

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:) Chapter 11
)
AcuSport Corporation,) Case No. 18-52736
)
Debtor.) Honorable John E. Hoffman, Jr.

MOTION FOR AN ORDER AUTHORIZING DEBTOR (I) TO PERFORM OBLIGATIONS NECESSARY TO MAINTAIN INSURANCE COVERAGE AND (II) TO ENTER INTO NEW INSURANCE COVERAGE AS NEEDED

AcuSport Corporation, the debtor and debtor in possession (“*Debtor*” or “*AcuSport*”) in this chapter 11 case (the “*Case*”), files this motion (the “*Motion*”) for an order, pursuant to sections 105(a) and 363 of title 11 of the United States Code (the “*Bankruptcy Code*”), authorizing, but not directing, Debtor (i) to maintain existing insurance policies and pay all premiums, deductibles, administration fees, and related fees arising thereunder or in connection therewith (the “*Insurance Obligations*”); and (ii) to renew, revise, extend, supplement, change, or enter into new insurance coverage as needed. In support of this Motion, Debtor respectfully states as follows:

JURISDICTION AND VENUE

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

BACKGROUND

2. On May 1, 2018 (the “*Petition Date*”), Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Debtor continues to manage and operate its business as a debtor in possession pursuant to 11 U.S.C. §§ 1107 and 1108.

3. No request has been made for the appointment of a trustee or examiner, and no official committee has been appointed in this case.

4. A detailed description of Debtor's business, capital structure, and events leading to this Case is more fully set forth in the Declaration of John K. Flanagan (the "*Flanagan Declaration*") filed contemporaneously herewith, which is incorporated herein by reference.

5. AcuSport is recognized nationwide as one of the leading distributors of outdoor and shooting sports products. The company is headquartered in Bellefontaine, Ohio and has regional sales offices in Pennsylvania, Georgia, Minnesota, Montana, California and Texas. To ensure and enable customer service to the West Coast, AcuSport also operates a warehouse and distribution facility located in Salt Lake City, Utah.

6. As part of its business, AcuSport provides consulting services to independent retailers, helping them to efficiently acquire products, utilize state-of-the-art business tools and provide value-added services that increase profitability and strengthen retailers' businesses. AcuSport's commitment to independent retailers is the cornerstone of its business.

7. AcuSport prospered for years following its inception in 1982, with substantial sales growth leading to the expansion of its facility in Bellefontaine. However, AcuSport began to experience financial difficulty in late 2016 and early 2017.

8. In the time leading up to the 2016 presidential election, consumers were concerned about the possibility of stricter gun control laws, which led to increased sales of firearms and accessories. As a result, AcuSport, along with other firearms businesses, prepared for a spike in demand by, among other things, purchasing substantial amounts of inventory. Contrary to expectations, no spike in demand for firearms occurred following the 2016 election. Indeed, demand decreased. The reduction in sales directly impacted AcuSport's gross revenue,

and, ultimately, its bottom line. The harm to AcuSport's financial position was further exacerbated because AcuSport had expected — and prepared for — an increase in sales. The reduction in sales negatively impacted AcuSport's operational performance, resulting in defaults under AcuSport's prepetition secured credit agreement, and ultimately, the company entered into a series of forbearance agreements with the Prepetition Lenders.

9. In connection with the forbearance agreements with the Prepetition Lenders, AcuSport retained Huron Consulting Services LLC as its financial advisor and Huron Transaction Advisory LLC as its investment banker. AcuSport also agreed to seek a refinancing process of its secured debt obligations. Huron Transaction Advisory LLC was retained for the purposes of preparing, marketing, and leading the consummation of one or more potential strategic alternatives, including a refinancing process, and eventually, a sale process. In that regard, AcuSport spent several months prior to the filing of this Case exploring potential sales and other strategic options.

10. AcuSport eventually obtained an offer from United Sporting Companies, Inc. ("*United*") to purchase (through an affiliate), among other things, AcuSport's inventory, real estate, equipment, technology, and certain other intangible assets. In order to effectuate a transaction to United (or another higher or better bidder or bidders), and to maximize the value of its assets for the benefit of all its constituents, AcuSport filed for bankruptcy relief and has sought the approval of bidding and sale procedures with United as the stalking horse.

RELIEF REQUESTED

11. By this Motion, Debtor seeks authority, pursuant to sections 105(a) and 363 of the Bankruptcy Code, to (i) maintain existing insurance policies and pay all premiums, deductibles, administration fees, and related fees arising thereunder or in connection therewith; and (ii) renew, revise, extend, supplement, change, or enter into new insurance coverage as needed.

Debtor's Insurance Policies

12. Debtor maintains various insurance policies (the “*Insurance Policies*”) in accordance with laws governing the jurisdictions in which Debtor operates its business as well as its contractual obligations with third parties. The Insurance Policies include coverage for, among other things, trade receivables, property and casualty, general liability, directors’ and officers’ liability, and workers’ compensation liability.

