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Proposed Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

)				
In re:)			Chapter 11	
)				
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, <i>et al.</i> , ¹)			Case No. 17-10466 (___)	
)				
Debtors.)			(Joint Administration Requested)	
)				

**DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY
PREPETITION EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION,
AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE
EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF**

BCBG Max Azria Global Holdings, LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”),² respectfully state the following in support of this motion:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: BCBG Max Azria Global Holdings, LLC (6857); BCBG Max Azria Group, LLC (5942); BCBG Max Azria Intermediate Holdings, LLC (3673); Max Rave, LLC (9200); and MLA Multibrand Holdings, LLC (3854). The location of the Debtors’ service address is: 2761 Fruitland Avenue, Vernon, California 90058.

² A detailed description of the Debtors and their businesses, and the facts and circumstances supporting this motion and the Debtors’ chapter 11 cases, are set forth in greater detail in the *Declaration of Holly Felder Etlin, Chief Restructuring Officer of BCBG Max Azria Global Holdings, LLC, (I) in Support of Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2* (the “First Day Declaration”), filed contemporaneously with the Debtors’ voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), on February 28, 2017 (the “Petition Date”).

Relief Requested

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the “Interim Order” and “Final Order”): (a) authorizing, but not directing, the Debtors to (i) pay prepetition wages, salaries, other compensation, and reimbursable employee expenses and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and (b) granting related relief. The Debtors estimate that, as of the Petition Date, there is approximately \$7.7 million outstanding on account of Employee Compensation and Benefits (as defined below). Pursuant to the Interim Order, the Debtors seek authority to, on an interim basis pay an aggregate amount not to exceed \$11.1 million in connection with the Employee Compensation and Benefits that may come due prior to the Final Hearing (as defined in the Interim Order). In addition, the Debtors request that the Court (as defined herein) schedule a final hearing within approximately 25 days of the commencement of these chapter 11 cases to consider approval of this motion on a final basis.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of New York (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012. The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 105(a), 362(d), 363(b), 507(a), and 541(b)(1) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”).

The Debtors’ Workforce

5. As of the Petition Date, the Debtors employ approximately 4,800 employees, including approximately 1,900 full-time (the “Full-Time Employees”)³ and approximately 2,900 part-time (the “Part-Time Employees” and, together with the Full-Time Employees, the “Employees”). The Debtors’ Employees perform a wide variety of functions critical to the administration of these chapter 11 cases. In many instances, the Employees include personnel who are intimately familiar with the Debtors’ businesses, processes, and systems, who possess unique fashion design skills and experience, or who have developed relationships with wholesalers and distributors that are essential to the Debtors’ business. These individuals cannot be easily replaced. Without the continued, uninterrupted services of the Employees, the ability of the Debtors to maintain and administer their estates will be materially impaired.

6. In addition to the Employees, the Debtors also retain from time to time specialized individuals as independent contractors (the “Independent Contractors”) to complete discrete projects, as well as temporary workers (the “Temporary Staff”) from several staffing agencies (collectively, the “Staffing Agencies”) to fulfill certain duties, including accounting functions, building security, and management of the Debtors’ main U.S.-based warehouse. The Debtors currently retain approximately 85 Independent Contractors and Temporary Staff in the aggregate, although this number fluctuates based on the Debtors’ specific needs at any given

³ Full-Time Employees are generally scheduled to work 40 hours per week.

time. The Independent Contractors and Temporary Staff are a critical supplement to the efforts of the Debtors' Employees.

7. Many of the Employees, Independent Contractors, and Temporary Staff rely on their compensation and benefits to pay their daily living expenses. These workers will be exposed to significant financial constraints if the Debtors are not permitted to continue paying their compensation and providing them with health and other benefits. Consequently, the Debtors respectfully submit that the relief requested herein is necessary and appropriate under the facts and circumstances of these chapter 11 cases.

