Agent, LLC (the “Collateral Agent”) and GPLS. Upon information and belief, there are no outstanding obligations owed by the Debtors to the GPLS Secured Parties. Any obligations that may be owed to the GPLS Secured Parties relate to indemnification and are presently contingent and unliquidated. In these bankruptcy cases, the Debtors will seek to disallow certain contingent, indemnification claims that may be asserted by the GPLS Secured Parties and to estimate any remaining claims at zero or close to zero.

23. TC Loan Service is the lessee on certain non-residential leases and lease amendments and a non-residential sublease for the Addison and Fort Worth offices, respectively. Certain of the Debtors are party to various office equipment leases and financing arrangements.

II.

Events Leading to the Chapter 11 Filings

A. Victory Park’s Creation of GPLS

24. In 2011, Victory Park created GPLS for the purpose of purchasing participation interests in consumer loans originated by Native American Tribal lending businesses. GPLS is a special purpose entity and has no employees. GPLS raised money from investors, which included several funds established and managed by Victory Park, which provided the majority of

funds, and certain other outside investors. As part of Victory Park's proposal to create and invest in GPLS, Victory Park required Think Finance also to invest in GPLS, which it did through Debtor Think SPV.

25. GPLS issued three classes of participating non-voting shares: Series I-A and I-B, Series II and Series III shares (collectively, the "Participating Shares"). Each holder of Participating Shares earns a fixed annual return (the "Fixed Return") on its principal investment payable by GPLS monthly. Think SPV currently holds \$54,816,667 in principal amount of Participating Shares based on amounts Think SPV contributed to GPLS. Following a share redemption, discussed below, Think SPV is the sole remaining holder of the Participating Shares.

26. GPLS also issued voting non-participating shares (the "Management Shares"), which entitle the holder to exercise voting rights relating to the management of GPLS, including to appoint directors. The Management Shares are 100% owned and controlled by Victory Park through funds that it manages. The Collateral Agent, an affiliate of Victory Park, is the sole director of GPLS.

27. Debtor TC Administrative Services ("TCAS") and GPLS are parties to an Eleventh Amended and Restated Administrative Agency Agreement, dated as of July 7, 2016 (the "AAA"). Pursuant to the AAA, TCAS provides certain administrative services to GPLS, including managing inflows of receipts and outflows of payments on behalf of GPLS. GPLS is obligated to pay TCAS a fee (the "Agent Fee") each month from the interest and finance charges paid to GPLS during the prior month in respect of its loan participation interests after deducting certain expenses, the Fixed Return, and certain other amounts set forth in the AAA. Neither

GPLS, TCAS, nor any of the other Debtors originate or participate in the collection of the underlying consumer loans made by the Native American Tribal lenders.

28. The Debtors, Victory Park and the Collateral Agent are parties to a Fourth Amended and Restated Guaranty and Security Agreement, dated as of April 2, 2013 (as amended by a First Amendment to Fourth Amended and Restated Guaranty and Security Agreement, dated as of May 1, 2014, a Second Amendment to Fourth Amended and Restated Guaranty and Security Agreement, dated as of February 27, 2015, and a Third Amendment to Fourth Amended and Restated Guaranty and Security Agreement, dated as of July 25, 2016, the “GSA”).

29. The GSA grants a lien on substantially all of the assets of Think Finance and its debtor subsidiaries to the Collateral Agent for the benefit of the “GPLS Secured Parties,” which consist of Victory Park, the Collateral Agent and GPLS, to secure the obligations of various parties under the transaction documents relating to the creation of GPLS and its purchase of the loan participation interests.

B. 2017 GPLS Share Redemption

30. Among other obligations, the AAA required TCAS to purchase the outstanding Series I-A, I-B and III Participating Shares⁷ on March 31, 2017, according to a formula set forth in the AAA.

31. In 2016, Victory Park notified the Debtors that it intended to stop funding the purchase of new participation interests in loans through GPLS effective as of March 31, 2017, when the term of the participation program expired.

⁷ The AAA required TCAS to purchase the Series II Participating Shares on December 31, 2014. The Series II Participating Shares were redeemed in 2015 with a combination of cash on hand at GPLS and the issuance of new Series III Participating Shares.

