

SO ORDERED.
SIGNED 27th day of March, 2026

THIS ORDER HAS BEEN ENTERED ON THE DOCKET.
PLEASE SEE DOCKET FOR ENTRY DATE.



Charles M. Walker
U.S. Bankruptcy Judge



IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

In re:

Paladin Capital, Inc., et al.,

Debtor.

Case No. 3:26-BK-00316

Chapter 7

Judge Walker

(Jointly Administered)¹

STIPULATION AND AGREED ORDER GRANTING IPFS CORPORATION RELIEF
FROM THE AUTOMATIC STAY

IPFS Corporation (“IPFS” or “Movant”) and Jeanne Ann Burton, the Chapter 7 Trustee appointed in these cases (in such capacity, the “Trustee”), each appearing through their undersigned counsel, have agreed to terms upon which Movant will receive relief from the

¹ The Debtors’ respective tax identification numbers (last four digits) and case numbers are set forth in the Declaration of Brian Hall, ECF No. 4.

automatic stay to exercise remedies with respect to certain collateral securing the Debtors' outstanding obligations to Movant. In furtherance of the stay relief that the Trustee has agreed to provide to Movant, the Trustee and Movant each respectfully state as follows:

Stipulated Facts and Background

A. On January 26, 2026 (the "Petition Date"), the above-captioned debtors (each a "Debtor" and collectively, the "Debtors") each filed voluntary chapter 11 bankruptcy petitions. On February 18, 2026 (the "Conversion Date"), the Court entered an order converting each of the Debtors' bankruptcy cases to chapter 7 proceedings.

B. Prior to the Petition Date, one or more of the Debtors and Movant entered into two premium finance agreements, dated September 9, 2025 (the "September Agreement") and October 2, 2025 (the "October Agreement" and collectively with the September Agreement, the "Agreements"). Under the terms of the September Agreement, the Debtors obtained \$2,172,389.62 in loans to enable the Debtors to purchase twelve months of commercial excess liability insurance coverage for business purposes (the "September Coverage"). Under the terms of the October Agreement, the Debtors obtained \$247,992.58 in loans to enable the Debtors to purchase twelve months of commercial insurance coverage for business purposes (the "October Coverage" and collectively with the September Coverage, the "Insurance Coverage"). In consideration for the advance of funds, the Debtors promised to repay the loans plus interest in nine (9) monthly installments of \$277,006.72.

C. Movant submits that the Debtors' outstanding obligations to Movant are secured by a security interest and assignment (the "Lien") of all unearned premiums and related amounts under the Insurance Coverage (the "Collateral"), coupled with a limited power of attorney to cancel the Insurance Coverage upon a default (the "Power of Attorney"). The Debtors are in default

under the Agreements for failing to pay under the terms of the Agreements as and when due, having failed to make the March 1, 2026, payment under the Agreements. Movant submits that as of March 26, 2026, the Debtors had outstanding obligations to Movant under the Agreements in an amount no less than \$1,387,188.90, exclusive of Attorneys' Fees (such obligations, the "Obligations"). As of March 1, 2026 (the date of the missed installment payment), the value of IPFS's collateral—the aggregate unearned premium for the Insurance Coverage on a *pro rata* basis—was estimated to be \$1,659,409.95. The value of Movant's Collateral under the Agreements declines at the approximate rate of \$7,758.24 per day, because each day a portion of the financed premium is earned by the insurance carrier for providing coverage. As such, the Collateral will dissipate to \$1,418,710.95 by April 1, 2026, and based on this diminution rate, Movant's claim will be rendered undersecured by April 6, 2026 at the latest. The Trustee reserves all rights with respect to the amount of the Obligations and the validity and extent of the Lien.

D. Because it is otherwise not economical for the Trustee to administer such assets, the Trustee submits that it is in the best interests of the Debtors' estates that Movant be granted relief from the automatic stay in order to exercise its Power of Attorney and cancel the Insurance Coverage, without further notice and with an effective date of cancellation as of the earlier of : (i) the entry of this Order and (ii) April 1, 2026, and to collect and apply the Collateral to reducing the outstanding balance of obligations owed to Movant in respect of the Agreements, including principal, interest, late fees, attorneys' fees, and costs as allowed by the Agreements and applicable law.