Employee Compensation and Benefits

8. To minimize the personal hardship the Employees could suffer if prepetition Employee-related obligations are not paid when due or as expected and to maintain stability in the Debtors' workforce during the administration of the these chapter 11 cases, the Debtors, by this motion, seek authority, but not direction, to: (a) pay and honor certain prepetition claims relating to, among other things, wages, salaries, and other compensation, payroll services, federal and state withholding taxes and other amounts withheld (including garnishments, Employees' share of insurance premiums, and taxes), reimbursable expenses, health insurance, workers' compensation benefits, life insurance, short- and long-term disability coverage, and certain other benefits that the Debtors have historically provided in the ordinary course (collectively, the "Employee Compensation and Benefits"); and (b) pay all costs incident to the Employee Compensation and Benefits.

9. Subject to approval from the Court, the Debtors intend to continue their applicable prepetition Employee Compensation and Benefits in the ordinary course. Out of an abundance of caution, the Debtors further request confirmation of their right to modify, change, and discontinue any of their Employee Compensation and Benefits and to implement new

programs, policies, and benefits in the ordinary course during these chapter 11 cases in the Debtors' sole discretion and without the need for further Court approval, subject to applicable law.

10. Specifically, by this motion, the Debtors seek authority to pay the following aggregate amounts related to prepetition amounts owed on account of the Employee Compensation and Benefits:

Employee-Related Obligations	Interim Amount	Final Amount
Unpaid Compensation	\$3,900,000	\$3,900,000
Unpaid Commissions	\$415,000	\$415,000
Unpaid Stretch Bonuses	\$85,000	\$150,000
Independent Contractors and Temporary Staff Compensation	\$1,050,000	\$1,200,000
Withholding Obligations and Payroll Taxes	\$1,600,000	\$1,600,000
Payroll Processing Fees	\$120,000	\$120,000
Reimbursable Expenses	\$50,000	\$50,000
Employee Benefits Programs	\$450,000	\$3,700,000
Total	\$7,670,000	\$11,135,000

11. The Debtors do not believe amounts owed to any Employees on the Petition Date will exceed the statutory cap of \$12,850 set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code. For the avoidance of doubt, the Debtors do not seek authority to pay any amounts in excess of \$12,850 pursuant to the Interim Order. The Debtors do seek authority to pay amounts in excess of \$12,850, solely pursuant to the Final Order, in the unlikely event it is determined that payment of certain prepetition amounts owed on account of the Employee Compensation and Benefits are in excess of \$12,850.

I. Employee Compensation and Withholding Obligations.

A. Unpaid Compensation.

12. In the ordinary course, the Debtors incur obligations to their Employees for, among other things, salaries, wages, overtime, and other obligations described herein (collectively, the "Employee Compensation"). The Debtors pay their Employees on a bi-weekly basis, which accrue on either a salaried or hourly basis. The Debtors' historical average

bi-weekly gross Employee Compensation, including salaries, wages, and related compensation, has been approximately \$5.2 million for the Employees. The Debtors estimate that their average bi-weekly Employee Compensation will be approximately \$4.0 million during the course of these chapter 11 cases. The majority of the Debtors' payroll is made by direct deposit through electronic transfer of funds to the Employees' bank accounts or other electronic means.

13. As of the Petition Date, the Debtors estimate that they owe approximately \$3.9 million on account of unpaid Employee salaries and wages earned by Employees prior to the Petition Date (the "Unpaid Compensation"), substantially all of which will come due within the first 25 days of these chapter 11 cases. As described above, loss of the Unpaid Compensation that the Employees are owed could cause such Employees to experience financial hardship. In light of the substantial benefit the Employees will continue to provide to the Debtors' estates, the Debtors wish to avoid imposing such a hardship.

14. Accordingly, by this motion the Debtors seek authority, but not direction, to pay their Employees any Unpaid Compensation in the ordinary course and consistent with past practice, and to continue the Employee Compensation in the ordinary course.

B. Unpaid Commissions and Stretch Bonuses.

15. In addition to the Debtors' salary and wage obligations, certain of the Employees are entitled to sales commissions in addition to their base salary. In particular, the Debtors pay sales-based commissions to approximately 1,850 Employees engaged as retail sale associates in the Debtors' standalone brick and mortar locations. Such Employees receive commission payments in variable percentages based on the amount of merchandise sold through their efforts (the "Commissions").