13. The total annual premiums for the Insurance Policies subject to this Motion are approximately \$703,290.17. Debtor’s premiums are due at varying times throughout the year, and given the size of the overall obligation for insurance coverage, Debtor finances certain of the premiums through third parties.

14. The coverage types, levels, and premiums for the Insurance Policies are neither unusual in amount nor in number in relation to the extent of the business operations conducted by Debtor, and Debtor believes that they are similar to insurance coverages typically carried by businesses of a comparable size and type to that of Debtor. Debtor further believes it has no due but unpaid Insurance Obligations as of the Petition Date.

15. Debtor obtains trade credit insurance through Coface North America Insurance Company (“*Coface*”) pursuant to a Premium Payment Agreement (the “*Coface Agreement*”) that Debtor entered into on or about January 30, 2018. A copy of the Coface Agreement is attached hereto as Exhibit A.

16. Pursuant to the Coface Agreement, Coface permits Debtor to pay its annual premium over time, rather than paying the full amount that would otherwise be due up front. In effect, Coface finances Debtor’s premium, which totals \$275,000.00 for 2018. Under the Coface Agreement, Debtor has agreed to pay Coface a total of \$293,500.00 in exchange for the right to

pay the premium over time, with an initial installment of \$87,250.00 followed by three (3) quarterly installments of \$68,750.00 each. Debtor's next quarterly payment in the amount of \$68,750.00 will be due and payable on June 30, 2018.

17. Debtor finances its general corporate liability and related policies through IPFS Corporation ("*IPFS*") pursuant to a premium financing agreement (the "*IPFS PFA*") that was entered into on or about November 2, 2017. The policies subject to the IPFS PFA provide property and casualty coverage and coverage for various types of general liability claims, including automobile liability, workers' compensation liability, crime, directors' and officers' liability, executive risk liability, errors and omissions, and travel accident. A copy of the IPFS PFA is attached hereto as Exhibit B.

18. Pursuant to the IPFS PFA, IPFS pays the up-front premiums on various policies to Debtor's insurance carriers. The total annual amount of such premiums is approximately \$428,290.17. In return, Debtor was required to make an initial downpayment of \$42,829.02, followed by ten (10) monthly installments totaling \$396,481.40. Under the IPFS PFA, Debtor is obligated to pay IPFS \$39,648.14 per month to and through September 2018. The interest rate under the IPFS PFA is 6.19%. Debtor paid the May installment under the IPFS PFA on or about April 18, 2018, so the next monthly payment will be due June 1, 2018.

19. The Insurance Policies maintained by Debtor will eventually expire under their terms, beginning with policies due to expire on October 31, 2018. Maintenance of insurance coverage is required under the certain laws of the jurisdictions in which Debtor operates, contractual agreements, prudent business practices, and the requirements of the Office of the United States Trustee. Therefore, to the extent necessary, Debtor requests authorization to revise,

extend, supplement, renew, change, or enter into new insurance coverage, as needed, in its business judgment.

20. To the extent that any Insurance Policy premiums may be attributed to prepetition insurance coverage, Debtor believes that payment of such Insurance Policy premiums is necessary and appropriate to ensure continued coverage. Similarly, the continued payment of Insurance Policy premiums as and when such payments are due and payable is necessary to ensure continued coverage. Furthermore, Debtor submits that payment of amounts due under the Coface Agreement and the IPFS PFA is necessary and reasonable to continue uninterrupted insurance coverage for Debtor's business. Unless Debtor is authorized to continue to pay its financed premiums, Coface and IPFS may have the right to cancel Debtor's Insurance Policies and leave Debtor without ongoing coverage.

BASIS FOR RELIEF REQUESTED

I. Pursuant to Sections 105(a) and 363 of the Bankruptcy Code, the Court Should Authorize Debtor to Maintain Its Insurance Policies and Pay its Insurance Obligations, As and When They Become Due and Payable.

A. Section 363 of the Bankruptcy Code supports the relief requested herein.

21. The continuation or renewal of the Insurance Policies in the ordinary course of business is warranted under sections 363(b) and (c) of the Bankruptcy Code. Pursuant to section 363(b), a debtor in possession, "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate[.]" 11 U.S.C. § 363(b)(1). In addition, section 363(c) authorizes a debtor in possession to "enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice of a hearing, and . . . use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). Payments of amounts due under the Insurance Policies and the

continuation or renewal of existing policies falls squarely within the ordinary course of Debtor's business.

22. Furthermore, even if the continuation and/or renewal of the Insurance Policies were not considered to be ordinary course, courts have held that if a debtor's proposed use of its assets pursuant to section 363(b) of the Bankruptcy Code represents a reasonable business judgment on the part of the debtor, such use should be approved. *See, e.g., In re Martin*, 91 F.3d 389, 395 (3d Cir. 1996) (citing *In re Schipper*, 933 F.2d 513, 515 (7th Cir. 1991)); *Stephens Indus. Inc. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986); *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 debtors to show that a sound business purpose justifies such actions."); *In re Delaware & Hudson R.R. Co.*, 124 B.R. 169, 175-76 (D. Del. 1991) (courts have applied the "sound business purpose" test to evaluate motions brought pursuant to section 363(b) of the Bankruptcy Code).