32. In the latter part of 2016 and early 2017, TCAS and Victory Park discussed the fact that TCAS would not have sufficient funds to purchase all of the outstanding Participating Shares by March 31, 2017. The parties agreed upon a wind-down plan through which all outstanding Participating Shares (other than those held by Think SPV) would be fully redeemed through a series of payments by GPLS.

33. Accordingly, in early 2017, GPLS began to wind down its purchase of new loan participation interests in order to raise cash to make the redemption payments. In order to ensure that GPLS had sufficient funds to make the redemption payments, Think SPV provided additional capital of \$12.5 million to GPLS in March 2017. In addition, TCAS allowed GPLS to delay payment of Agent Fees then owed to TCAS in the approximate amount of \$4.5 million.⁸ Think SPV also allowed GPLS to redeem the Participating Shares held by other investors first, effectively subordinating its Participating Shares to the those held by other investors.

34. Prior to receiving their redemptions, certain holders of Participating Shares executed a Redemption Agreement and General Release, effective as of March 31, 2017 (the “General Release”). The General Release acknowledged that the redemption of Participating Shares did not comply with the requirements set forth in the AAA, but each party executing a General Release agreed to waive those requirements and release TCAS of any obligations relating to the requirement under the AAA that it repurchase the Participating Shares. The General Release also granted a broad release to Think Finance and its affiliates “relating to (i) any event, transaction, agreement, action or inaction which occurred, in whole or in part, before

⁸ An additional amount was raised through the repurchase by MobiLoans, LLC, one of the North American Tribal lenders, of loan participation interests in loans that it made that it previously sold to GPLS.

the Final Closing Date and (ii) the Shareholder's ownership of the Redeemed Shares." General Release ¶ 8(a).

35. The redemption payments were made in accordance with the parties' agreement on the wind-down plan and, in fact, sooner than anticipated by the parties, as follows: (i) \$75 million on March 31, 2017, (ii) \$14 million on May 1, 2017, (iii) \$42 million on May 10, 2017, and (iv) \$6.2 million on May 31, 2017. The total redemption payments of \$137.2 million were paid to Victory Park for distribution to investors—including \$105 million to funds directly or indirectly managed by Victory Park. Each investor received a full return of principal invested and all contractually required interest payments. Following the redemption payment on May 31, 2017, Debtor Think SPV became, and remains, the sole holder of Participating Shares that have not been redeemed.

C. Outstanding Obligations Due by GPLS to the Debtors

36. Prior to the commencement of the redemption payments in March 2017, GPLS had timely made payments of the Agent Fee each month to TCAS. Each month, the Company would seek approval of the Collateral Agent to make payment by wire from a GPLS account to TCAS. As of May 31, 2017, the date of the final redemption payment, however, GPLS owed TCAS several months of accrued Agent Fees.

37. Following the full redemption of Participating Shares of Victory Park and other investors, consistent with communications with representatives of Victory Park, the Company believed that it had the right to withdraw the accrued and outstanding Agent Fees from GPLS. On June 12, 2017, consistent with this belief, TCAS withdrew \$2,800,000 from GPLS in order to make a partial payment of the Agent Fee outstanding. When a representative of the Collateral

Agent inquired about that the absence of a June payment request for the Agent Fee, the Company immediately disclosed it had withdrawn the funds on June 12 to partially pay the outstanding Agent Fee to TCAS. The Collateral Agent then consented to the prior withdrawal.

38. On June 28, 2017, however, after the Collateral Agent notified the Company that it was terminating the Company's authority to direct any wires out of GPLS accounts, an individual in Think Finance's accounting department sent an email request to the Collateral Agent seeking approval to wire an additional \$2 million from GPLS to TCAS as a payment toward the outstanding Agent Fee owed. Victory Park declined to approve the payment of the outstanding Agent Fee, despite their being ample funds in the account at that time. At that time, Think SPV had not yet received its Fixed Return payment for the month of June.