16. The Commissions are paid monthly as part of the second payroll of each month, as applicable, and processed as part of the Debtors' normal payroll. The Commissions form an

important part of many of the Employees' overall compensation packages and motivates such Employees to maintain customer good will and efficiently pursue the sale of the Debtors' inventory—both of which inure to the benefit of the Debtors' estates. Additionally, many of the Employees rely on the Commissions for their daily living expenses such that failure to pay such Commissions would impose undue hardship.

17. As of the Petition Date, the Debtors estimate that they owe approximately \$415,000 on account of accrued but unpaid Commissions (the "Unpaid Commissions"), substantially all of which will come due in the first 25 days of these chapter 11 cases. The Debtors seek authority, pursuant to both the Interim Order and the Final Order, to pay their Employees any Unpaid Commissions in the ordinary course of business and consistent with past practice, and to continue the Commissions practice on a postpetition basis in the ordinary course of the Debtors' business.

18. Additionally, in the regular course of business, the Debtors pay certain so-called "stretch bonuses" (the "Stretch Bonuses") to approximately 2,350 Employees employed as partner shop sales associates, store management, district managers, and regional managers. Stretch Bonuses are determined by reference to certain store-level, district, or regional performance metrics. As of the Petition Date, the Debtors estimate that they owe approximately \$150,000 on account of accrued but unpaid Stretch Bonuses (the "Unpaid Stretch Bonuses"), substantially all of which will come due in the first 25 days of these chapter 11 cases. None of the employees that receive Stretch Bonuses qualify as "insiders" under the Bankruptcy Code. As with the Commissions, the Stretch Bonuses form an integral part of certain Employees' compensation packages and incentivizes such Employees to manage stores under their authority as efficiently as possible. The Debtors seek authority to pay the Unpaid Stretch Bonuses and

continue the Stretch Bonus program, pursuant to both the Interim Order and the Final Order, in the ordinary course of business and consistent with past practice, and to continue the Stretch Bonus practice on a postpetition basis in the ordinary course of the Debtors' business.

C. Independent Contractors and Temporary Staff Compensation.

19. The Debtors rely on approximately 85 Independent Contractors and Temporary Staff in the ordinary course of their business. These Independent Contractors and Temporary Staff perform a wide range of services critical to the Debtors' operations, including, among other things, building security, operating the Debtors' main U.S.-based warehouse and performing certain accounting functions. The Employees rely on the support of the Independent Contractors and Temporary Staff to complete certain tasks in furtherance of the Debtors' businesses. The Debtors believe the authority to continue paying their Independent Contractors and Temporary Staff is critical to maintaining and administering their estates. Historically, the Debtors paid approximately \$500,000 to Independent Contractors and Temporary Staff on a monthly basis.

20. As of the Petition Date, the Debtors estimate that Independent Contractors and Temporary Staff are owed an aggregate of approximately \$1,200,000 on account of services rendered prior to the Petition Date (the "Unpaid Contractor and Temporary Staffing Amounts"). The Debtors seek authority to pay any Unpaid Contractor and Temporary Staffing Amounts owed on account of services already rendered in the ordinary course of the Debtors' business.

D. Withholding Obligations and Payroll Taxes.

21. During each applicable payroll period, the Debtors routinely deduct certain amounts from Employees' paychecks, including garnishments, child support, and similar deductions, as well as other pre-tax and after-tax deductions payable pursuant to certain employee benefit plans discussed herein, such as an Employee's share of healthcare benefits and insurance premiums, 401(k) contributions, legally ordered deductions, and miscellaneous

deductions (collectively, the “Deductions”), and forward such amounts to various third-party recipients. The Debtors only retain payments related to the Employee’s share of health care benefits and insurance premiums.

22. In addition to the Deductions, certain federal and state laws require that the Debtors withhold certain amounts from Employees’ gross pay related to federal, state, and local income taxes, as well as Social Security and Medicare taxes (collectively, the “Employee Payroll Taxes”) for remittance to the appropriate federal, state, or local taxing authorities. The Debtors must then match the Employee Payroll Taxes from their own funds and pay, based on a percentage of gross payroll, additional amounts for federal and state unemployment insurance and Social Security and Medicare taxes (the “Employer Payroll Taxes” and, together with the Employee Payroll Taxes, the “Payroll Taxes”). The Payroll Taxes are generally processed and forwarded to the appropriate federal, state, and local taxing authorities at the same time as the Employees’ payroll checks are disbursed.

