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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re:

VIDANGEL, INC.,

Debtor.

Case No. 17-29073

Chapter 11

Judge Kevin R. Anderson

**DEBTOR’S MOTION FOR AN ORDER AUTHORIZING
(1) PAYMENT OF CERTAIN PRE-PETITION WAGES,
SALARIES, AND OTHER COMPENSATION,
(2) WITHHOLDINGS FROM EMPLOYEE PAYCHECKS
AND RELATED DEDUCTIONS AND PAYMENTS,
(3) EMPLOYEE BENEFITS, AND (4) REIMBURSABLE
EXPENSES.**

VidAngel, Inc., the above-captioned debtor and debtor-in-possession (the “**Debtor**” or “**VidAngel**”) hereby moves the Court (the “**Motion**”) under sections 105, 363, and 507(a)(4) of Title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) for entry of interim and final orders (the “**Interim Order**” and “**Final Order**,” respectively) authorizing but not requiring the Debtor to continue to (a) honor all payroll obligations, (b) deduct and remit to the proper recipients thereof all customary withholdings, including payroll taxes and garnishments, (c) maintain and

fulfill its obligations with respect to all employee benefits programs, and (d) reimburse employees and contractors for customarily reimbursable expenses. This Motion is supported by the arguments and authorities set forth below, the *Declaration of Patrick Reilly in Support of the Debtor's Chapter 11 Petition and Requests for First-Day Relief* (the “**First-Day Declaration**”), and the entire record before the Court in this Chapter 11 case (this “**Case**”).

I.
SUMMARY OF RELIEF REQUESTED

By the Motion, the Debtor seeks authority to pay certain pre-petition obligations to and on behalf of the Debtor's employees and independent contractors. As more fully described below, these pre-petition obligations may include, without limitation, (a) amounts owed to the employees and independent contractors for wages and salaries, (b) federal and state payroll-related taxes, deductions, and withholdings, (c) employee benefit obligations and contributions, and (d) reimbursements for typical expenses incurred by employees and contractors for purchases of parts and materials, travel, lodging, and meals. Forms of the proposed Interim Order and Final Order are attached hereto as Exhibit A and Exhibit B, respectively.

The statutory predicates for the relief sought herein are sections 105(a), 363(b), and 507(a)(4) and (5) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004.

II.
JURISDICTION

This Court has jurisdiction to consider the relief requested in this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b) and venue is proper in the District of Utah under 28 U.S.C. §§ 1408 and 1409.

III.
RELEVANT BACKGROUND

A. General.

1. On the date hereof (the “**Petition Date**”), the Debtor filed a voluntary petition for relief under the Bankruptcy Code. The Debtor continues in possession of its properties and is operating and managing its businesses as a debtor-in-possession under sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner and a creditors’ committee has not yet been appointed in this Case.

2. The Debtor is the worldwide leader in video filtering technology. The Debtor’s services allow its subscribers to filter potentially objectionable content (such as profanity, nudity, and violence) in motion pictures (including television shows) and stream such content for its subscribers’ private viewing. The Debtor is also an original content provider, and it provides a streaming service to view the content it produces. The Debtor’s original series, Dry Bar Comedy, has had over 16 million minutes viewed in the 7 days before the Petition Date. The Debtor’s services give subscribers and their families choice over the content they view and share with their families.

3. From late 2014 through late December 2016, VidAngel used a purchase model to provide video to its customers (the “**Disc Ownership Model**”). Under the Disc Ownership Model, VidAngel purchased DVDs and Blu-ray discs and sold them to its customers. VidAngel would decrypt the contents of the purchased discs and stream the content to the owner of such discs, filtered as each customer individually requested. VidAngel’s proprietary technology enabled (and required) users to filter the video for various types of potentially objectionable content, which were silenced or deleted when the video was streamed. Once purchased, a customer could opt to sell

the video disc back to VidAngel, or keep the actual physical disc, which VidAngel would ship to purchasers, on request, or store for the customer in a secure vault.

