

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
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In re:

IPIC THEATERS, LLC,

Debtor.

Case No: 26-12313-EPK
Chapter 11, Subchapter V

**Emergency Hearing Requested on
or before February 26, 2026, or as
soon thereafter as possible**

**EMERGENCY MOTION OF DEBTOR FOR ENTRY OF AN ORDER
(I) AUTHORIZING DEBTOR TO PAY CERTAIN PREPETITION WAGES,
SALARIES, AND OTHER COMPENSATION, (II) AUTHORIZING
CONTINUATION OF EMPLOYEE BENEFIT PROGRAMS, (III) AUTHORIZING
BANKS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO
SUCH EMPLOYEE OBLIGATIONS, AND (IV) GRANTING RELATED RELIEF**

Emergency Hearing Requested

Basis for Request for Expedited Hearing

The Debtor's employees are an integral part of the Debtor's business. The Debtor pays its employees certain wages and benefits in exchange for the employees performing a wide variety of functions critical to the Debtor's ordinary course operations. In order to avoid disruption to the Debtor's business operations, and the potential irreparable harm, the Debtor is seeking immediate relief to authorize the Debtor (i) to pay certain prepetition wages, salaries, and other compensation, (ii) to continue employee benefit programs, (iii) authorizing banks to honor and process checks and transfers related to such employee obligations, and (iv) related relief as set forth herein.

The Debtor respectfully requests that the Court conduct a hearing on this Motion by February 26, 2026, consistent with Local Rule 9013-1(I). The Debtor requests an emergency hearing in this matter to avoid likely harm to the Debtor if it is not permitted to pay its employees prepetition wages and benefits.

The Debtor also respectfully requests that the Court waive the provisions of Local Rule 9075-1(B), which requires an affirmative statement that a bona fide effort was made in order to resolve the issues raised in this motion, as the relief requested herein is urgent in nature and does not lend itself to advance resolution.

COMES NOW IPIC Theaters, LLC (the “Debtor”) in the above-captioned chapter 11, subchapter V case (the “Subchapter V Case”), by and through its proposed undersigned counsel, and hereby filed this motion (the “Motion”), for entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** (the “Interim Order”) and **Exhibit B** (the “Final Order”) and together, the “Proposed Orders”): (i) authorizing, but not directing, the Debtor to pay certain prepetition wages, salaries, and other compensation, and taxes and withholdings, (ii) authorizing, but not directing, the Debtor to honor and continue benefit programs for employees, (iii) authorizing the Debtor’s banks and financial institutions at which the Debtor maintains disbursement and other accounts (collectively, the “Banks”) to receive, process, honor, and pay all checks issued and electronic payment requests made related to such employee obligations, and (iv) granting related relief. In support of this Motion, the Debtor relies upon the *Declaration of Joseph J. Luzinski in Support of the First Day Motions* (the “First Day Declaration”),¹ filed contemporaneously with this Motion. In further support of this Motion, the Debtor respectfully states as follows:

JURISDICTION

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested in this Motion are sections 105(a), 363(b), 507(a)(4), 507(a)(5), 507(a)(8), 541, 1107, and 1108 of title 11 of the Bankruptcy Code, rules 1005, 1015, 6003, and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy”

¹ Capitalized terms used but not otherwise defined in this Motion shall have the meaning ascribed to them in the First Day Declaration.

Rules”), and rules 2081-1, 9013-1(I), and 9075-1 of the Local Rules of the Court for the United States Bankruptcy Court for the Southern District of Florida (the “Local Rules”).

BACKGROUND

1. On February 25, 2026 (the “Petition Date”), the Debtor filed a voluntary petition for relief under subchapter V of chapter 11 of the Bankruptcy Code. The Debtor is operating its business and managing its assets and operations as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. A description of the Debtor’s business, the reasons for commencing the Subchapter V Case, the relief sought from the Court, and the facts and circumstances supporting this Motion are set forth in the First Day Declaration filed contemporaneously herewith.

THE DEBTOR’S WORKFORCE, COMPENSATION, AND BENEFITS

3. As of the Petition Date, the Debtor employs approximately 1300 employees (collectively, the “Employees”), of which approximately 400 are full-time Employees, and 900 are part-time Employees.

4. As set forth in the First Day Declaration, the Employees are integral to the Debtor’s operations. They perform a wide variety of functions critical to the Debtor’s ordinary course operations. The Debtor has designed its compensation programs to attract, retain, and motivate its employees. The efforts of these Employees will ensure a smooth transition into chapter 11 and help maximize of the value of the Debtor’s estate.

5. The Debtor maintains the following compensation and benefits programs and pays various administrative fees and premiums in connection therewith (each as defined herein, and together, the “Employee Compensation and Benefits Programs”):

a. Employee Compensation;

- b. Payroll Processing Fees;
- c. Withholding Obligations;
- d. Health Programs;
- e. Life Insurance;
- f. Disability Insurance;
- g. Workers' Compensation Program;
- h. Reimbursable Expenses;
- i. Employee Discount; and
- j. Paid Leave.

6. Upon information and belief, the vast majority of the Employees rely exclusively or primarily on the Employee Compensation and Benefit Programs to pay their daily living expenses and support themselves or their families. Thus, the Employees will face significant financial consequences if the Debtor cannot continue the Employee Compensation and Benefits Programs in the ordinary course of business during the pendency of the Subchapter V Case. The Debtor seeks to minimize the personal hardship that the Employees would suffer if employee obligations were not paid when due and, consequently, submits that the relief requested is necessary and appropriate.

7. Further, any delay in payments to the Employees could cause the Debtor to lose the benefit of their services, which would jeopardize the Debtor's sale process, and lead to a rapid deterioration in the value of the business. Therefore, by this Motion, the Debtor requests authority to pay compensation due and outstanding as of the Petition Date on the terms set forth in the proposed order, and to maintain the Debtor's various employee benefit policies throughout this Subchapter V Case.