39. Later in the day on June 28, 2017, I had a telephone conversation with Tom Welch, a vice-president with Victory Park, regarding the overdue payments of the Agent Fee and Fixed Return and Victory Park's refusal to authorize the \$2 million payment to satisfy a portion of the outstanding amounts due. I was surprised by the denial of the request for payment of the \$2 million because GPLS held more than twice that amount in its accounts. Mr. Welch had previously indicated that following redemption he would be comfortable with wiring funds from GPLS to the Debtors to satisfy past-due obligations as frequently as weekly. We also previously discussed leaving \$500,000 in GPLS at all times to provide a cushion for any expenses. During our telephone conversation on June 28, 2017, however, Mr. Welch indicated that he needed to consult with his superior, Richard Levy, before authorizing any additional payments to Debtors TCAS or Think SPV, and would respond to the Debtors' request for payment by Friday, June 30, 2017.

40. The Debtors received no payments from GPLS during the month of July despite repeated requests for Victory Park to authorize the release of funds from GPLS. I communicated to Victory Park that such funds were necessary for the Debtors to meet their obligations to their creditors and, importantly, to meet payroll obligations. The parties held a meeting in Chicago on July 12 to discuss the funds owed to the Debtors by GPLS. At that meeting, Victory Park requested additional information about the Debtors' projected cash flow and the future income expected from GPLS through its liquidation. I prepared that information and provided it to Victory Park on July 21. Despite providing the requested information, Victory Park still refused to authorize the release of funds from GPLS, while the cash at GPLS continued to build into the tens of millions of dollars.

41. On August 2, 2017, without prior warning, Victory Park cut off the Debtors' ability to access and view balances in the GPLS bank accounts. Up until this point, the Debtors always had visibility into the GPLS bank accounts. TCAS needed that access to perform its accounting and disbursement duties as agent, and Defendants' actions in cutting off such access have inhibited the performance by TCAS of those duties.

42. Also on August 2, Victory Park sent a default letter to the Debtors alleging certain financial covenant defaults under the GSA. This surprised me because Tom Welch had agreed such financial covenants were no longer applicable and had instructed me not to provide compliance certificates or financial reports following the commencement of the redemption process in March 2017. The last compliance certificate provided to Victory Park for the month ending February 28, 2017, showed that Think Finance was in compliance with all financial covenants. Since that date of the last compliance certificate, the parties agreed that cash held at

GPLS and a \$12.5 million capital contribution from Think SPV would be used to make the redemption payments to holders of Participating Shares other than Think SPV, including those held by funds managed by Victory Park, which reduced the Debtors' net worth below the amount stated in the financial covenant. But for Victory Park's refusal to authorize the release of funds from GPLS, its acknowledgement that financial reporting would no longer be required, and the agreed payment of the redemption funds, the Debtors would be in compliance with all financial covenants and reporting requirements as of the Petition Date.

43. TCAS continues to perform its obligations under the AAA and is entitled to an Agent Fee each month if GPLS receives sufficient interest and finance charges in respect of its loan participation interests. Similarly, until the Participating Shares held by Think SPV are redeemed, the Fixed Return continues to accrue and is payable to Think SPV each month.

44. The Sixth Amended Articles of Association of GPLS, filed March 22, 2015 (the "Articles of Association") require GPLS to liquidate sufficient amounts of its assets, which it has done through receipt of repayments of principal on account of its loan participation interests that were not used to purchase additional participation interests and from other sources, including (i) payments from MobiLoans, Great Plains, LLC and Plain Green, LLC, and (ii) interest and finance charges that were not payable as Agent Fees under the provisions of the AAA, but nonetheless were retained by GPLS (collectively, the "Redemption Amounts"), and use the proceeds to redeem the Participating Shares held by Think SPV. From June 1, 2017, through September 30, 2017, GPLS collected approximately \$15.41 million in Redemption Amounts, the proceeds of which it is obligated to pay to Think SPV.

45. Based on the prior conduct of Victory Park and its affiliates, the Debtors believe it will be necessary to file an adversary proceeding seeking, among other relief, turnover of the amounts described above that constitute property of the Debtors' estates. The Debtors also are filing a motion requesting authority to use the funds and all other cash in the Debtors' accounts to the extent the funds are determined to be cash collateral of the GPLS Secured Parties.