23. As of the Petition Date, the Debtors estimate that they owe approximately \$1,600,000 on account of the Deductions and the Payroll Taxes (collectively, the “Withholding Obligations”), substantially all of which would come due within the first 25 days of these chapter 11 cases. By this motion, the Debtors seek authority, but not direction, to pay in a manner consistent with historical practice any unpaid Withholding Obligations and Payroll Taxes and to continue to honor the Withholding Obligations and Payroll Taxes in the ordinary course during the administration of these chapter 11 cases.

E. Payroll Processing.

24. Certain Withholding Obligations for the Debtors’ Employees are processed and administered by Automatic Data Processing, Inc. (“ADP”). The Debtors pay ADP approximately \$72,000 per month for this service. As of the Petition Date, the Debtors estimate

they owe approximately \$120,000 to ADP on account of payroll services (the “Unpaid Payroll Processing Fees”), substantially all of which will come due within the first 25 days of these chapter 11 cases. By this motion, the Debtors seek authority, but not direction, to pay the Unpaid Payroll Processing Fees in the ordinary course and consistent with past practice and to continue payroll processing in the ordinary course during the administration of these chapter 11 cases.

F. Reimbursable Expenses.

25. Prior to the Petition Date and in the ordinary course, the Debtors reimbursed certain Employees⁴ or paid credit card invoices on behalf of Employees for approved expenses incurred on behalf of the Debtors in the scope of their employment (the “Reimbursable Expenses”). Reimbursable Expenses include travel related expenses such as meal allowances, car mileage allowances, and other standard travel expenses. Employees who pay for their own Reimbursable Expenses up front apply for reimbursement of Reimbursable Expenses by submitting an expense report to the Debtors. Once they have determined that the charges are for allowable reimbursable business expenses, the Debtors reimburse Employees for these expenses. The Debtors’ inability to reimburse such expenses could impose hardship on such individuals, where such individuals otherwise incurred obligations for the Debtors’ benefit. As of the Petition Date, the Debtors estimate that they owe approximately \$50,000 in aggregate Reimbursable Expenses, substantially all of which would come due within the first 25 days of these chapter 11 cases.

26. Employees incurred the Reimbursable Expenses as business expenses on the Debtors’ behalf and with the understanding that such expenses would be reimbursed.

⁴ Employees eligible for reimbursements include regional directors, district managers, area managers, and certain executives.

Accordingly, to avoid harming Employees who incurred the Reimbursable Expenses and who may become personally liable for such expenses, the Debtors request authority, but not direction, to pay the Reimbursable Expenses and to continue to pay the Reimbursable Expenses in the ordinary course.

II. Employee Benefits Programs.

27. The Debtors offer their Employees the ability to participate in a number of insurance and benefits programs, including, among other programs, medical, prescription drug, dental, and vision plans, life insurance, accidental death and dismemberment insurance, disability benefits, employee assistance programs, retirement plans, and other employee benefit plans as described below (collectively, the “Employee Benefits Programs”). The Employee Benefits Programs are, in each case, available to Employees depending on their status as full-time or part-time Employees, their level with the company, and their length of service (the “Eligible Employees”).

28. As described above, failure to continue the Employee Benefits Programs could cause Employees to experience severe hardship. In light of the substantial benefit the Employees have provided and will continue to provide to the Debtors’ estates, the Debtors wish to avoid imposing such a hardship. Accordingly, by this motion, the Debtors seek authority, but not direction, to: (a) pay any unpaid amounts due with respect to the Employee Benefits Programs; and (b) continue to provide Employee Benefits Programs in the ordinary course during the administration of these chapter 11 cases. As of the Petition Date, the Debtors estimate that they owe approximately \$3.7 million on account of the Employee Benefits Programs (excluding Workers Compensation remaining liability), of which approximately \$450,000 will come due within the first 25 days of these chapter 11 cases. The Employee Benefits Programs are described in greater detail below.