8. Subject to the Court's approval, the Debtor intends to continue its Employee Compensation and Benefits Programs in the ordinary course, including honoring prepetition obligations due thereunder. The Debtor further requests confirmation of its right to modify, change, and discontinue any of its Employee Compensation and Benefits Programs and to implement new programs, policies, and benefits in the ordinary course of business during this Subchapter V Case in its discretion and without the need for further Court approval, subject to: (a) other orders entered in this Subchapter V Case, (b) any agreements executed in contemplation of this Subchapter V Case, and (c) the requirements of the Bankruptcy Code.

9. Specifically, by this Motion, the Debtor seeks authority, but not direction, to pay or honor up to the following aggregate prepetition amounts on account of the Employee Compensation and Benefits Program:

Prepetition Employee Obligations	Amount
Employee Compensation	\$1,624,500
Withholding Obligations and Payroll Taxes	\$309,600
Health Programs	\$69,500
Life Insurance and Disability	\$5,345
Workers' Compensation Programs	\$63,465.84
Paid Time Off	\$89,000
Reimbursable Expenses	\$0
Employee Discount	\$0
Total	\$2,161,410.84

10. The Debtor represents that only the Debtor's CEO, Patrick Quinn, is owed Employee Compensation that will exceed the statutory cap of \$15,150 under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code ("Mr. Quinn"). The Debtor represents that Mr. Quinn's continued employment is critical to maintaining the operation of the Debtor during this Subchapter

V Case. Accordingly, the Debtor seeks authority to pay Mr. Quinn the Employee Compensation owed on behalf of the pre-petition payroll, which is \$15,823 in gross wages.

I. Employee Compensation

11. The Debtor pays Employees' wages, salaries, and other compensation bi-weekly, one week in arrears (collectively, the "Employee Compensation"). The final regularly scheduled payroll cycle prior to the Petition Date was for work ended on February 5, 2026, and was paid on February 13, 2026. The next payroll date is for work ended on February 19, 2026, and is due to be paid on February 27, 2026. Because Employees are paid in arrears, virtually all Employees will be owed accrued but unpaid Employee Compensation as of the Petition Date, and some Employees may be holding uncashed paper paychecks as of the Petition Date.

12. Prior to the Petition Date, the Debtor paid the Employee Compensation for certain employees of IPIC Marketing, LLC ("IPIC Marketing"), which is a wholly owned subsidiary of the Debtor. IPIC Marketing currently has six employees. The Debtor respectfully requests that it be authorized to pay pre-petition Employee Compensation to IPIC Marketing Employees and continue to pay the Employee Compensation for the IPIC Marketing Employees post-petition.

13. Prior to the Petition Date, the Debtor spent approximately \$1,624,500 per pay period on Employee Compensation in the aggregate (inclusive of Withholding Obligations) (as defined below).²

14. A vast majority of the Debtor's payroll is made by direct deposit through the electronic transfer of funds to the Employees' personal bank accounts. As of the Petition Date, the

² Of the \$1,624,500, the Debtor's Employees are paid approximately \$1,600,000, and IPIC Marketing employees are paid \$24,500.

Debtor estimates that the amount of accrued but unpaid Employee Compensation is approximately \$1,523,500 (inclusive of Withholding Obligations).³

II. Payroll Processing Fees

15. The Debtor utilizes the services of a third-party payroll processor ADP to process employment taxes, provide remittance services for the Employees and administer payroll and several other employee-related benefits programs. ADP charges the Debtor a monthly service fee (the “Payroll Processing Fees”) based on the number of employees in a given payroll cycle. On a monthly basis, the Debtor pays \$7,600 Payroll Processing Fees. The Debtor seeks authority, but not direction, to pay these prepetition Payroll Processing Fees to ADP and to continue ADP’s services post-petition in the ordinary course.

III. Withholding Obligations

16. During each applicable pay period, the Debtor, routinely deducts certain amounts from Employees’ paychecks, including, without limitation, garnishments, levies, child support and related fees, and pre-tax deductions payable pursuant to certain of the Health and Welfare Programs (as defined below) (collectively, the “Deductions”), and then ADP forwards such amounts to various third-party recipients. The Debtor estimates that as of the Petition Date, it holds (or has accrued an obligation to deduct from the upcoming Employee paychecks) approximately \$6,000.

17. In addition to the Deductions, federal and state laws require the Debtor to withhold certain amounts related to federal, state, and local income taxes, Medicare taxes, and Social Security (collectively, the “Employee Payroll Taxes”) for remittance to the appropriate federal,

³ The \$1,523,500 is comprised of \$1,500,000 of Employee Compensation for the Debtor’s Employees, and \$23,500 for IPIC Marketing employees.

state, or local taxing authority. The Debtor must then match Employee Payroll Taxes and pay, from its own account, certain amounts for Social Security, Medicare taxes, federal and state unemployment insurance, and certain other taxes (the “Employer Payroll Taxes” and, together with the Employee Payroll Taxes, the “Payroll Taxes”). The majority of Payroll Taxes are processed and forwarded to the appropriate federal, state, or local taxing authority within a few days of when Employees’ payroll checks are disbursed, or on a monthly or quarterly basis in accordance with applicable state and local taxing authority requirements. Prior to the Petition Date, the Debtor paid approximately \$303,600⁴ per month in Payroll Taxes on average. As of the Petition Date, the Debtor does not believe it holds any unremitted Payroll Taxes.

18. As of the Petition Date, the Debtor estimates that the aggregate amount of accrued but unpaid Deductions and Payroll Taxes (together, the “Withholding Obligations”) is approximately \$309,600. By this Motion, the Debtor seeks authority, but not direction, to pay or deduct in a manner consistent with historical practice any unpaid, prepetition Withholding Obligations and to continue to honor the Withholding Obligations in the ordinary course of the Debtor’s business on a post-petition basis.