D. The Arbitration Proceeding and the ISA

46. On August 7, 2017, Think Finance, TCAS and Think SPV commenced an arbitration proceeding before JAMS, Ref# 1410007541 (the "Arbitration"), against Victory Park, its wholly owned affiliate Victory Park Management, LLC ("VP Management"), the Collateral Agent, and GPLS. The arbitration demand asserted claims of tortious interference, breach of contract, conversion, and breach of fiduciary duty, among other claims. The arbitration demand also sought emergency injunctive relief requiring GPLS to pay all amounts then due and owing to TCAS and Think SPV, plus attorneys' fees and costs. The JAMS arbitration panel set an expedited hearing on the matter for September 13, 14, 15, and 17, 2017 in New York.

47. On September 1, 2017, as the parties were preparing for arbitration, I learned that Victory Park, or someone on its behalf, caused GPLS to transfer \$10 million in funds out of the GPLS "Collections Account" to an account held by VP Management on August 2 and an additional \$5.5 million on August 21. These transfers left insufficient funds in GPLS to make contractual payments to TCAS and Think SPV. The Debtors were not aware of and did not consent to the withdrawal of the funds.

48. In the Arbitration, Victory Park took the position that, in transferring the \$15.5 million from GPLS and depositing those funds into an account owned by VP Management, it

“ha[d] exercised its rights as a first priority secured party to control the cash collateral.” Victory Park took the position that it had a right to hold the funds indefinitely “regardless of whether [Think’s indemnity] obligation have (sic) fully matured or are contingent.” Victory Park further argued that it “had the absolute right to take control of the collateral for its own protection.”

49. With the Debtors anticipating a potential liquidity crisis notwithstanding the setting of the arbitration hearing on an expedited basis, the parties attempted to negotiate a consensual resolution allowing the Debtors to have access to sufficient funds to meet payroll and pay certain other expenses necessary for the Debtors to avert a bankruptcy filing.

50. On September 12, 2017, on the eve of the arbitration hearing, the parties entered into a Confidential Interim Settlement Agreement (the “ISA”) to provide liquidity to Think Finance to avoid a bankruptcy filing while the parties attempted to negotiate a global resolution. Pursuant to the terms of the ISA, the parties agreed that Victory Park or one of its affiliates would immediately transfer \$4.3 million to Think Finance. In addition, the parties agreed that Victory Park or one of its affiliates would make subsequent interim transfers to the Debtors totaling \$11.95 million through December 2017, subject to certain adjustments and provided that certain conditions were satisfied. The ISA was not intended to fully resolve the obligations due from GPLS to the Debtors or provide liquidity to Think Finance beyond December 2017. As part of the ISA, the parties also agreed to postpone the final hearing in the arbitration proceeding until November 29-30 and December 1, 2017.

51. On September 12, 2017, in accordance with the ISA, the Debtors received a distribution of \$4,300,000 (the “September Distribution”), which they applied to reduce the outstanding principal amount of Participating Shares.

52. Although the ISA contemplated additional distributions, the Debtors did not receive the \$4,200,000 distribution contemplated to be made on October 2, 2017 despite the Debtors complying with all of the conditions in the ISA and making demand for the distribution. On October 3, 2017, the Debtors sent a notice of default to the defendants in the Arbitration citing the failure to make the contemplated distribution on October 2, 2017. The Debtors have not received any other distributions that Victory Park agreed to make in the ISA. In the adversary proceeding that the Debtors anticipate filing contemporaneously with the First Day Motions, certain of the Debtors are asserting a claim for fraudulent inducement related to Victory Park's false representations concerning material facts related to the Debtors' agreement to enter into the ISA.

53. I have since learned that Victory Park, or someone acting on its behalf, caused GPLS to make two additional transfers of \$5,000,000 on September 28, 2017, and \$5,000,000 on October 20, 2017, out of the GPLS "Collections Account" to an account owned by VP Management. I also learned that on September 29, 2017, GPLS paid an additional \$594,961.99 to Katten Muchin Rosenman LLP, the law firm representing GPLS and Victory Park. Victory Park did not have the permission of the Debtors to make that payment unless it complied with the ISA, which it did not.