4. VidAngel's Disc Ownership Model was popular and growing, with more than 1 million viewers as of December 2016. However, in June 2016, Disney Enterprises, Inc., Lucasfilm Ltd. LLC, Twentieth Century Fox Film Corporation, and Warner Bros. Entertainment Inc. (the "**Studios**") sued VidAngel in the United States District Court for the Central District of California, Case No. 2:16-cv-04109-AB-PLA (the "**Copyright Action**"), for copyright infringement of approximately 80 of the Studios' copyrighted works. The Studios alleged that VidAngel's decryption of its works was a technical violation of the Digital Millennium Copyright Act ("DMCA"), 17 U.S.C. § 1201(a), and that VidAngel's filtering and streaming violated their exclusive rights to make copies of and publicly perform their works in violation of 17 U.S.C. § 106. On December 12, 2016, the District Court granted the Studios' Motion for a Preliminary Injunction. VidAngel complied with the preliminary injunction, shutting down VidAngel's and its customers' use of the Disc Purchase Model. The Studios have amended their complaint to add additional plaintiffs and allege the infringements of additional motion pictures before pursuing the Copyright Action to a judgment. The Studios rejected VidAngel's Statutory Offer to Allow the Entry of Judgment against it.

5. Six months after the issuance of the preliminary injunction, VidAngel launched a new streaming-based service (the "**Stream-Based Model**"), which avoids any decryption of the Studios' copyrighted works, and does not involve any physical video discs. Subscribers who use the Stream-Based Model select video content from third-party services such as Amazon, Netflix, and HBO using their own accounts with those third-party streaming services.¹ Using VidAngel's

¹ Users must maintain and pay the third-party content providers directly.

proprietary technology, subscribers can elect to have VidAngel remove or silence various types of potentially objectionable content when they view the selected video.

6. To ensure that the new Stream-Based Model does not violate the any provision of the Copyright Act, VidAngel initiated a declaratory relief action in the United States District Court for the District of Utah, Case No. 2:17-cv-00989-EJF (the “**Declaratory Relief Action**”), and named various copyright owners whose copyrighted works might be streamed and filtered. The Declaratory Relief Action is in its early stages, and none of the defendants have answered.

7. At this time, the Debtor requires the breathing space of the Automatic Stay of section 362(a) of the Bankruptcy Code after the disruption of its previous business and to reorganize around the new Stream-Based Model. The Studios are pressing forward with the preliminary injunction in the California District Court, attempting to apply it to enjoin VidAngel’s new Stream-Based Model. The Declaratory Relief Action is in its early stages, and the Utah District Court needs an opportunity to consider the issues and confirm that the Stream-Based Model does not violate any rights of motion picture copyright owners. Further, the Stream-Based Model, which is profitable, will provide sufficient revenue to enable the Debtor to reorganize its business and pay its creditors.

B. Facts Specific to the Motion.

8. The Debtor employs approximately 41 total employees (the “**Employees**”), comprised of 24 full-time employees, 17 part-time employees, and several other employees.

9. The Debtor also employs independent contractors (the “**Contractors**”) on a periodic basis, including content taggers, technical resource contractors, a public relations firm, lobbyists, a Chief Executive Officer, a Chief Marketing Officer, information technology personnel, and a movie editor.

10. The Debtor employs 46 content taggers as independent contractors. The content taggers watch films and mark content to be removed for various filtering options, such as profanity or violence. One of the content taggers also manages the team and is paid a fixed rate per month. The remaining 45 content taggers are paid per piece and are paid directly by VidAngel.

11. The Debtor employs 8 technical resource independent contractors who work with the VidAngel technology team in directing and maintaining VidAngel's applications. The technology resource contractors bill VidAngel hourly for work performed.

12. The Debtor employs 8 technical resource independent contractors who work with the VidAngel technology team in directing and maintaining VidAngel's applications. The technology resource contractors bill VidAngel hourly for work performed.

1. Payroll Obligations

13. The Debtor's obligations for the Employees' payroll and Contractors' payments are as follows (the "**Payroll Obligations**").

14. The Debtor utilizes Gusto, formerly ZenPayroll to process payroll.

15. Employees are paid on a semi-monthly basis, typically on Fridays always on the 5th and 20th day of the month, unless there is an intervening holiday, in which case payment is made on the first business day before the holiday. The Debtor's semi-monthly payroll averages approximately \$100,000 for all Employees.