IV. Employee Benefit Programs

19. The Debtor offers several health and welfare benefit programs to salaried and/or exempt, along with full-time Employees (collectively, the “Eligible Employees”), including the Health Programs, the Insurance and Disability Programs, the Workers’ Compensation Program, and the Retirement Plans, and pays certain administrative fees to third-party providers associated with such programs (each as defined herein, and collectively, the “Health and Welfare Programs”).

⁴ The \$303,600 is comprised of \$300,000 Payroll Taxes for the Debtor’s Employees; and \$3,600 for IPIC Marketing employees.

For the avoidance of doubt, any and all administration costs on account of the Health and Welfare Programs include the monthly premium costs.

A. Health Programs

20. The Debtor provides Eligible Employees and their eligible dependents with the opportunity to participate in a number of health benefit plans, including the Medical Plans, the Vision Plans, and the Dental Plans (each as defined herein, and collectively, the “Health Programs”).

21. The Debtor also subsidizes or continues to provide certain benefits to certain former Employees after their termination, retirement, or disability leave, including (without limitation) benefits provided under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), which is administered by Wageworks. Accordingly, the Debtor seeks authority, but not direction, to pay any unpaid prepetition amounts due under the Health Programs and to continue the Health Programs in the ordinary course of business on a post-petition basis and consistent with prepetition practices.

(i) Medical Plans

22. The Debtor offers medical and prescription drug benefit programs (the “Medical Plans”) to Eligible Employees, for which the Debtor is level-funded. Eligible Employees can choose from four Medical Plans administered by Cigna, which have different premiums and coverage limits, and can choose to enroll a spouse and/or dependents. The Medical Plans offer a network of healthcare providers, and while Eligible Employees are free to choose their own healthcare providers, they generally obtain lower rates from “in-network” providers than from “out-of-network” providers. The medical coverage provided under the Medical Plan depends on a variety of factors, including, but not limited to, whether the coverage is sought for an individual

or a family, or whether treatment is sought “in-network” or “out-of-network.” Thus, monthly health care premiums per Employee may vary depending on the specific coverage under the Medical Plan in which the Employee is enrolled and whether the Employee has dependents also covered by the applicable plan. The Debtor is up to date in paying claims under the Medical Plans.

23. The total cost of the Medical Plans is approximately \$65,000 per bi-weekly pay period, of which approximately \$20,000 is covered by Employee premiums and approximately \$45,000 is paid by the Debtor. As of the Petition Date, the Debtor is holding premium contributions from employees on account of the Medical Plans.

(ii) Vision Plans

24. The Debtor also offers Eligible Employees the opportunity to participate in vision insurance plans administered by Cigna (the “Vision Plans”). The total cost of the Vision Plans is approximately \$1,000 per bi-weekly pay period, of which approximately \$500 is covered by Employee premiums and approximately \$500 is paid by the Debtor. As of the Petition Date, the Debtor is holding premium contributions from employees on account of the Vision Plans.

(iii) Dental Plans

25. The Debtor offers Employees the option of participating in dental insurance plans (the “Dental Plans”) administered by Cigna. The total cost of the Dental Plans is approximately \$3,500 per bi-weekly pay period, of which approximately \$1,750 is covered by Employee premiums and approximately \$1,750 is paid by the Debtor. As of the Petition Date, the Debtor is holding premium contributions from employees on account of the Medical Plans.

B. Insurance and Disability Programs

(i) Life Insurance Program

26. The Debtor provides certain Employees who are salaried and/or exempt basic and voluntary life insurance coverage (the “Basic Life Insurance”) through Unum, with the option to enroll a spouse and/or dependents. The total cost of the Basic Life Insurance to the Debtor is approximately \$2,500 per month. As of the Petition Date, the Debtor estimates that the amount of accrued but unpaid obligations on account of the Basic Life Insurance is approximately \$0.

(ii) Disability Benefits

27. The Debtor provides Employees who are either salaried and/or exempt with short- and long-term disability benefits (the “Disability Benefits” and, together with the Basic Life Insurance, the “Life Insurance and Disability Programs”) administered by Unum. The Debtor pays one hundred percent of short-term disability benefits. Employees pay for long-term disability benefits.

28. Currently, eighty-nine Employees receive long-term disability benefits and one-hundred thirty-one Employees receive short-term disability benefits. The total cost of the short-term disability benefits to the Debtor is approximately \$2,845 per month. The Debtor seeks authority, but not direction, to pay all prepetition amounts due under the Life Insurance and Disability Programs and to continue the Disability Benefits on a post-petition basis in the ordinary course of business.

C. Worker’s Compensation

29. The Debtor maintains workers’ compensation insurance for its Employees (or is otherwise self-insured) at the statutorily required level for each U.S. state in which the Debtor has Employees (collectively, the “Workers’ Compensation Program”). The Debtor maintains coverage for the Workers’ Compensation Program through Travelers Property Casualty Company of

America (“Travelers”). Travelers administers the Workers’ Compensation Program in the United States and ensures the Debtor is in compliance with all applicable state laws.

30. The Debtor pays an annual premium of \$761,590 payable over a 12-month period. The premium is financed through AFCO. The next monthly payment is due February 28, 2026, in the amount of \$63,465.84.

31. By this Motion, the Debtor seeks authority, but not direction, to pay accrued but unpaid prepetition amounts related to the Workers’ Compensation Program, continue and maintain the Workers’ Compensation Program in the ordinary course of business, and modify the automatic stay to allow Employees to assert claims under the Workers’ Compensation Program to the extent applicable.

32. The Debtor must continue the claim assessment, determination, adjudication, and payment process pursuant to the Workers’ Compensation Program without regard to whether such liabilities are outstanding before the Petition Date to ensure that the Debtor complies with applicable workers’ compensation laws and requirements. As of the Petition Date, the Debtor does not believe that it has any amount of accrued and unpaid claims due on account of the Workers’ Compensation Program.