E. Other Litigation Matters

54. The Debtors are currently involved in several litigation matters, summarized below, that have further drained the Debtors' limited resources since Victory Park's cash seizure, threatened their ordinary business operations, and hindered their ability to look for new business

opportunities. One of the purposes of the bankruptcy filing is to provide for a centralized forum for the efficient and orderly resolution of the outstanding litigation.

a. The Pennsylvania Litigation

55. On November 13, 2014, the Commonwealth of Pennsylvania, through its attorney general, filed a civil action against certain of the Debtors and the former CEO of Think Finance, in the Court of Common Pleas of Philadelphia, First Judicial District of Pennsylvania, alleging violations of Pennsylvania consumer lending laws. On December 17, 2014, the lawsuit was removed to the U.S. District Court for the Eastern District of Pennsylvania and it was assigned Civil Action No. 14-7139-JCJ (the "Pennsylvania Litigation"). On April 7, 2017, the Commonwealth of Pennsylvania filed a second amended complaint, in which it added Victory Park, the Collateral Agent, and GPLS as defendants. The Debtors named as defendants have filed an answer in the Pennsylvania Litigation, denying the allegations contained therein. Victory Park, the Collateral Agent, and GPLS have moved to dismiss the claims against them.

b. The Vermont Litigation

56. On May 13, 2015, two individuals filed a putative class action against officers and directors of Plain Green, LLC, one of the Debtors' Native American Tribal lending clients, in the U.S. District Court for the District of Vermont alleging violations of state and federal consumer lending laws. On August 4, 2015, the plaintiffs amended the complaint to include certain of the Debtors, among other parties. The plaintiffs have not named GPLS as a defendant. The Debtors named as defendants moved to compel arbitration and, in the alternative, to dismiss the claims. On May 16, 2016, the district court denied the motion to compel arbitration. The Debtors that are named as defendants appealed the decision. The district court then stayed the case pending

the decision on appeal by the U.S. Court of Appeals for the Second Circuit, which remains pending.

c. The Virginia Litigation

57. On May 19, 2017, several individuals filed a putative class action against certain of the Debtors and the former CEO of Think Finance in the U.S. District Court for the Eastern District of Virginia alleging violations of state and federal consumer lending laws. GPLS also is a named defendant. On August 7, 2017, the Debtors that are named as defendants filed a motion to compel arbitration and also filed a motion to dismiss the complaint. The district court has not yet ruled on the motions.

d. The Florida Litigation

58. On September 22, 2017, an individual filed a putative class action against certain of the Debtors and the former CEO of Think Finance in the U.S. District Court for the Middle District of Florida. GPLS also is a named defendant. This lawsuit was filed by the same plaintiffs' attorney that filed the lawsuit in Virginia and the named defendants and allegations are substantially the same, but asserted under Florida law. The Debtors that are named as defendants have not yet responded to the complaint, which was served on October 19, 2017.

III.

First Day Motions

59. The Debtors filed the First Day Motions concurrently with the filing of their chapter 11 petitions. The Debtors request that each of the First Day Motions be granted, as each constitutes a critical element in achieving a successful transition to chapter 11.

60. For a more detailed description of the relief requested in the First Day Motions, the Debtors respectfully refer the Court, creditors and other parties in interest to the respective First Day Motion. To the extent that there are any inconsistencies between this Declaration and the First Day Motions, the First Day Motions should control. Capitalized terms that are used in this Part III but not otherwise defined herein shall have the meanings ascribed to them in the relevant First Day Motion.

A. Administrative Motions

- i. *Emergency Motion of the Debtors and Debtors in Possession for an Order Directing Joint Administration of Their Related Chapter 11 Cases (the "Joint Administration Motion")*

61. The Debtors seek entry of an order directing joint administration of these cases for procedural purposes only, pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and Rule 1015-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Texas (the "Local Bankruptcy Rules"). Specifically, the Debtors request that the Court maintain one file and one docket for all of the chapter 11 cases under the lead case, 17-33964. Further, the Debtors request that an entry be made on the docket of each of the chapter 11 cases of the Debtors to indicate the joint administration of the estates.