23. In addition, payment of Debtor's premium financing obligations is warranted under sections 361, 362, and 363 of the Bankruptcy Code. Security interests created by premium finance arrangements generally are recognized as secured claims to the extent of the amount of unearned premiums financed pursuant to such agreements. *See In re JII Liquidating Corp.*, 344 B.R. 875 (Bankr. N.D. Ill 2006); *In re Big Squaw Mountain Corp.*, 122 B.R. 831 (Bankr. D. Maine 1990); *TIFCO, Inc. v. U.S. Repeating Arms Co.*, 67 B.R. 990, 994-95 (Bankr. D. Conn. 1986); *Drabkin v. A.I Credit Corp.*, 9 B.R. 159, 164-66 (Bankr. D.D.C. 1981). Pursuant to the IPFS PFA, Debtor has granted IPFS a security interest in certain of Debtor's rights and interests under the related Insurance Policies. As a secured creditor, IPFS may be entitled to seek relief from the automatic stay, either to cancel the relevant Insurance Policies or to seek adequate

protection of its investments. *See Universal Motor Express*, 72 B.R. at 211 (recognizing that a default under the financing arrangement and the resulting decline in value of the unearned premiums justified relief from the automatic stay).

24. As a secured creditor, IPFS may also be entitled to adequate protection of the value of its security, pursuant to section 361 of the Bankruptcy Code, to protect against the diminution in the value of its collateral. Adequate protection may take many forms, including relief from the automatic stay, authority to apply unearned premiums to the outstanding debt, or continuing to make payments pursuant to the IPFS PFA. *See TIFCO, Inc.*, 67 B.R. at 999. Pursuant to the IPFS PFA, IPFS maintains a security interest in Debtor's unearned premiums, and therefore it may be entitled to adequate protection of its interests in the unearned premiums under section 363(e) of the Bankruptcy Code. Debtor's failure to provide such adequate protection — for example by failing to pay the ongoing installments due under the IPFS PFA — may constitute cause under section 362(d) of the Bankruptcy Code for IPFS to obtain relief from the automatic stay and seek to terminate the underlying Insurance Policies.

25. Even if Debtor would be successful in preventing IPFS from lifting the automatic stay, such litigation would likely be contested and, thus, costly to the estate. More importantly, if unsuccessful in any such litigation, Debtor might be unable to find an insurance carrier willing to provide similar insurance coverage or a company willing to finance the premiums without charging significantly higher premiums and fees.

26. For the foregoing reasons, in Debtor's business judgment there is a "sound business purpose" for the relief requested in this Motion. Furthermore, Debtor submits it is in the best interest of its estate and creditors for the relationships between Debtor and IPFS and Coface to remain undisturbed. Thus, Debtor requests authority to maintain its Insurance Policies

and to continue to pay Insurance Obligations as and when they come due and payable in the ordinary course of Debtor's business.

B. Section 105 of the Bankruptcy Code and the "Necessity Doctrine" Permit Debtor to Preserve the Value of Its Estate by Paying Insurance Obligations.

27. The proposed payment of the Insurance Obligations should also be authorized pursuant to section 105 of the Bankruptcy Code and under the "doctrine of necessity." Numerous courts have used their equitable powers under section 105(a) of the Bankruptcy Code, along with the "necessity doctrine," to authorize payment of prepetition obligations because such payment is determined to be necessary to the chapter 11 process. *See, e.g., In re The Wornick Company, et al.*, No. 8-10654 [Docket No. 64] (Bankr. S.D. Ohio Feb. 15, 2008); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991); *In re Just for Feet*, 242 B.R. 821, 825 (D. Del. 1999); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991); *In re SIS Corp.*, 108 B.R. 608, 609-10 (Bankr. N.D. Ohio 1989). *See also* 11 U.S.C. § 105(a) (A court "may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [title 11]."). Section 1107(a) of the Bankruptcy Code requires Debtor to "protect and preserve the estate, including [its] operating business's going-concern value." *See In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). And, it is well established that debtors may pay certain prepetition claims in the performance of their fiduciary duty to preserve the estate and the business's going-concern value. *See, e.g., Miltenberger v. Logansport Ry.*, 106 U.S. 286, 312 (1882). Thus, courts developed the "necessity doctrine" as a tool for determining whether to permit a debtor to pay a prepetition claim. *See Just for Feet, Inc.*, 242 B.R. at 825-26 (developing and discussing the doctrine of necessity); *see also Quality Interiors, Inc.*, 127 B.R. at 396 (citations omitted) ("A general practice has developed, however, where bankruptcy courts permit the payment of certain prepetition claims, pursuant to 11 U.S.C.