16. Contractors are paid as work is performed or invoices are received.

17. As of the Petition Date, the Debtor is current on all outstanding Payroll Obligations to its Employees and Contractors in the ordinary course of business except for the Payroll Obligations that were incurred between the last payday and the Petition Date. The Debtor therefore requests authorization to pay these pre-petition Payroll Obligations that are due on the next payday. In addition, in case the Debtor issued any checks to Employees and Contractors prior to the Petition

Date on account of the Payroll Obligations, and such checks have not yet been cashed or have not “cleared” the Debtor’s bank accounts, the Debtor requests instructions that the Debtor’s bank should honor any such checks on account of the Payroll Obligations.

18. To the extent that these obligations are on account of the Debtor’s pre-petition Payroll Obligations, the Debtor is seeking authority to pay all of the Payroll Obligations in full, including any amount in excess of \$12,850 per Employee or Contractor, the statutory priority claim afforded such claims under Sections 507(a)(4) and (a)(5) of the Bankruptcy Code. It is extremely unlikely that any pre-petition Payroll Obligations will exceed that amount for any Employee or Contractor.

2. Withholdings, Related Taxes, and Garnishments.

19. To the extent the Debtor must pay any related withholdings, taxes, and garnishments, the Debtor seeks authority to pay these items. The Debtor also routinely makes deductions from the Employees’ payroll relating to federal, state, and local tax withholdings, and garnishments. The Debtor requests authority to continue paying all such obligations in accordance with applicable law and existing company policies and practices. Such “trust fund taxes” and other third-party funds are generally not considered part of the Debtor’s equitable estate, nor can such funds be used for the benefit of the estate or its creditors. *See* 11 U.S.C. § 541(d). Accordingly, neither the Debtor’s estate nor any creditors or stakeholders will be harmed by the Debtor continuing to make such payments.

3. Employee Benefit Plans.

20. The Debtor offers its employees certain general welfare benefits (the “**Employee Benefits**”) as follows:

- a. The Debtor offers vacation and sick leave as a benefit for all Employees.
All Employees are permitted to take an unlimited amount of leave.

Employees may take as much time as need, when needed, so long as the vacation/sick leave does not prevent them from meeting deadlines, or fulfilling the objectives of their position with VidAngel.

- b. The Debtor offers health insurance as a benefit for all Employees. The health insurance is a 100% funded health insurance plan through SelectHealth for Employees and their dependents.
- c. The Debtor offers dental and vision insurance as a benefit for all Employees. The dental and vision insurance is 100% funded insurance through Dentist Direct.
- d. The Debtor offers a stock option plan as a benefit for all Employees.
- e. The Debtor has a bonus plan, Operation Joyful Noise, which is currently in effect for Employees. Bonuses will be earned prior to the chapter 11 filing, but may not be fully paid out.

21. On Average, the Debtor pays approximately \$22,000 per month in Employee Benefits comprised of medical insurance (approximately \$20,000) and dental & vision insurance (approximately \$2,000).

22. These above amounts are customarily paid concurrently with the Debtor's payroll so, as of the Petition Date, the Debtor will not owe any amount for pre-petition obligations for the Employee Benefits. The Debtor requests authority to continue making such payments in the ordinary course of its business in the post-petition period, including whatever amounts are owing on account of the pre-petition period.

4. Reimbursable Expenses.

23. The Debtor customarily reimburses Employees and Contractors for business expenses incurred in the ordinary course of performing their duties on behalf of the Debtor. These

reimbursement obligations include, among other amounts, expenses incurred in connection with travel and various ordinary course expenses that the Employees and Contractors incur in performing their jobs. Because there may be Employees and Contractors who have incurred business expenses prior to the Petition Date but have not yet sought reimbursement, it is difficult for the Debtor to determine the exact amount outstanding as of the Petition Date. Nevertheless, the Debtor believes such amounts to be negligible. The Debtor requests authority to continue making such reimbursement payments in the ordinary course of its business, including those attributable to the pre-petition period.