D. Paid Time Off

33. In the ordinary course of business, the Debtor provides paid leave to Employees in the form of Paid Leave (as defined below) in certain situations. In the ordinary course of business, the Debtor provides paid time off (“Paid Time Off”) to salaried employees, and full-time hourly supervisors and corporate staff (non-exempt) employees. Salaried and/or exempt Employees are entitled to flexible Paid Time Off. For full-time hourly supervisors and full-time hourly corporate staff, Paid Time Off is front-loaded, and these Employees receive eighty (80) hours at the

beginning of every calendar year. As of the Petition Date, the Debtor estimates that approximately \$89,000 in Paid Time Off (the “Paid Time Off Obligations”) has accrued but has not been used by Employees. By this Motion, the Debtor seeks authority, but not direction, to continue the Paid Time Off policies in the ordinary course, and any other Paid Time Off Obligations that come due in the ordinary course. For the avoidance of doubt, the Debtor does not seek to pay any Paid Time Off which would, in combination with Employee Compensation and any other payments to Employees described herein, result in payment to any Employee in excess of the \$15,150 priority cap imposed by section 507(a)(4) of the Bankruptcy Code pursuant to the Order, except for Mr. Quinn, unless otherwise required by applicable state law.

34. The Debtor believes that the continuation of the Paid Time Off policies in accordance with prior practice is essential to maintaining Employee morale during the Subchapter V Case. Further, the policies are broad-based programs upon which all Employees have come to depend. The Debtor anticipates that its Employees will utilize any accrued Paid Time Off in the ordinary course of business, which will not create any material cash flow obligations beyond the Debtor’s regular payroll obligations.

E. Reimbursable Expenses

35. The Debtor reimburses certain Employees for certain expenses incurred in the scope of their duties (the “Reimbursable Expenses”). Reimbursable Expenses are typically associated with travel, transportation, lodging, and meals incurred in connection with business travel, and certain other work-related expenses when a company credit card was not used by the Employee. By this Motion, the Debtor seeks authority, but not direction, to continue and pay amounts relating to Reimbursable Expenses, including unpaid amounts owed on account of Reimbursable Expenses incurred through Employees’ personal funds.

36. In the ordinary course of business, Employees submit their Reimbursable Expenses using a company generated expense report form with receipts attached, These reports are approved by the Employee's direct manager. The Debtor then processes reimbursement requests and pay the Employee for approved expenses. These reports are submitted to HR and are paid along with payroll.

37. As of the Petition Date, the Debtor estimates that the aggregate amount of accrued but unpaid amounts owed to Employees on account of Reimbursable Expenses is \$0.

F. Employee Discount

38. Active Employees are entitled to a 50% percent discount off all dining food and beverage (the "Employee Discount"). The Employee Discount is taken at the point of sale, so the Debtor is not liable for any amounts on account of the Employee Discount. The Debtor will suspend the Employee Discount at a certain point in the store liquidation process. The Debtor requests the authority, but not direction, to continue the Employee Discount in the ordinary course of business until the Employee Discount is suspended.

RELIEF REQUESTED

39. As noted above, the Debtor seeks authority, but not direction, to pay, or provide as they become due, the Debtor's prepetition obligations under the Employee Compensation and Benefits Programs. The Debtor also requests confirmation of its ability to continue to perform its obligations with respect to the Employee Compensation and Benefit Programs during the pendency of this Subchapter V Case. These programs are a critical component of the total compensation offered to the Employees and an important retention tool. The Debtor believes that the costs of such programs are reasonable and necessary under the circumstances.

40. The Debtor further requests that the Court: (a) authorize the applicable Banks to receive, process, honor, and pay all of the Debtor's prepetition checks and fund transfers on account of any of the Employee Compensation and Benefits Programs; (b) prohibit the Banks from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for Employee Compensation and Benefits Programs; and (c) authorize the Debtor to issue new post-petition checks or initiate new post-petition fund transfers on account of the Employee Compensation and Benefits Programs to replace any prepetition checks or fund transfer requests that may be dishonored or rejected.

BASIS FOR RELIEF

A. Payment of the Employee Compensation and Benefits Programs Is a Valid Exercise of the Debtor's Business Judgment Under Section 363(b).

41. Under section 363(b) of the Bankruptcy Code, a bankruptcy court may authorize a chapter 11 debtor to use property of the estate other than in the ordinary course of business where the debtor has articulated a valid business justification for the requested use of estate assets. *See In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) ("In determining whether to authorize the use, sale or lease of property of the estate under this section, courts require the debtor to show that a sound business purpose justifies such actions."); *In re Filene's Basement, LLC*, No. 11-13511, 2014 WL 1713416, *12 (Bankr. D. Del. Apr. 29, 2014) ("Where the debtor articulates a reasonable basis for its business decisions . . . courts will generally not entertain objections to the debtor's conduct.") (quoting *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986)); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (noting that section 363(b) gives the court "broad flexibility" for the debtor to pay prepetition wages as long as the debtor articulates a business justification).

42. Once a debtor articulates such a valid business justification, a presumption exists in favor of the debtor's business decisions. *See In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) ("Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.").

43. The Debtor submits that payment and preservation of the Employee Compensation and Benefits Programs is consistent with the sound business purpose of maximizing the value of the Debtor's estate. The Debtor's success in this Subchapter V Case hinges in large part on the continued efforts and morale of the Employees to continue the operations of the Debtor's business, which will maximize the value of the Debtor during the orderly liquidation process. Through the payment and preservation of the Employee Compensation and Benefits Programs, the Debtor seeks to motivate and encourage the Employees to support one of the Debtor's goals in chapter 11: namely, maximizing store liquidation sales. Accordingly, the Debtor respectfully submits that the Court should grant the requested relief under section 363 of the Bankruptcy Code.