§ 105, where the debtor will be unable to reorganize without such payment”). Debtor believes it is current on its Insurance Obligations as of the Petition Date, but to the extent any additional obligations under the prepetition Insurance Policies would be deemed to be prepetition in nature, their payment is appropriate under the circumstances.

28. As a fiduciary for the bankruptcy estate, Debtor would be at risk of violating its fiduciary duties if it, in any way, jeopardizes coverage provided under the Insurance Policies. The potential harm and economic disadvantage that would stem from the cancellation of the Insurance Policies and failure to renew the Insurance Policies or revise, extend, supplement, change, or enter into new insurance arrangements as needed, are grossly disproportionate to the amount of the Insurance Obligations and the costs to renew, revise, extend, supplement, change, or enter into new insurance coverage.

29. Accordingly, to meet its fiduciary duties as debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code, Debtor must be authorized to pay the Insurance Obligations and to revise, extend, supplement, renew, change, or enter into new Insurance Policies, as needed in its business judgment. Thus, Debtor seeks authority to pay all Insurance Obligations that may become due with respect to the Insurance Policies if such payment is necessary, in Debtor’s business judgment, to avoid cancellation or interruption of insurance coverage or brokerage services, even if such payments may relate to prepetition agreements or periods. In addition, Debtor seeks authority to revise, extend, supplement, renew, change, or enter into new Insurance Policies, as needed in its business judgment.

REQUEST FOR IMMEDIATE RELIEF

30. Pursuant to Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief

regarding the following: . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition, but not a motion under Rule 4001.” Debtor is convinced that immediate and irreparable harm will result absent the relief sought herein. Specifically, the effect of any cancellation of the Insurance Policies — or even litigation regarding the same — would be devastating to its estate, particularly at the early stages of the Case. Moreover, cancellation of the Insurance Policies could render Debtor in violation of both the United States Trustee Operating Guidelines and state law. For the same reasons, the Court should waive the 14-day stay of Bankruptcy Rule 6004(h), to the extent applicable to the relief sought herein.

NOTICE

31. Notice of this Motion has been provided to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee for the Southern District of Ohio; (b) Debtor’s twenty (20) largest unsecured creditors; (c) the agent for Debtor’s primary secured lender group, Wells Fargo Bank, National Association; (d) Coface; and (e) IPFS. Debtor respectfully submits that such notice is appropriate under the circumstances and no other or further notice need be given.

REQUEST FOR WAIVER OF MEMORANDUM IN SUPPORT

32. Debtor requests that the Court deem the contents of this Motion to be sufficient for purposes of satisfying the memorandum in support of Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of Ohio. The relief requested in the Motion raises no novel issues of law.

WHEREFORE Debtor respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit C, granting the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: May 1, 2018

Respectfully submitted,

/s/ Thomas R. Allen

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J. Matthew Fisher (0067192)
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ckkuhn@bclplaw.com

*Proposed Counsel for Debtor and
Debtor in Possession, AcuSport Corporation*



Premium Payment Agreement

Date: _____

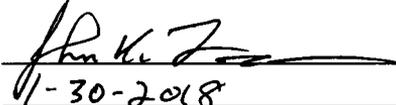
Policyholder Name: Acusport Corporation (The "Company")
Street Address: One Hunter Place
City: Bellefontaine State/ Province OH Postal Code: 43311

We, The Company, hereby agree to pay to the order of Coface North America Insurance Company ("Coface"), a Massachusetts insurer, having an address at 50 Millstone Road, Windsor Corporate Park, East Windsor, NJ 08520, the total amount of \$ 293,500.00 ("Premium Plus Fees"), for Application No. 921156154 and which shall be paid as follows:

Installments

- The First Installment of \$ 87,250.00 (constituting 25% of the premium and all fees is due at once upon issuance of the binder.
- Successive installments of \$ 68,750.00 each, (constituting 25% of the premium) are due at 90 day intervals calculated from the date of the binder.

We hereby acknowledge that this premium plan is being extended to us as a courtesy by Coface and the entire Premium Plus Fees is due and payable if the Company is sold, the Company fails to pay an installment, or the Company becomes insolvent or unable to pay its debts generally. All Payments received by Coface will be applied with the following priority: past due balances from prior policy periods, all policy fees (including but not limited to application fees, limit fees, monitoring fees), premium and additional premium. Please note that the negotiation of any instrument marked 'paid in full,' 'payment in full,' 'full payment of a claim' or words of similar meaning, or the negotiation of an instrument accompanied by a statement containing such words or words of similar meaning, does not establish an accord and satisfaction that binds Coface or prevents the collection of any remaining amount owed upon the underlying obligation unless a Coface officer or employee with actual authority to settle claims, agrees in writing to accept the amount stated in the instrument as full payment of the obligation.