IV.
ARGUMENTS & AUTHORITIES

24. The health and well-being of the Employees and Contractors is of critical importance to the success of this Case. If the relief requested herein is not granted, the Employees and Contractors and their families will suffer undue hardship. Unless the Debtor timely pays the Employees and Contractors and maintains the Employees' contracted-for benefits, many of the Employees and Contractors may, by necessity and right, seek other employment, causing severe disruption and harm to the Debtor's businesses. The Debtor's ability to preserve its business and assets and to maximize value through this Case will be adversely affected if it is unable to retain its dedicated and loyal Employees. Accordingly, it is critical that the hardship and disruption caused by the commencement of this Case be minimized to preserve morale and maintain the Debtor's workforce.

25. The Debtor submits that the relief requested in this Motion is critical to its ability to operate its business and is warranted under Sections 105(a) and 363(b) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code authorizes the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code.]"

11 U.S.C. § 105(a). The purpose of that section is to permit a bankruptcy court to take whatever action “is appropriate or necessary in aid of the exercise of its jurisdiction.” 2 COLLIER ON BANKRUPTCY, ¶ 105.01, at 105-2 (16th ed. rev. 2014).

26. Under Section 105(a) of the Bankruptcy Code, courts have authorized debtors to pay pre-petition claims where such payment was necessary to ensure that a debtor’s business continued uninterrupted, including claims similar to those described herein. In *In re Chateaugay Corp.*, 80 B.R. 279, 281 (S.D.N.Y. 1987), the court stated,

A rigid application of the priorities of § 507 would be inconsistent with the fundamental purposes of reorganization and of the [Code’s] grant of equitable powers to the bankruptcy courts, which is to create a flexible mechanism that will permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately . . . [T]he fact that the bankruptcy courts are courts of equity . . . allows exceptions to any strict rules of classifications of claims.

Id. at 287–88 (citations omitted); *see also In re Mahalo Energy (USA) Inc.*, 2009 WL 8189271 (E.D. Okla. June 12, 2009).

27. The relief requested in this Motion is supported by the well-established “necessity of payment” rule. *In re Chateaugay Corp.*, 80 B.R. at 281; *In re Gulf Air, Inc.*, 112 B.R. 152, 153 (Bankr. W.D. La. 1989). The “necessity of payment” rule “recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay pre-petition claims where such payment is essential to the continued operation of the debtor.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989).

28. Courts have recognized that invocation of the “necessity of payment rule” is particularly appropriate where a debtor’s employees must be paid on time to assure their continued service and loyalty during a Chapter 11 case. In *Ionosphere*, the court permitted Eastern Air Lines to pay its employees’ pre-petition wages, salaries, medical benefits, and business expense claims. In doing so, the Court relied on its equitable powers under Section 105(a) and, in particular, the

“necessity of payment rule,” recognizing that the debtor had to make the payments to retain its current employees and maintain positive employee morale—two factors which the judge deemed critical to the rehabilitation of an operating debtor. *Id.*

29. Other courts have also permitted debtors-in-possession to pay pre-petition wage, salary, commission, expense, and benefit claims on the grounds that payment of such pre-petition claims was necessary to effectuate a successful reorganization. See *In re Marion Energy Inc.*, Case No. 14-31632 (Bankr. D. Utah, Dec. 1, 2014); *In re Naartjie Custom Kids, Inc.*, Case No. 14-29666, Docket Nos. 64 and 157 (Bankr. D. Utah, October 15, 2014) (interim and final orders respectively, authorizing payment of pre-petition wages, salaries, and related obligations and taxes); *In re Chateaugay*, 80 B.R. 279, 280 (approving bankruptcy court order authorizing debtor to pay certain pre-petition wages, salaries, employee reimbursement expenses, and benefits, including payments on workers’ compensation claims); *In re Revere Copper and Brass Inc.*, orders dated Nov. 3, 1982, and Dec. 3, 1982, Case Nos. 82 B 12073 - 82 B 12086 (PBA), inclusive (Bankr. S.D.N.Y.) (authorizing payment of past and present employees’ claims for medical, life, disability and workers’ compensation benefits, and reimbursement to employees for pre-petition business expenses).