B. The Proposed Payments Do Not Exceed the Statutory Cap Under Section 507 of the Bankruptcy Code, Except for Mr. Quinn.

44. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code require that certain claims for prepetition wages, salaries, vacation, sick leave, and employee benefit contributions be accorded priority in payment in an amount not to exceed \$15,150 for each employee (to the extent such amounts accrued within 180 days of the filing of the petition). Granting the relief requested is consistent with the Bankruptcy Code's purpose of ensuring that employees are paid in full on account of the priority status of their claims, up to the statutorily imposed limit. The Debtor only seeks authority to pay the Mr. Quinn amounts that would exceed \$15,150. As set forth above, the Debtor believes the Mr. Quinn is critical to the Debtor's continued operations and success in this

Subchapter V Case. Accordingly, the Debtor submits that no prejudice to creditors or other parties in interest would result from granting the relief requested herein.

C. Payment of the Certain Employee Compensation and Benefits Programs Is Required by Law.

45. The Debtor also seeks authority, but not direction, to pay certain deductions, withholdings, and payroll taxes to the appropriate entities. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from Employees' paychecks. Indeed, certain deductions, including contributions to various benefits programs, child support, and alimony payments, are not property of the Debtor's estate because they have been withheld from Employees' paychecks on another party's behalf. *See* 11 U.S.C. § 541(b); *Begier v. IRS*, 496 U.S. 53, 59 (1990) (holding that taxes such as excise taxes, FICA taxes, and withholding taxes are property held by the debtor in trust for another and, as such, do not constitute property of the estate); *see also Old Republic Nat'l Title Ins. Co. v. Tyler (In re Dameron)*, 155 F.3d 718, 721 (4th Cir. 1998) (holding that deposits subject to an express trust are excluded from the bankruptcy estate); *City of Farrell v. Sharon Steel Corp. (In re Sharon Steel Corp.)*, 41 F.3d 92, 98–103 (3d Cir. 1994) (finding that funds withheld from employees' paychecks may be subject to a trust, and thus are not property of a debtor's estate, even where such funds were commingled with the debtor's other property).

46. Further, federal and state laws require the Debtor and its officers to make certain tax payments that have been withheld from its Employees' paychecks. *See* 26 U.S.C. §§ 6672 and 7501(a); *see also City of Farrell*, 41 F.3d at 95–97 (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes).

47. In addition, the United States and many states in which the Debtor operates have laws providing that the Debtor's officers, directors, or other responsible employees could, under certain circumstances, be held personally liable for the nonpayment of such taxes. *See DuCharmes & Co., Inc. v. State of Mich. (In re DuCharmes & Co.)*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes). To the extent that any taxes remain unpaid as of the Petition Date and thereafter in these jurisdictions, the Debtor's officers and managers could be subject to lawsuits or other collection efforts during the pendency of this Subchapter V Case. This would cause distractions for the Debtor and would unnecessarily divert the attention of its directors and officers at this critical time. In addition, non-payment of such taxes may give rise to priority claims under section 507(a)(8) of the Bankruptcy Code, such that the remittance of such amounts would only impact the timing of the payments.

48. Accordingly, the Debtor submits that the relief requested herein is in the best interests of the Debtor's estate. The Debtor therefore requests that the Court recognize that the Withholding Obligations are not property of the Debtor's estate and, regardless of whether the Debtor collected the amounts prior to the Petition Date, authorize the Debtor to transmit such monies to the proper parties in the ordinary course of business.

49. Similarly, certain state laws require the Debtor to maintain the Workers' Compensation Program. If the Debtor fails to do so, state law may prohibit the Debtor from operating in such state. Payment of all Workers' Compensation Program amounts therefore is crucial for the Debtor's continued operations. The Debtor therefore requests that the Court authorize the Debtor to maintain the Workers' Compensation Program.

D. Payment of the Prepetition Obligations with Respect to the Employee Compensation and Benefit Programs is a Sound Exercise of the Debtor’s Fiduciary Duty.

50. As debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code, the debtor is a fiduciary operating the business for the benefit of its creditors and other stakeholders. *In re Marvel Entm’t Grp., Inc.*, 140 F.3d 463, 474 (3d Cir. 1998); *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *see also In re Allied Sys. Holdings, Inc.*, 524 B.R. 598, 603 (Bankr. D. Del. 2015) (finding that directors of an insolvent corporation owed fiduciary duties both to the company and to its creditors). Implicit in the fiduciary duties of any debtor in possession is the obligation to “protect and preserve the estate, including an operating business’s going-concern value.” *CoServ*, 273 B.R. at 497. Some courts have noted that there are instances in which a debtor can fulfill this fiduciary duty “only . . . by the preplan satisfaction of a pre-petition claim.” *Id.*

51. The *CoServ* court specifically noted that the pre-plan satisfaction of prepetition claims would be a valid exercise of the debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate.” *Id.* There, the court applied a three-pronged test to determine whether a pre-plan payment on account of a prepetition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id. at 498.

52. Payment of the prepetition obligations with respect to the Employee Compensation and Benefits Programs meets each element of the *CoServ* test. The Employees likely have priority

claims against the Debtor for such amounts. In addition, any failure by the Debtor to pay these prepetition obligations could lead to retention issues that would jeopardize the business and the sale process. In short, the potential harm and economic disadvantage that would result from the failure to pay the prepetition obligations is grossly disproportionate to the amount of any prepetition claims that the Debtor is seeking to pay as part of this Motion. Moreover, the Debtor has determined that there is no practical or legal alternative to payment of the prepetition obligations with respect to the Employee Compensation and Benefits Programs. Therefore, payment of such amounts is consistent with the Debtor's fiduciary duties as debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code, and the Court should grant the requested relief.