Agreed Order

Upon the negotiations of Movant and the Trustee culminating in the submission of this stipulation and agreed Order; and the Court having found that (i) the Court has jurisdiction over

this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (iii) notice of this stipulation and agreed Order was sufficient under the circumstances and that no other or further notice need be provided, and (iv) the Trustee and Movant have agreed to the terms set forth in this Order and consented to its entry; and the Court having determined that the relief set forth in this stipulation and agreed Order is in the best interests of the Debtors, their estates, and creditors; and after due deliberation and sufficient cause appearing therefor, it is hereby:

ORDERED, ADJUDGED, AND DECREED THAT

1. Cause exists pursuant to sections 362(d)(1) and 362(d)(2) in order to grant Movant relief from the automatic stay in order to exercise any and all rights available to Movant under the Agreements in respect of the Collateral. Movant is granted relief from the automatic stay, consistent with the other terms set forth below, effective as of the date of this Order, to exercise its Power of Attorney to cancel the Insurance Coverage, without further notice and with an effective date of cancellation as of the earlier of (i) the entry of this Order and (ii) April 1, 2026, and to collect and apply the Collateral to the outstanding indebtedness due and owing Movant, including principal, interest, late fees, attorneys' fees, and costs as allowed by the Agreements and applicable laws.

2. Any insurance company or other entity in possession of the Collateral is required, after cancellation of the Insurance Coverage, to turn over the Collateral to Movant, and the Trustee shall provide reasonable cooperation with any audits related thereto.

3. Movant is required to pay any excess return premium, after payment of the outstanding indebtedness due and owing to Movant, including principal, interest, late fees, attorneys' fees, and costs as allowed by the Agreements and applicable law, to the Trustee.

4. The Trustee shall provide Movant and Movant's representatives with reasonable access to data maintained by the Debtors that would be beneficial to Movant's collection efforts. The cost of maintaining and/or accessing that data shall be borne by Movant.

5. Within fourteen (14) days of any such request by the Trustee, Movant shall provide the Trustee with any additional requested documents to establish the amount of the Obligations or the validity of the Liens (collectively, the "Loan Documents"). Trustee acknowledges that certain documents were provided with the Movant's Stay Relief Motion.

6. Subject to the right of the Trustee to bring a Challenge Action as set forth below, unless a Challenge Action is commenced within ninety (90) days after the date of entry of this Order, upon the ninety-first (91st) day after entry of this Order, the validity, extent, priority, perfection, enforceability and non-avoidability of Movant's liens against the Borrower Debtors and the Collateral shall not be subject to challenge by the Trustee, the Debtors, or their estates.

7. Notwithstanding any other provisions of this Final Order, the Trustee shall have until ninety (90) days after entry of this Order (such period, the "Challenge Period"), to commence an adversary proceeding against Movant for the purpose (collectively, a "Challenge Action") of challenging the validity, extent, priority, perfection, enforceability and non-avoidability the Liens (as applicable) against the Borrower Debtors. Nothing herein shall be deemed to limit the time within which the Trustee may bring an action:

- a. seeking to avoid or challenge (whether pursuant to Chapter 5 of the Bankruptcy Code or otherwise) any transfer made by or on behalf of the Debtors to or for the benefit of Movant;
- b. contesting the amount of the Movant asserted pre-petition claims related to the Loan Documents; or
- c. seeking damages or equitable relief against Movant arising from or related to business and lending relationships of Movant under the Loan Documents with the

Borrower Debtors, including without limitation equitable subordination, recharacterization, and lender liability claims and causes of action.

8. If the Trustee fails to commence a Challenge Action in accordance with the time periods set forth in the preceding paragraph, the Trustee, the Debtors, and their estates shall be, and hereby are, barred forever from commencing a Challenge Action and shall be bound by the waivers and terms set forth in this Order. Any Challenge Action filed shall prohibit application of this paragraph only to the extent of the specific matters set forth in such Challenge Action on the date of filing unless otherwise ordered.

9. Nothing in this Order shall impair the Trustee's ability to monetize any unencumbered estate assets, including, without limitation, any rolling stock, parts, or other equipment that is not subject to a validly perfected lien in favor of Movant.

10. Movant and the Trustee may amend or modify the terms of this stipulation in a subsequent, written agreement between Movant and the Trustee, without further Court order.

11. The stay imposed by Fed. R. Bankr. P. 4001(a)(4) is hereby waived for cause shown, and this Order shall become effective immediately upon entry by this Court.

12. This Court shall retain jurisdiction with respect to all matters arising from or relating to the implementation of this Order.

THIS ORDER WAS SIGNED AND ENTERED ELECTRONICALLY AS INDICATED AT THE TOP OF THE FIRST PAGE.

Submitted By:

/s/ David G. Thompson

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