30. Furthermore, all or a portion of such claims, if unpaid, would be treated as priority claims under Sections 507(a)(4) and (a)(5) of the Bankruptcy Code. Those claims would have to be paid in full under a Chapter 11 plan. The issue is, thus, one of timing only, and not of payment, and no creditor or stakeholder will be harmed by paying the Employees and Contractors timely.

31. It is essential to the Debtor’s ability to continue to operate its business that the Employees and Contractors continue to provide services and that their morale be preserved. To accomplish this, it is essential that the Employees and Contractors be paid without interruption and that the Debtor continues to honor its existing obligations to its Employees and Contractors. Such

payments are necessary to prevent irreparable harm to the Employees' morale at the very time when their dedication, confidence, and cooperation are most critical to the Debtor's Chapter 11 efforts. Furthermore, the departure of a significant number of the Employees and Contractors and the inevitable disruption to the Debtor's operations would endanger the Debtor's reorganization.

32. The Debtor submits that cause exists also for the payment of the deductions from the Employees' payroll relating to federal, state, and local tax withholdings, and garnishments as well as Employee Benefits. These amounts are comprised principally of Employee earnings that Employees or, in the case of taxes or garnishments, taxing or judicial authorities, have designated for deduction from Employee paychecks. The failure to pay these benefits could result in hardship to certain Employees. In addition, the Debtor may face inquiries from taxing authorities and garnishors regarding its failure to submit, among other things, taxes and child support and alimony payments which are not the Debtor's property, but rather have been withheld from Employee paychecks. Moreover, if the Debtor cannot remit these amounts, the affected Employees may face legal action due to the Debtor's failure to submit these payments.

33. Additionally, pursuant to Bankruptcy Rule 6003, the Court may grant relief regarding a motion to pay all or part of a pre-petition claim within 21 days after the petition date if such relief is necessary to avoid immediate and irreparable harm. As described above, the Employees and Contractors are vital to the Debtor's operations. Failure by the Debtor to fulfill its various obligations to its Employees and Contractors in the ordinary course of business during the first 21 days of this Case would likely cause irreparable damage to the Debtor's business.

V. **NOTICE**

34. The Debtor has provided notice of this Motion to (a) the Office of the United States Trustee for the District of Utah; (b) the entities listed on the List of Creditors Holding the 20

Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); and (c) all ECF notice parties and parties who have requested notice on the Court's docket. In light of the nature of the relief requested in this Motion, the Debtor respectfully submits that no further notice is necessary.

VI.
CONCLUSION

35. For the reasons stated above, the Debtor requests that the Court grant the Motion and enter the Interim Order lodged herewith and, after holding the Final Hearing, the Final Order.

Respectfully submitted,

/s/ Brian M. Rothschild

Brian M. Rothschild

J. Thomas Beckett

PARSONS BEHLE & LATIMER

Proposed Attorneys for VidAngel, Inc.

Exhibit A

Proposed Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re:

VIDANGEL, INC.,

Debtor,

Case No. 17-29073

Chapter 11

Judge Kevin R. Anderson

**INTERIM ORDER GRANTING, ON AN INTERIM BASIS,
DEBTOR’S MOTION FOR AN ORDER AUTHORIZING
(1) PAYMENT OF CERTAIN PRE-PETITION WAGES,
SALARIES, AND OTHER COMPENSATION,
(2) WITHHOLDINGS FROM EMPLOYEE PAYCHECKS AND
RELATED DEDUCTIONS AND PAYMENTS, (3) EMPLOYEE
BENEFITS, AND (4) REIMBURSABLE EXPENSES.**

Upon the motion (the “**Motion**”)¹ filed by the above-captioned debtor and debtor-in-possession (the “**Debtor**”) seeking entry of an order authorizing the Debtor to pay pre-petition wages, salaries, payroll taxes, benefits, and related expenses in accordance with its existing policies; and the Court, having reviewed the Motion and having heard the statements of counsel in support of the relief requested in the Motion at the hearing before the Court (the “**Hearing**”), finds that the Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334, that this is

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

a core matter under 28 U.S.C. § 157(b)(2), that notice of the Motion and the Hearing were sufficient under the circumstances and that no further notice need be given; and the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein and that such relief is necessary to avoid immediate and irreparable harm to the Debtor's estate,

THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis to the extent provided herein pending the hearing on the Final Order granting the Motion.