Signed: 
Dated: 1-30-2018
Print Name: John Flanagan
Title: CFO
Date: 1-30-2018

Please sign, date and return this form to:
Cynthia Berardi, AR Manager
Coface North America Insurance Company, 50 Millstone Rd., Bldg. 100 East Windsor NJ 08520
Email: cynthia.berardi@coface.com

THANK YOU FOR YOUR BUSINESS

125 S. WACKER DRIVE SUITE 1650

PREMIUM FINANCE AGREEMENT IPFS CORPORATION

CHICAGO, IL 60606
 (877)242-0069 FAX: (877)242-0685
 CUSTOMER SERVICE: (866)412-2426

A	CASH PRICE (TOTAL PREMIUMS)	\$428,290.17
B	CASH DOWN PAYMENT	\$42,829.02
C	PRINCIPAL BALANCE (A MINUS B)	\$385,461.15

AGENT (Name & Place of business) HYLANT GROUP - CINCINNATI 50 E-BUSINESS WAY, SUITE 420 CINCINNATI, OH 45241 (513)985-2400 FAX: (513)985-2404	INSURED (Name & Residence or business) ACUSPORT CORPORATION ATTN: ESTIL HOSKINS 1 HUNTER PL. BELLEFONTAINE, OH 43311-3001 (937)593-7010 ehoskins@acusport.com ACUSCOR-02
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Commercial

Account #: _____

LOAN DISCLOSURE

Quote Number: 6727180

Additional Policies Scheduled on Page 3

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 6.190%	FINANCE CHARGE The dollar amount the credit will cost you. \$11,020.25	AMOUNT FINANCED The amount of credit provided to you or on your behalf. \$385,461.15	TOTAL OF PAYMENTS The amount you will have paid after you have made all payments as scheduled \$396,481.40
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YOUR PAYMENT SCHEDULE WILL BE

Number Of Payments 10	Amount Of Payments \$39,648.14	When Payments Are Due Beginning: MONTHLY 12/01/2017
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ITEMIZATION OF THE AMOUNT FINANCED: THE AMOUNT FINANCED IS FOR APPLICATION TO THE PREMIUMS SET FORTH IN THE SCHEDULE OF POLICIES UNLESS OTHERWISE NOTED.

Security: Refer to paragraph 1 below for a description of the collateral assigned to Lender to secure this loan.

Late Charges: A late charge will be imposed on any installment in default 5 days or more. This late charge will be 5.00% of the installment due.

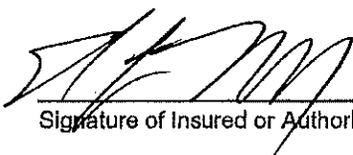
Prepayment: If you pay your account off early, you may be entitled to a refund of a portion of the finance charge in accordance with Rule of 78's or as otherwise allowed by law. The finance charge includes a predetermined interest rate plus a non-refundable service/origination fee of \$10.00. See the terms below and on the next page for additional information about nonpayment, default and penalties.

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	SCHEDULE OF POLICIES INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	MINIMUM EARNED PERCENT	POL TERM	PREMIUM
MK700	11/01/2017	AFFILIATED FM INSURANCE CO	PROPERTY	0.000%	12	137,627.00 Fee: 5,500.00
Broker Fee:						\$0.00
TOTAL:						\$428,290.17

The undersigned Insured directs IPFS Corporation (herein, "Lender") to pay the premiums on the policies described on the Schedule of Policies. In consideration of such premium payments, subject to the provisions set forth herein, the insured agrees to pay Lender at the branch office address shown above, or as otherwise directed by Lender, the amount stated as Total of Payments in accordance with the Payment Schedule, in each case as shown in the above Loan Disclosure. The named Insured(s), on a joint and several basis if more than one, hereby agree to the following provisions set forth on pages 1 and 2 of this Agreement: **1. SECURITY:** To secure payment of all amounts due under this Agreement, insured assigns Lender a security interest in all right, title and interest to the scheduled policies, including (but only to the extent permitted by applicable law): (a) all money that is or may be due insured because of a loss under any such policy that reduces the unearned premiums (subject to the interest of any applicable mortgagee or loss payee), (b) any unearned premium under each such policy, (c) dividends which may become due insured in connection with any such policy and (d) interests arising under a state guarantee fund. **2. POWER OF ATTORNEY:** Insured irrevocably appoints its Lender attorney-in-fact with full power of substitution and full authority upon default to cancel all policies above identified, receive all sums assigned to its Lender or in which it has granted Lender a security interest and to execute and deliver on behalf of the insured documents, instruments, forms and notices relating to the listed insurance policies in furtherance of this Agreement.

NOTICE: A. Do not sign this agreement before you read it or if it contains any blank space. B. You are entitled to a completely filled in copy of this agreement. C. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the finance charge. D. Keep your copy of this agreement to protect your legal rights.

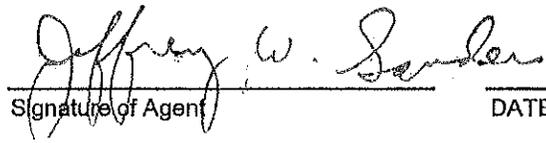
The undersigned hereby warrants and agrees to Agent's Representations set forth herein.