E. Payment of the Employee Compensation and Benefits Programs Is a Proper Application of the Doctrine of Necessity.

53. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court, empowers the court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). The Third Circuit has recognized the “necessity of payment” doctrine when it held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981); *In re Just for Feet, Inc.*, 242 B.R. 821, 824–26 (D. Del. 1999) (noting that the Third Circuit permits a debtor to pay prepetition claims that are essential to the continued operation of business). The authority to pay such prepetition obligations is known as the “necessity of payment” rule or the “doctrine of necessity.” The doctrine of necessity “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.” *Ionosphere Clubs*, 98 B.R. at 176; *see also Just for Feet*, 242 B.R. at 826 (stating that where the debtor “cannot survive” absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment).

54. A bankruptcy court’s use of its equitable powers to “authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” *Ionosphere Clubs*, 98 B.R. at 175; *see also Czyzewski v. Jevic Holding Corp.*, 137 S. Ct. 973, 985 (2017) (noting that courts are authorized to approve orders allowing payment of prepetition claims, which is necessary for the Debtor to have a successful reorganization). Moreover, “[u]nder Section 105, the court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.” *In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992).

55. Courts have recognized the applicability of the doctrine of necessity with respect to the payment of prepetition employee compensation and benefits. *See, e.g., Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285–89 (S.D.N.Y. 1987) (under “necessity of payment” doctrine, it is appropriate for the bankruptcy court to defer to Debtors’ business judgment in permitting payment of certain workers’ compensation claims); *Ionosphere Clubs*, 98 B.R. at 176 (“This rule recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor.”).

56. Payment of the Employee Compensation and Benefits Programs is warranted under this authority and the facts of this Subchapter V Case. Employees will be exposed to significant financial difficulties if the Debtor is not permitted to honor obligations for unpaid Employee Compensation and Benefits Programs. Additionally, continuing ordinary course benefits will help

maintain Employee morale and minimize the adverse effect of the commencement of Subchapter V Case on the Debtor's ongoing business operations.

57. Moreover, the Employees provide the Debtor with services necessary to conduct the Debtor's business, and the Debtor believes that absent the payment of the Employee Compensation and Benefits Programs owed to the Employees, the Debtor may experience Employee turnover and instability at this critical time in this Subchapter V Case. The Debtor believes that without these payments, the Employees may become demoralized and unproductive because of the potential significant financial strain and other hardships the Employees may face. Such Employees may then elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtor's business is tied to its workforce, which cannot be replaced without significant efforts—which efforts may not be successful given the overhang of Subchapter V Case. Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario. The Debtor therefore believes that payment of the prepetition obligations with respect to the Employee Compensation and Benefits Programs is a necessary and critical element of the Debtor's efforts to preserve value and gives the Debtor the greatest likelihood of retention of its Employees as the Debtor seeks to operate its business in this Subchapter V Case.

58. The requested relief represents a sound exercise of the Debtor's business judgment, is necessary to avoid immediate and irreparable harm to the Debtor's estate and is therefore justified under applicable law. Paying prepetition wages, employee benefits, and similar items, and the continuation of the Employee Compensation and Benefits Programs, will benefit the Debtor's estate by allowing the Debtor to preserve its value during the Subchapter V Case. Indeed, the Debtor believes that without the relief requested herein being granted, current Employees may

seek alternative opportunities, which could cripple the Debtor's business and jeopardize the success of this Subchapter V Case.

THE REQUIREMENTS OF BANKRUPTCY RULE 6003(B) ARE SATISFIED

59. Certain aspects of the relief requested herein are subject to Bankruptcy Rule 6003, which governs the availability of certain types of relief within 21 days after the Petition Date. Pursuant to Bankruptcy Rule 6003, a court may grant this relief on an expedited basis if it is necessary to avoid immediate and irreparable harm. The Debtor submits that the facts set forth herein and in the First Day Declaration demonstrate that the relief requested is necessary to avoid immediate and irreparable harm to the Debtor and, thus, Bankruptcy Rule 6003 has been satisfied.

REQUEST FOR WAIVER OF BANKRUPTCY RULE 6004(H)

60. For the successful implementation of the foregoing, the Debtor seeks a waiver of the fourteen-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). As set forth above, and in the First Day Declaration, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor. Specifically, maintaining the Employee Compensation and Benefits Programs and making the payments referenced in this Motion on account of the Debtor's prepetition obligations are essential to prevent potentially irreparable damage to the Debtor's Subchapter V Case and ability to preserve, generate, and recover value for the benefit of its estate. Accordingly, ample cause exists to justify the waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent it applies.

RESERVATION OF RIGHTS

61. Nothing contained herein is intended or shall be construed as (a) an admission as to the amount of, basis for, or validity of any claim against the Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtor or any other party in interest's

right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission to the validity, priority, enforceability, or perfection of any lien on, security interest in, or encumbrance on property of the Debtor's estate; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtor's rights to subsequently dispute such claim.

NOTICE

62. Notice of this Motion will be provided to: (a) the Office of the United States Trustee (via email); (b) the parties included on the Debtor's list of its 20 largest unsecured creditors (via overnight mail or first class mail if necessary); (c) the United States Attorney for the Southern District of Florida (via email); (d) the Subchapter V Trustee; (e) all parties that have requested notice pursuant to Bankruptcy Rule 2002 (via overnight mail or first class mail if necessary), (f) each of the Debtor's employee benefit providers listed herein (via overnight mail or first class mail if necessary); and notice was provided via email as available. The Debtor respectfully submits that, in light of the nature of the relief requested, no further notice of this Motion is required.

WHEREFORE, the Debtor respectfully requests that the Court (i) enter the order, substantially in the form attached hereto as **Exhibit A** and **Exhibit B**, granting the relief requested in this Motion, and (ii) grant such other and further relief as the Court may deem just and proper.