A. Health Benefit Plans.

29. The Debtors offer their Employees the opportunity to participate in a number of health benefit plans, including medical, prescription, stop-loss insurance, dental, and vision plans (collectively, the “Health Benefit Plans”). Specifically, the Debtors provide the following:

- Healthcare Plan: The Debtors’ healthcare and prescription drug plan (the “Healthcare Plan”) is a self-insured plan administered by Anthem Blue Cross Blue Shield (“Anthem”). As of the Petition Date, the Debtors estimate that they owe approximately \$250,000 for unreimbursed medical claims payments advanced by Anthem to medical providers. The Debtors estimate that the ongoing monthly administrative cost of the Healthcare Plan will be approximately \$110,000. The Debtors estimate that the amount of incurred but not reported medical and prescription drug expenses is approximately \$900,000. The Debtors also offer continued health care coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) to eligible Employees.
- Vision Plan: The Debtors also offer their Employees the option of participating in a vision plan (the “Vision Plan”) administered by Vision Service Plan (“VSP”). As of the Petition Date, the Debtors estimated that they owe approximately \$9,000 on account of the Vision Plan. The Debtors estimate that the ongoing monthly administrative cost of the Vision Plan is approximately \$9,000.
- Dental Plan: Finally, the Debtors offer their Employees the option of participating in a dental plan (the “Dental Plan”) administered by Cigna. As of the Petition Date, the Debtors estimated that they owe approximately \$88,000 on account of Dental Plan (including employer contributions and employee contributions). The Debtors estimate that the ongoing monthly administrative cost of the Dental Plan is approximately \$88,000.
- Stop-Loss Insurance Policy: The Debtors maintain a stop-loss insurance policy (the “Stop Loss Insurance Policy”) with Anthem to protect against catastrophic claims under their Healthcare Plan—*i.e.*, claims in excess of \$300,000. Coverage for the Stop Loss Insurance Policy is covered in the premiums paid to Anthem for the Healthcare Plan. The Debtors estimate that the ongoing monthly administrative cost, which includes the Stop-Loss Insurance Policy is approximately \$110,000.

B. Workers' Compensation and Other Insurance Programs.

1. Workers' Compensation.

30. The Debtors maintain workers' compensation insurance for their Employees at the statutorily required level for each state in which they have Employees (collectively, and as described herein, the "Workers' Compensation Program"). The Debtors are self-insured for purposes of the Workers' Compensation Program and maintain a stop-loss insurance policy (the "Workers' Compensation Stop-Loss Insurance Policy") with Chubb Limited ("Chubb") to protect against catastrophic claims under their Workers' Compensation Plan—*i.e.*, claims in excess of \$250,000. The Debtors currently provide these benefits to the Debtors' Employees pursuant to certain workers' compensation insurance policies (the "Workers' Compensation Policies"). The Debtors pay approximately \$2.3 million annually to maintain the Workers' Compensation Program.

31. In certain states, including Ohio and Washington, and territories, including Puerto Rico and the U.S. Virgin Islands (collectively, the "Governmental Jurisdictions"), the Debtors are required to support a workers' compensation replenishment fund (the "Fund") maintained through Chubb to pay workers' compensation claims as they are adjudicated. The Fund is regularly replenished to a target level of approximately \$1.3 million. The Debtors historically contributed approximately \$110,000 to the Fund on a monthly basis. Prior to the Petition Date, the Debtors reduced the number of Employees and locations in the Governmental Jurisdictions and, therefore, expect the costs associated with the Fund to vary from current levels. The Debtors pay approximately \$54,000 annually to maintain the Workers' Compensation Program in the Governmental Jurisdictions.

32. The Debtors must continue the claim assessment, determination, adjudication, and payment pursuant to the Workers' Compensation Program, without regard to whether such

liabilities are outstanding before the Petition Date, to ensure that the Debtors comply with applicable workers' compensation laws and requirements.⁵ There are approximately 100 open claims under the Workers' Compensation Policies. The Debtors are not aware of any potential claims against them that have not yet been formally reported. As of the Petition Date, the Debtors estimate that there is approximately \$5.1 million in estimated remaining liability on account of the Workers' Compensation Programs.