 Signature of Insured or Authorized Agent

11/2/17

 DATE



 Signature of Agent

11/2/17

 DATE

Insured and Lender further agree that: 3. **POLICY EFFECTIVE DATES:** The finance charge begins to accrue as of the earliest policy effective date.

4. **AGREEMENT EFFECTIVE DATE:** This Agreement shall be effective when written acceptance is mailed to the Insured by Lender. 5. **DEFAULT AND DELINQUENT PAYMENTS:** If any of the following happens Insured will be in default: (a) a payment is not made when it is due, (b) a proceeding in bankruptcy, receivership, insolvency or similar proceeding is instituted by or against Insured, or (c) Insured fails to keep any promise the Insured makes in this Agreement; provided, however, that, to the extent required by applicable law, Insured may be held to be in default only upon the occurrence of an event described in clause (a) above. The acceptance by Lender of one or more late payments from the Insured shall not estop Lender or be a waiver of the rights of Lender to exercise all of its rights hereunder or under applicable law in the event of any subsequent late payment. 6. **CANCELLATION:** Lender may cancel the scheduled policies after providing at least 10 days notice of its intent to cancel or any other required statutory notice if the Insured does not pay any installment according to the terms of this Agreement or transfers any of the scheduled policies to a third party and the unpaid balance due to Lender shall be immediately due and payable by the Insured. Lender at its option may enforce payment of this debt without recourse to the security given to Lender. 7. **CANCELLATION CHARGES:** If Lender cancels any Insurance policy in accordance with the terms of this Agreement and applicable law, then the Insured shall pay Lender a cancellation charge equal to \$10.00 or the maximum amount permitted by law. If cancellation occurs, the Insured agrees to pay a finance charge on the outstanding indebtedness at the maximum rate authorized by applicable state law in effect on the date of cancellation until the outstanding indebtedness is paid in full or until such other date as required by law. (Not applicable in KY, NV, and VT) 8. **INSUFFICIENT FUNDS (NSF) CHARGES:** If Insured's check or electronic funding is dishonored for any reason, the Insured will pay to Lender a fee of \$10.00 or the maximum amount permitted by law. (Not applicable in AL and KY). 9. **MONEY RECEIVED AFTER CANCELLATION:** Any payments made to Lender after Lender's Notice of Cancellation of the Insurance policy(ies) has been mailed may be credited to the Insured's account without any obligation on the part of Lender to request reinstatement of any policy. Any money Lender receives from an insurance company shall be credited to the balance due Lender with any surplus refunded to whomever is entitled to the money. In the event that Lender does request a reinstatement of the policy(ies) on behalf of the Insured, such a request does not guarantee that coverage under the policy(ies) will be reinstated or continued. Only the insurance company has authority to reinstate the policy(ies). The Insured agrees that Lender has no liability to the Insured if the policy(ies) is not reinstated and Lender may charge a reinstatement fee where permitted up to the maximum amount allowed by law. 10. **ASSIGNMENT:** The Insured agrees not to assign this Agreement or any policy listed hereon or any interest therein (except for the interest of mortgagees or loss payees), without the written consent of Lender, and that Lender may sell, transfer and assign its rights hereunder or under any policy without the consent of the Insured, and that all agreements made by the Insured hereunder and all rights and benefits conferred upon Lender shall inure to the benefit of Lender's successors and assigns (and any assignees thereof). 11. **INSURANCE AGENT OR BROKER:** The Insured agrees that the insurance agent or broker soliciting the policies or through whom the policies were issued is not the agent of Lender; and the agent or broker named on the front of this Agreement is neither authorized by Lender to receive installment payments under this Agreement nor to make representations, orally or in writing, to the Insured on Lender's behalf (except to the extent expressly required by applicable law). As and where permissible by law, Lender may compensate your agent/broker for assisting in arranging the financing of your insurance premiums. If you have any questions about this compensation you should contact your agent/broker. 12. **FINANCING NOT A CONDITION:** The law does not require a person to enter into a premium finance agreement as a condition of the purchase of insurance. 13. **COLLECTION COSTS:** Insured agrees to pay attorney fees and other collection costs to Lender to the extent permitted by law if this Agreement is referred to an attorney or collection agency who is not a salaried employee of Lender, to collect any money Insured owes under this Agreement. (Not applicable in KY) 14. **LIMITATION OF LIABILITY:** The Insured agrees that Lender's liability to the Insured, any other person or entity for breach of any of the terms of this Agreement for the wrongful or improper exercise of any of its powers under this Agreement shall be limited to the amount of the principal balance outstanding, except in the event of Lender's gross negligence or willful misconduct (not applicable in KY). Insured recognizes and agrees that Lender is a lender only and not an insurance company and that in no event does Lender assume any liability as an insurer hereunder or otherwise. 15. **CLASSIFICATION AND FORMATION OF AGREEMENT:** This Agreement is and will be a general intangible and not an instrument (as those terms are used in the Uniform Commercial Code) for all purposes. Any electronic signature or electronic record may be used in the formation of this Agreement, and the signatures of the Insured and agent and the record of this Agreement may be in electronic form (as those terms are used in the Uniform Electronic Transactions Act). A photocopy, a facsimile or other paper or electronic record of this Agreement shall have the same legal effect as a manually signed copy. 16. **REPRESENTATIONS AND WARRANTIES:** The Insured represents that (a) the Insured is not insolvent or presently the subject of any insolvency proceeding (or if the Insured is a debtor of bankruptcy, the bankruptcy court has authorized this transaction), (b) if the Insured is not an individual, that the signatory is authorized to sign this Agreement on behalf of the Insured, (c) all parties responsible for payment of the premium are named and have signed this Agreement, and (d) there is no term or provision in any of the scheduled policies that would require Lender to notify or get the consent of any third party to effect cancellation of any such policy. 17. **PRIVACY:** Our privacy policy may be found at <http://development.ipfs.com/Privacy.aspx>. 18. **ENTIRE DOCUMENT / GOVERNING LAW:** This document is the entire Agreement between Lender and the Insured and can only be changed in writing and signed by both parties except that the Insured authorizes Lender to insert or correct on this Agreement, if omitted or incorrect, the insurer's name and the policy number(s). Lender is also authorized to correct patent errors and omissions in this Agreement. In the event that any provision of this Agreement is found to be illegal or unenforceable, it shall be deemed severed from the remaining provisions, which shall remain in full force and effect. The laws of the State of Ohio will govern this Agreement. 19. **AUTHORIZATION:** The Insurance company(ies) and their agents, any intermediaries and the agent / broker named in this Agreement and their successors and assigns are hereby authorized and directed by Insured to provide Lender with full and complete information regarding all financed insurance policy(ies), including without limitation the status and calculation of unearned premiums, and Lender is authorized and directed to provide such parties with full and complete information and documentation regarding the financing of such insurance policy(ies), including a copy of this Agreement and any related notices. 20. **WAIVER OF SOVEREIGN IMMUNITY:** The Insured expressly waives any sovereign immunity available to the Insured, and agrees to be subject to the laws as set forth in this Agreement (and the jurisdiction of federal and/or state courts) for all matters relating to the collection and enforcement of amounts owed under this Agreement and the security interest in the scheduled policies granted hereby.