62. Given the provisions of the Bankruptcy Code and the Debtors' affiliation, joint administration of these cases is warranted. Joint administration will avoid the preparation, replication, service and filing, as applicable, of duplicative notices, applications and orders, thereby saving the Debtors considerable expense and resources. The Debtors' financial affairs and business operations are related. Many of the motions, hearings and orders in these chapter 11 cases will affect each Debtor and their respective estates. The rights of creditors will not be

adversely affected, as this Motion requests only administrative, and not substantive, consolidation of the estates. Moreover, each creditor can still file its claim against a particular estate. In fact, all creditors will benefit by the reduced costs that will result from the joint administration of these chapter 11 cases. The Court also will be relieved of the burden of entering duplicative orders and maintaining duplicative files. Finally, supervision of the administrative aspects of these chapter 11 cases by the United States Trustee for the Northern District of Texas will be simplified.

63. I believe that the relief requested in the Joint Administration Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest and constitutes a critical element in achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be granted.

- ii. *Emergency Motion of the Debtors and Debtors in Possession for Entry of an Order (I) Approving the Form and Manner of Notice of Commencement of the Chapter 11 Cases and (II) Authorizing the Debtors to File a Consolidated List of Debtors' 30 Largest Unsecured Creditors (the "Notice of Commencement Motion")*

64. The Debtors seek entry of an order approving the Debtors' proposed form and manner of the notice of commencement of the Debtors' chapter 11 cases and authorizing the Debtors to file a consolidated list of the Debtors' thirty (30) largest unsecured creditors.

65. The Debtors share numerous creditors among them. In addition, compiling separate top 20 creditor lists for each individual Debtor would consume an excessive amount of the Debtors' scarce time and resources. I believe that the relief requested in the Notice of Commencement Motion will provide adequate notice of these cases to the Debtors' creditors and

all other parties in interest and is critical to achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Notice of Commencement Motion should be granted.

iii. *Motion of the Debtors and Debtors in Possession for Entry of an Order Appointing American Legal Claims Services, LLC as Claims, Noticing and Balloting Agent (the “Claims Agent Retention Application”)*

66. The Debtors seek entry of an order appointing American Legal Claims Services, LLC (“ALCS”) to act as the claims and noticing agent in order to assume full responsibility for, among other things, the distribution of notices and the maintenance, processing and docketing of proofs of claim filed in the Debtors’ chapter 11 cases. I believe that ALCS’s rates are competitive and reasonable given ALCS’s quality of services and expertise. Accordingly, on behalf of the Debtors, I respectfully submit that the Claims Agent Retention Application should be granted.

iv. *Notice of Designation as Complex Chapter 11 Bankruptcy Case (the “Complex Chapter 11 Case Designation Notice”)*

67. The Debtors seek entry of an order designating these cases as complex chapter 11 cases under General Order No. 2006-02. The Debtors believe that there are more than 50 parties in interest in these cases. In addition, the Debtors believe that designation of these cases as complex chapter 11 cases will maximize the efficiency and orderliness of the administration of these chapter 11 cases and reduce the costs associated with the administrative rules that govern non-complex cases. The Debtors also believe that designating these cases as complex chapter 11 cases will limit the administrative burdens and costs associated with preparing for hearings and serving and mailing documents. In addition, the relief requested will assist the Debtors and their

personnel and professionals in organizing and prioritizing the numerous tasks attendant to these cases.

68. I believe that the relief requested in the Complex Chapter 11 Case Designation Notice is in the best interests of the Debtors' estates, their creditors, and all other parties in interest and constitutes a critical element in achieving a successful and smooth transition to chapter 11.

- v. *Emergency Motion of the Debtors and Debtors in Possession for Entry of an Order (I) Extending the Time to File Schedules and Statements of Financial Affairs and (II) Extending the Time to Schedule the Meeting of Creditors (the "Schedules Extension Motion")*

69. The Debtors seek entry of an order granting additional time to file their schedules and statements of financial affairs and additional time to schedule the meeting of creditors. Due to the complexity of their operations, the large number of contracts to which the Debtors are party and the numerous other matters that the Debtors must attend to in connection with filing these cases, the Debtors will not be able to complete the schedules of assets and liabilities, schedules of current income and expenditures, statements of executory contracts and unexpired leases and statements of financial affairs in the fourteen days provided under Bankruptcy Rule 1007(c). To facilitate this extension, the Debtors also seek entry of an order authorizing the U.S. Trustee to schedule the Section 341 meeting after the 40-day deadline imposed by Bankruptcy Rule 2003(a).