2. Life Insurance, Accidental Death and Dismemberment Insurance, Disability Benefits, and Employee Assistance Programs.

33. The Debtors provide their Employees with primary life insurance, accidental death and dismemberment insurance, short-term and long-term disability benefits, and employee assistance program benefits through various policies administered by Reliance Standard Life Insurance Company (collectively, the "Life, AD&D, Disability, and EAP Plans"). As of the Petition Date, the Debtors believe they owe approximately \$30,000 on account of the Life, AD&D, Disability, and EAP Plans (including employer contributions, employee contributions, and administrative costs).

C. Retirement Plans.

34. The Debtors maintain a retirement savings plan for the benefit of their Employees that satisfies the requirements of section 401(k) of the Internal Revenue Code (the "401(k) Plan"). The 401(k) Plan is administered by Prudential and allows for automatic pre-tax salary deductions of eligible compensation up to the limits set forth by the Internal Revenue Code. As of the Petition Date, the Debtors believe they owe approximately \$10,000 on

⁵ Certain of the Debtors' Workers' Compensation Programs may change postpetition in the ordinary course due to changes in applicable laws and regulations and the Debtors' ability to meet requirements thereunder. By this motion, the Debtors request authority to continue the Workers' Compensation Programs postpetition, including making any changes to current policies and practices that become necessary.

account of employer 401(k) matching contributions to the 401(k) Plan, which represents the final matching payment following the Debtors' decision to discontinue the employer match.

D. Paid Time Off.

35. The Debtors provide vacation time to their Employees as a paid time off benefit (the "Paid Time Off"). The amount of Paid Time Off available to a particular Employee and the rate at which Paid Time Off accrues are generally determined by the Employee's length of employment and employment level. Employees may accrue up to a maximum of 160 hours (*i.e.*, four weeks) of Paid Time Off. When an Employee elects to take Paid Time Off, that Employee is paid his or her regular hourly or salaried rate. An Employee is only entitled to a cash payment for unused Paid Time Off in the event that such Employee is terminated from the Debtors' employment. As of the Petition Date, the Debtors estimate that approximately \$3.2 million in Paid Time Off has been earned by Employees. By this Motion, the Debtors seek authority, but not direction, to pay any "cash out" amounts due with respect to earned but unused Paid Time Off for terminated Employees and to continue the Paid Time Off policies in the ordinary course. For the avoidance of doubt, the Debtors seek to pay Paid Time Off to any Employee in excess of the \$12,850 priority cap imposed by section 507(a)(4) of the Bankruptcy Code solely pursuant to the Final Order, not the Interim Order.

E. Employee Programs.

36. In addition to the foregoing, the Debtors offer the Employees the opportunity to participate in a range of ancillary benefits, including commuter benefits and other employee wellness programs (the "Additional Programs"). The aggregate cost of the Additional Programs is comparatively low, but such programs are important to maintaining employee good will and productivity. As of the Petition Date, the Debtors estimate that they do not owe any amounts on account of the Additional Programs.

Basis for Relief

I. Sufficient Cause Exists to Authorize the Debtors To Honor the Employee Compensation and Benefits Obligations.

A. Certain of the Employee Compensation and Benefits Are Entitled To Priority Treatment.

37. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code entitle the majority of the Employee Compensation and Benefits to priority treatment. As priority claims, the Debtors are required to pay these claims in full to confirm a chapter 11 plan. *See* U.S.C. § 1129(a)(9)(B) (requiring payment of certain allowed unsecured claims, given priority under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, for (a) wages, salaries or commissions, including vacation, severance, and sick leave pay earned by an individual and (b) contributions to an employee benefit plan). To the extent that an Employee receives no more than \$12,850 on account of claims entitled to priority, the relief sought with respect to compensation only affects the timing of payments to Employees and does not have any material negative impact on recoveries for general unsecured creditors. Indeed, the Debtors submit that payment of the Employee Compensation and Benefits at this time enhances value for the benefit of all interested parties. Finding, attracting, and training new qualified talent would be extremely difficult and would most likely require higher salaries, guaranteed bonuses, and more comprehensive compensation packages than are currently provided to Employees.