AGENT/BROKER REPRESENTATIONS

The agent/broker executing this agreement represents, warrants and agrees: (1) installment payments totaling \$0.00 and the down payment indicated in Box "B" on Page 1 has been received from the Insured in immediately available funds, (2) the Insured has received a copy of this Agreement; if the agent/broker has signed this Agreement on the Insured's behalf, the Insured has expressly authorized the agent/broker to sign this Agreement on its behalf or, if the Insured has signed, to the best of the undersigned's knowledge and belief such signature is genuine, (3) the policies are in full force and effect and the information in the Schedule of Policies including the premium amounts is correct, (4) no direct company bill, audit, or reporting form policies or policies subject to retrospective rating or to minimum earned premium are included, except as indicated, and the deposit of provisional premiums is not less than anticipated premiums to be earned for the full term of the policies, (5) the policies can be cancelled by the Insured or Lender (or its successors and assigns) on 10 days notice and the unearned premiums will be computed on the standard short rate or pro rata table except as indicated, (6) there are no bankruptcy, receivership, or insolvency proceedings affecting the Insured, (7) to hold Lender, its successors and assigns harmless against any loss or expense (including attorney fees) resulting from these representations or from errors, omissions or inaccuracies of agent/broker in preparing this Agreement, (8) to pay the down payment and any funding amounts received from Lender under this Agreement to the insurance company or general agent (less any commissions where applicable), (9) to hold in trust for Lender or its assigns any payments made or credited to the Insured through or to agent/broker directly or indirectly, actually or constructively by the insurance companies and to pay the monies, as well as the unearned commissions to Lender or its assigns upon demand to satisfy the outstanding indebtedness of the Insured, (10) all material information concerning the Insured and the financed policies necessary for Lender to cancel such policies and receive the unearned premium has been disclosed to Lender, (11) no term or provision of any financed policy requires Lender to notify or get the consent of any third party to effect cancellation of such policy, and (12) to promptly notify Lender in writing if any information on this Agreement becomes inaccurate.