70. Given the many critical operational matters that the Debtors' accounting and legal personnel must address in the early days of these chapter 11 cases, I believe that with the extension requested, the Debtors will be able to focus their attention to business operations during the first critical post-petition months. I believe this will help the Debtors make a smooth

transition into chapter 11 and, therefore, maximize the value of the Debtors' estates to the benefit of creditors and all parties in interest.

71. I believe that the relief requested in the Schedules Extension Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest and constitutes a critical element in achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Schedules Extension Motion should be granted.

B. Operational Motions Requesting Immediate Relief

- i. *Emergency Motion of Debtors and Debtors in Possession for Entry of An Order (I) Authorizing Debtors to Pay Prepetition Wages, Salaries and Benefits; (II) Authorizing Debtors to Continue Employee Benefit Programs in the Ordinary Course of Business; (III) Authorizing Current and Former Employees to Proceed with Workers Compensation Claims; and (IV) Directing Applicable Financial Institutions to Honor and Process Related Checks and Transfers (the "Wages and Benefits Motion")*

72. The Debtors seek entry of an order (a) authorizing, but not requiring, them to pay the Prepetition Wages and Benefits, (b) authorizing the Debtors to continue and pay certain associated amounts, including costs and expenses, under the Debtors' Employee Benefit Programs, (c) permitting the Debtors to continue paying and/or contesting in good faith all amounts related to the Workers' Compensation Programs and (d) authorizing applicable banks and other financial institutions to receive, process and pay any and all checks drawn on the Debtors' payroll and general disbursement accounts and other transfers to the extent that those checks or transfers relate to any of the foregoing.

73. In the weeks prior to the Debtors' bankruptcy filing, the Debtors implemented a reduction in force process, impacting 31 employees. Accordingly, providing employees with

confidence that they will continue to receive expected compensation and benefits is critical at the inception of these cases.

74. If the requested relief is not granted, the Debtors' relationships with their Employees would be adversely impacted and there could well be irreparable harm to the Employees' morale, dedication, confidence and cooperation. The Debtors' business hinges on their relationships with their employees and, in turn, the relationship with the Debtors' clients. The Employees' support for the Debtors' efforts is critical to the success of these chapter 11 cases. At this early stage, the Debtors simply cannot risk the substantial damage to their businesses that would inevitably attend any decline in their Employees' morale attributable to the Debtors' failure to pay wages and commissions, salaries, benefits and other similar items.

75. I believe that the relief requested in the Wages and Benefits Motion is in the best interests of the Debtors' estates, their creditors and all other parties in interest and constitutes a critical element in achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Wages and Benefits Motion should be granted.

- ii. *Emergency Motion of the Debtors and Debtors in Possession for Entry of an Order (I) Authorizing Debtors to Maintain Existing Bank Accounts and Business Forms and Continue to Use Existing Cash Management System, (II) Granting Administrative Expense Status for Intercompany Claims, and (III) Waiving the Requirements of Section 345(b) of the Bankruptcy Code (the "Cash Management Motion")*

76. The Debtors seek entry of an order authorizing the Debtors to (a) maintain the existing Bank Accounts and business forms and continue to use their existing Cash Management System, (b) granting administrative priority to intercompany claims and (c) waiving the

requirements of section 345(b) of the Bankruptcy Code. Without the requested relief, the Debtors may suffer undue disruption to the Debtors' business operations.

77. The Cash Management System maintained by the Debtors has been designed (i) to provide an efficient method of collecting, transferring and disbursing funds; (ii) to establish procedures and controls necessary to account for funds in an accurate manner; and (iii) to facilitate meeting the Debtors' financial obligations. The Debtors maintain current and accurate accounting records of daily cash transactions, and submit that preservation of their Cash Management System will prevent undue disruption to the Debtors' business operations, while protecting the Debtors' cash for the benefit of their estates. All funds received or disbursed for each company are properly reflected on that Debtors' books and records.

78. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest and constitutes a critical element in achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Cash Management Motion should be granted.

79. I respectfully request that all of the relief requested in the First Day Motions, and such other further relief as may be just and proper, be granted.

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

Dated: October 23, 2017

/s/ Barney C. Briggs
Barney C. Briggs

EXHIBIT A

TF Holdings, Inc. Ownership Structure as October 23, 2017