Dated: February 25, 2026

BURR & FORMAN LLP

/s/ Christopher R. Thompson

Christopher R. Thompson

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-and-

Derek Meek (*pro hac vice* application pending)

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Proposed Counsel for Debtor, IPIC Theaters, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on February 25, 2026, I electronically filed the foregoing document with the Clerk of Court using CM/ECF, which will provide Notice of Electronic Filing generated by CM/ECF to those parties registered to receive electronic notices of filing in this case. I further certify that the foregoing document will be served as follows: (a) the Office of the United States Trustee (via email); (b) the parties included on the Debtor's list of its 20 largest unsecured creditors (via overnight mail or first class mail if necessary); (c) the United States Attorney for the Southern District of Florida (via email); (d) the Subchapter V Trustee (via email); (e) all parties that have requested notice pursuant to Bankruptcy Rule 2002 (via overnight mail or first class mail if necessary); and (f) by email to all interested parties for whom an email address is reasonably ascertainable and, for all other parties, by telecopier or other means reasonably calculated to ensure prompt receipt.

/s/ Christopher R. Thompson

Christopher R. Thompson, Esq.

Exhibit A

Proposed Interim Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

In re:

Case No: 26-12313

Chapter 11, Subchapter V

IPIC THEATERS, LLC,

Debtor.

**EMERGENCY INTERIM ORDER (I) AUTHORIZING DEBTOR TO PAY CERTAIN
PREPETITION WAGES, SALARIES, AND OTHER COMPENSATION, (II)
AUTHORIZING CONTINUATION OF EMPLOYEE BENEFIT PROGRAMS, (III)
AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND TRANSFERS
RELATED TO SUCH EMPLOYEE OBLIGATIONS, AND (IV) GRANTING
RELATED RELIEF**

Upon the *Emergency Motion of the Debtor for an Order (I) Authorizing Debtor to Pay
Certain Prepetition Wages, Salaries, and Other Compensation, (II) Authorizing Continuation of
Employee Benefit Programs, (III) Authorizing Banks to Honor and Process Checks and Transfers
Related to Such Employee Obligations, and (IV) Granting Related Relief* (Doc. No. __) (the

“Motion”)¹ filed by the above-captioned debtor and debtor in possession (the “Debtor”) for entry of an interim order (this “Order”), (a) authorizing, but not directing, the Debtor to pay prepetition wages and other compensation, taxes and withholdings, (b) authorizing, but not directing, the Debtor to honor and continue benefit programs for employees, (c) authorizing the Banks to receive, process, honor, and pay all checks issued and electronic payment requests made related to such employee obligations, and (d) granting related relief, all as further described in the Motion; and upon consideration of the First Day Declaration; and this Court having found that (i) this Court has jurisdiction to consider the Motion and the relief requested therein under 28 U.S.C. §§ 157 and 1334, (ii) this Court may enter a final order consistent with Article III of the United States Constitution, (iii) this is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (iv) venue of this proceeding and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409, and (v) the Debtor’s notice of the Motion and opportunity for a hearing were adequate and appropriate under the circumstances and no other or further notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court, and having determined that the legal and factual bases set forth in the Motion and the First Day Declaration establish just cause for the relief granted herein; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and after due deliberation thereon and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim as set forth herein.

¹ Capitalized terms used but not otherwise defined in this Order shall have the meaning ascribed to them in the Motion.

2. The Debtor is authorized, but not directed, to: (a) continue and discontinue the Employee Compensation and Benefits Programs in the ordinary course of business during this Subchapter V Case and without the need for further Court approval, subject to applicable law; *provided however*, the Debtor shall seek Court approval of any continuance or discontinuance of the Employee Compensation and Benefit Programs that implicates section 503(c) of the Bankruptcy Code; and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits Programs in the ordinary course of business.

3. For the avoidance of doubt, the Debtor shall not pay any prepetition amounts owed to any Employee in excess of the \$15,150 priority cap imposed by section 507(a)(4) of the Bankruptcy Code pursuant to this Order or 507(a)(5), except for Mr. Quinn, unless such payment for unused amounts of Paid Time Off (as defined below) is required under applicable state law upon termination of an Employee.

4. Nothing herein shall be deemed to authorize the payment of any amounts in satisfaction of any bonus, incentive, retention, or severance payments to any Insiders (as such term is defined in section 101(31) of the Bankruptcy Code) without further order of this Court and/or which are subject to section 503(c) of the Bankruptcy Code, and nothing in this Order shall be construed as binding on this Court or any other interested party, or to establish law of the case, with respect to whether an individual is or is not an insider within the meaning of section 101(31) of the Bankruptcy Code.

5. Notwithstanding anything to the contrary herein, the Debtor is authorized, but not directed, in its sole discretion, to pay, remit, or reimburse, as applicable, the following prepetition amounts:

Prepetition Employee Obligations	Amount
Employee Compensation	\$1,624,500
Withholding Obligations and Payroll Taxes	\$309,600
Health Programs	\$69,500
Life Insurance	\$5,345
Workers' Compensation Programs	\$63,465.84
Paid Time Off	\$89,000
Reimbursable Expenses	\$0
Employee Discount	\$0
Total	\$2,161,410.84

6. Pursuant to section 362(d) of the Bankruptcy Code, the Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtor is authorized to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course of business. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

7. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of any obligations owed under any Employee Compensation and Benefits Program.

8. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Order or the Motion; (e) a request or authorization to

assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission to the validity, priority, enforceability, or perfection of any lien on, security interest in, or encumbrance on property of the Debtor's estate; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law.

9. The Banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such Banks and financial institutions are authorized to rely on the Debtor's designation of any particular check or electronic payment request as approved by this Order.

10. The Debtor is authorized, but not directed, to issue post-petition checks, or to effect post-petition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of this Subchapter V Case with respect to prepetition amounts owed in connection with the relief granted herein.