AGENT (Name & Place of business) HYLANT GROUP - CINCINNATI 50 E-BUSINESS WAY, SUITE 420 CINCINNATI, OH 45241 (513)985-2400 FAX: (513)985-2404	INSURED (Name & Residence or business) ACUSPORT CORPORATION ATTN: ESTIL HOSKINS 1 HUNTER PL BELLEFONTAINE, OH 43311-3001 (937)593-7010 ehoskins@acusport.com ACUSCOR-02
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Account #: _____	SCHEDULE OF POLICIES (continued)	Quote Number: 6727180				
POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	MINIMUM EARNED PERCENT	POL. TERM	PREMIUM
024204058	11/01/2017	AIG SPECIALTY INSURANCE COMPANY	CRIME	0.000%	12	4,501.00
106163123	11/01/2017	TRAVELERS CASUALTY & SURETY CO OF A	BOND	0.000%	12	250.00
88005556	11/01/2017	FEDERAL INSURANCE CO	LIABILITY	0.000%	12	30,651.00
99079037	11/01/2017	FEDERAL INSURANCE CO	LIABILITY	0.000%	12	2,000.00
BAS1857662024	11/01/2017	LIBERTY MUTUAL FIRE INSURANCE CO	AUTOMOBILE	0.000%	12	4,323.00
EXC602769603	11/01/2017	MAXUM INDEMNITY CO PARTNERS SPECIALTY GROUP	UMBRELLA	25.00%	12	70,000.00 Tax: 3,500.00
GLP802769503	11/01/2017	MAXUM INDEMNITY CO PARTNERS SPECIALTY GROUP	GENERAL LIABILITY	25.00%	12	112,500.00 Tax: 5,625.00
PENDING	11/01/2017	FEDERAL INSURANCE CO	DIRECTORS & OFFICERS	0.000%	12	11,855.00
PHSD1280486	11/01/2017	PHILADELPHIA INDEMNITY INS CO	ERRORS & OMISSIONS	0.000%	12	5,759.00
XWS1858358236	11/01/2017	LIBERTY MUTUAL FIRE INSURANCE CO	WORKMENS COMP	0.000%	12	10,309.00
XWW1857662024	11/01/2017	LIBERTY MUTUAL FIRE INSURANCE CO	WORKMENS COMP	0.000%	12	23,890.17
Broker Fee:						\$0.00
TOTAL:						\$428,290.17

EXHIBIT C

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:) Chapter 11
)
AcuSport Corporation,) Case No. 18-52736
)
Debtor.) Honorable John E. Hoffman, Jr.

**ORDER AUTHORIZING DEBTOR (I) TO PERFORM OBLIGATIONS
NECESSARY TO MAINTAIN INSURANCE COVERAGE AND (II) TO ENTER
INTO NEW INSURANCE COVERAGE AS NEEDED [RELATED TO DOC. NO. X]**

Upon the motion (the “*Motion*”)¹ of AcuSport Corporation, the debtor and debtor in possession (“*Debtor*”), in this chapter 11 case (the “*Case*”), for an order (this “*Order*”), pursuant to sections 105(a) and 363 of title 11 of the United States Code (the “*Bankruptcy Code*”),

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

authorizing Debtor (a) to maintain existing insurance policies and pay all premiums, deductibles, administration fees, and consulting fees arising thereunder or in connection therewith (the “*Insurance Obligations*”) and (b) to renew, revise, extend, supplement, change, or enter into new insurance coverage as needed in their business judgment [Docket No. X]; and upon consideration of the Flanagan Declaration and the entire record of this Case; and it appearing that the Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 1334 and 157; and it appearing that the Motion is a core matter pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and adequate notice of the Motion has been given under the circumstances, and that no other or further notice need be given; and it appearing that the relief requested in the Motion is in the best interests of Debtor’s estate, its creditors, and other parties in interest; and after due deliberation, and good and sufficient cause appearing therefore,

IT IS ORDERED that:

1. The Motion is granted as set forth herein.
2. Debtor is authorized, but not directed, to maintain its existing Insurance Policies and to pay all Insurance Obligations arising thereunder or in connection therewith, including pursuant to the Coface Agreement and the IPFS PFA.
3. Debtor is authorized, but not directed, to renew, revise, extend, supplement, change, or enter into new insurance coverage as needed in its business judgment.
4. Notice of the Motion satisfies the requirements of Bankruptcy Rule 6004(a).
5. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

6. Debtor is authorized to take all actions necessary to effectuate the relief sought in the Motion, subject to the other terms of this Order.

7. This Order shall be without prejudice to Debtor's rights to contest the validity of any Insurance Obligation on any grounds and shall not be construed as an implication of admission that any particular claim constitutes an allowed claim entitled to relief requested in the Motion or otherwise.

8. The authorizations in this Order for Debtor to make payments and otherwise disburse funds are subject to the terms and conditions of the Court's orders authorizing the use of cash collateral or postpetition financing entered in this Case.

9. This Court shall retain jurisdiction and power with respect to all matters arising from or related to the implementation or interpretation of this Order.

IT IS SO ORDERED.

Submitted By:

/s/ Thomas R. Allen

Thomas R. Allen (0017513)

Richard K. Stovall (0029978)

J. Matthew Fisher (0067192)

Erin L. Gapinski (0084984)

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*Proposed Local Counsel for Debtor and
Debtor in Possession, AcuSport Corporation*