2. Any objection to the Motion must be filed in the Court and served on counsel to the Debtor so that such objection is received no later than **October 31, 2017, at 5:00 p.m. (Prevailing Utah Time)** (the "**Objection Deadline**"). If any party in interest files an objection, the Court will hold a hearing on the relief sought in the Motion on a final basis on **November 14, 2017, at 10:00 a.m. (Prevailing Utah Time)** (the "**Final Hearing**") at the United States Bankruptcy Court, Frank E. Moss, U.S. Courthouse, 350 South Main Street, Courtroom 376, Salt Lake City, Utah 84101. If no objections are filed to the Motion, this Court may enter a Final Order on the Motion without holding the Final Hearing.

3. Entry of this Interim Order is without prejudice to the rights of any party in interest to interpose an objection to the Motion, and any such objection will be considered on a *de novo* basis at the final hearing.

4. In the interim, the Debtor is authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order.

5. The Debtor is authorized, but not required, to continue to (a) honor all Payroll Obligations, whether attributable to the period before or after the Petition Date, (b) deduct and remit to the proper recipients thereof all customary withholdings, including payroll taxes and

garnishments, from the Employees' pay, whether attributable to the period before or after the Petition Date, (c) maintain and fulfill its obligations with respect to all Employee Benefits and related contracts, whether attributable to the period before or after the Petition Date; and (d) reimburse Employees and Contractors for customarily reimbursable expenses, whether such obligations are attributable to the period before or after the Petition Date.

6. Rule 6003 of the Bankruptcy Rules has been satisfied to the extent applicable.

7. Notwithstanding Bankruptcy Rules 6004, 7062, or 9014, the terms and conditions of this Order shall be immediately effective upon its entry.

8. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

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Exhibit B

Proposed Final Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re:

VIDANGEL, INC.,

Debtor,

Case No. 17-29073

Chapter 11

Judge Kevin R. Anderson

**FINAL ORDER AUTHORIZING (1) PAYMENT OF CERTAIN
PRE-PETITION WAGES, SALARIES, AND OTHER
COMPENSATION, (2) WITHHOLDINGS FROM EMPLOYEE
PAYCHECKS AND RELATED DEDUCTIONS AND PAYMENTS,
(3) EMPLOYEE BENEFITS, AND (4) REIMBURSABLE
EXPENSES.**

Upon the motion (the “**Motion**”)¹ filed by the above-captioned debtor and debtor-in-possession (the “**Debtor**”) seeking entry of an order authorizing the Debtor to pay pre-petition wages, salaries, payroll taxes, benefits, and related expenses in accordance with its existing policies; and the Court, having reviewed the Motion and having heard the statements of counsel in support of the relief requested in the Motion at the hearing before the Court (the “**Hearing**”), finds that the Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334, that this is a core matter under 28 U.S.C. § 157(b)(2), that notice of the Motion and the Hearing were sufficient under the circumstances and that no further notice need be given; and the legal and

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein and that such relief is necessary to avoid immediate and irreparable harm to the Debtor's estate,

THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as provided herein on a final basis.
2. The Debtor is authorized, but not required, to continue to (a) honor all Payroll Obligations, whether attributable to the period before or after the Petition Date, (b) deduct and remit to the proper recipients thereof all customary withholdings, including payroll taxes and garnishments, from the Employees' pay, whether attributable to the period before or after the Petition Date, (c) maintain and fulfill its obligations with respect to all Employee Benefits and related contracts, whether attributable to the period before or after the Petition Date; and (d) reimburse Employees and Contractors for customarily reimbursable expenses, whether such obligations are attributable to the period before or after the Petition Date.
3. Notwithstanding Bankruptcy Rules 6004(h), 7062, or 9014, the terms and conditions of this Order shall be immediately effective upon its entry.
4. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

[END OF DOCUMENT]