11. The final hearing on the Motion shall be held on _____, 2026 at _____ (Prevailing Eastern Time), and any objections or responses to the Motion shall be in writing, filed with the Court, and served so as to be actually received on or before _____, 2026 at _____ (Prevailing Eastern Time).

12. In the event no objections to the entry of a final order on the Motion are timely filed, this Court may enter a final order without need for a hearing thereon.

13. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor and its estate.

14. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

15. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order.

16. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

17. The Debtor shall serve a copy of this Interim Order upon all parties who were served with the Motion.

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Submitted by:
Christopher R. Thompson, Esq.
Burr & Forman LLP
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Orlando, FL 32801
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k Kearney@burr.com

Christopher R. Thompson, Esq., Burr & Forman LLP, is directed to serve copies of this order upon all non-registered users or registered users who have yet to appear electronically in this case and file a conforming certificate of service.

EXHIBIT C

Proposed Final Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

In re:

Case No: 26-12313

Chapter 11, Subchapter V

IPIC THEATERS, LLC,

Debtor.

**FINAL ORDER (I) AUTHORIZING DEBTOR TO PAY CERTAIN PREPETITION
WAGES, SALARIES, AND OTHER COMPENSATION, (II) AUTHORIZING
CONTINUATION OF EMPLOYEE BENEFIT PROGRAMS, (III) AUTHORIZING
BANKS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO
SUCH EMPLOYEE OBLIGATIONS, AND (IV) GRANTING
RELATED RELIEF**

Upon the consideration of the *Emergency Motion of the Debtor for an Order (I) Authorizing Debtor to Pay Certain Prepetition Wages, Salaries, and Other Compensation, (II) Authorizing Continuation of Employee Benefit Programs, (III) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Employee Obligations, and (IV) Granting Related*

Relief (Doc. No. __) (the “Motion”)¹ filed by the above-captioned debtor and debtor in possession (the “Debtor”) for entry of a final order (this “Order”), (a) authorizing, but not directing, the Debtor to pay prepetition wages and other compensation, taxes and withholdings, (b) authorizing, but not directing, the Debtor to honor and continue benefit programs for employees, (c) authorizing the Banks to receive, process, honor, and pay all checks issued and electronic payment requests made related to such employee obligations, and (d) granting related relief, all as further described in the Motion; and upon consideration of the First Day Declaration; and this Court having found that (i) this Court has jurisdiction to consider the Motion and the relief requested therein under 28 U.S.C. §§ 157 and 1334, (ii) this Court may enter a final order consistent with Article III of the United States Constitution, (iii) this is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (iv) venue of this proceeding and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409, and (v) the Debtor’s notice of the Motion and opportunity for a hearing were adequate and appropriate under the circumstances and no other or further notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court, and having determined that the legal and factual bases set forth in the Motion and the First Day Declaration establish just cause for the relief granted herein; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and after due deliberation thereon and sufficient cause appearing therefor,

1. The Motion is granted on a final basis as set forth herein.

¹ Capitalized terms used but not otherwise defined in this Order shall have the meaning ascribed to them in the Motion.

2. The Debtor is authorized, but not directed, to: (a) continue and discontinue the Employee Compensation and Benefits Programs in the ordinary course of business during this Subchapter V Case and without the need for further Court approval, subject to applicable law; *provided however*, the Debtor shall seek Court approval of any continuance or discontinuance of the Employee Compensation and Benefit Programs that implicates section 503(c) of the Bankruptcy Code; and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits Programs in the ordinary course of business.

3. For the avoidance of doubt, the Debtor shall not pay any prepetition amounts owed to any Employee in excess of the \$15,150 priority cap imposed by section 507(a)(4) of the Bankruptcy Code pursuant to this Order or 507(a)(5), except for Mr. Quinn, unless such payment for unused amounts of Paid Time Off (as defined below) is required under applicable state law upon termination of an Employee.

4. Nothing herein shall be deemed to authorize the payment of any amounts in satisfaction of any bonus, incentive, retention, or severance payments to any Insiders (as such term is defined in section 101(31) of the Bankruptcy Code) without further order of this Court and/or which are subject to section 503(c) of the Bankruptcy Code, and nothing in this Order shall be construed as binding on this Court or any other interested party, or to establish law of the case, with respect to whether an individual is or is not an insider within the meaning of section 101(31) of the Bankruptcy Code.

5. Notwithstanding anything to the contrary herein, the Debtor is authorized, but not directed, in its sole discretion, to pay, remit, or reimburse, as applicable, the following prepetition amounts:

Prepetition Employee Obligations	Amount
Employee Compensation	\$1,624,500
Withholding Obligations and Payroll Taxes	\$309,600
Health Programs	\$69,500
Life Insurance	\$5,345
Workers' Compensation Programs	\$63,465.84
Paid Time Off	\$89,000
Reimbursable Expenses	\$0
Employee Discount	\$0
Total	\$2,161,410.84

6. Pursuant to section 362(d) of the Bankruptcy Code, the Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtor is authorized to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course of business. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

7. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of any obligations owed under any Employee Compensation and Benefits Program.

8. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Order or the Motion; (e) a request or authorization to

assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission to the validity, priority, enforceability, or perfection of any lien on, security interest in, or encumbrance on property of the Debtor's estate; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law.

9. The Banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such Banks and financial institutions are authorized to rely on the Debtor's designation of any particular check or electronic payment request as approved by this Order.

10. The Debtor is authorized, but not directed, to issue post-petition checks, or to effect post-petition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of this Subchapter V Case with respect to prepetition amounts owed in connection with the relief granted herein.

11. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor and its estate.

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

13. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order.

14. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

###

Submitted by:
Christopher R. Thompson, Esq.
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Christopher R. Thompson, Esq., Burr & Forman LLP, is directed to serve copies of this order upon all non-registered users or registered users who have yet to appear electronically in this case and file a conforming certificate of service.