B. Payment of Certain Employee Compensation and Benefits Is Required by Law.

38. The Debtors seek authority to pay the Withholding Obligations to the appropriate third-party payees. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from Employees' Wages. Indeed, certain Withholding Obligations are not property of the Debtors' estates because the

Debtors have withheld such amounts from Employees' Wages on another party's behalf. *See* 11 U.S.C. §§ 541(b)(1), (d). Further, federal and state laws require the Debtors to withhold certain tax payments from Employees' Wages and to pay such amounts to the appropriate taxing authority. 26 U.S.C. §§ 6672, 7501(a); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–97 (3d Cir. 1994) (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); *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). Because the Withholding Obligations may not be property of the Debtors' estates, the Debtors request authorization to transmit the Withholding Obligations to the proper parties in the ordinary course of business.

39. Similarly, state laws require the Debtors to maintain the Workers' Compensation Program. If the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit the Debtors from operating in those states. Payment of all obligations related to the Workers' Compensation Program is therefore crucial to the Debtors' continued operations and the success of these chapter 11 cases.

II. Payment of the Employee Compensation and Benefits Is Warranted Under Section 363(b)(1) of the Bankruptcy Code and the Doctrine of Necessity.

40. Courts generally acknowledge that it is appropriate to authorize the payment (or other special treatment) of prepetition obligations in appropriate circumstances. *See, e.g., In re Ionosphere Clubs, Inc.*, 98 B.R. 175 (Bankr. S.D.N.Y. 1989) (granting authority to pay prepetition wages); *see also Armstrong World Indus., Inc. v. James A. Phillips, Inc.*, (*In re James A. Phillips, Inc.*), 29 B.R. 391, 398 (S.D.N.Y. 1983) (granting authority to pay prepetition claims of suppliers who were potential lien claimants). In authorizing payments of certain prepetition

obligations, courts have relied on several legal theories, rooted in sections 1107(a), 1108, 363(b), 507, and 105(a) of the Bankruptcy Code.

41. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, debtors in possession are fiduciaries “holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). 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.” *Id.* Some courts have noted that there are instances in which a debtor can fulfill this fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.* The *CoServ* court specifically noted that 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.*

42. Consistent with a debtor’s fiduciary duties, courts have also authorized payment of prepetition obligations under section 363(b) of the Bankruptcy Code where a sound business purpose exists for doing so. *See, e.g., Ionosphere Clubs*, 98 B.R. at 175 (discussing prior order authorizing payment of prepetition wage claims pursuant to section 363(b) and noting that relief is appropriate where payment is needed to “preserve and protect its business and ultimately reorganize, retain its currently working employees and maintain positive employee morale.”); *see also Armstrong*, 29 B.R. at 397 (relying on section 363 to allow contractor to pay prepetition claims of suppliers who were potential lien claimants because the payments were necessary for general contractors to release funds owed to debtors). Specifically, the business judgment standard requires that a debtor “articulate some business justification, other than mere appeasement of major creditors.” *Ionosphere Clubs*, 98 B.R. at 175.

43. In addition, courts may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) codifies the Court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." Under section 105(a), courts may authorize pre-plan payments of prepetition obligations when essential to the continued operation of a debtor's businesses. *See In re C.A.F. Bindery, Inc.*, 199 B.R. 828, 835 (Bankr. S.D.N.Y. 1996); *see also In re Fin. New Network Inc.*, 134 B.R. 732, 735–36 (Bankr. S.D.N.Y. 1991) (holding that the "doctrine of necessity" stands for the principle that a bankruptcy court may allow pre-plan payments of prepetition obligations where such payments are critical to the debtor's organization"). Specifically, the Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations pursuant to the "necessity of payment" rule (also referred to as the "doctrine of necessity"). *Ionosphere Clubs*, 98 B.R. at 176.

44. The Debtors submit that the payment of the Employee Compensation and Benefits represents a sound exercise of the Debtors' business judgment, is necessary to avoid immediate and irreparable harm to the Debtors' estates, and is therefore justified under sections 105(a) and 363(b) of the Bankruptcy Code. Paying prepetition wages, employee benefits, and similar obligations will benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption. Indeed, the Debtors believe that without the relief requested herein, Employees may seek alternative employment opportunities, perhaps with the Debtors' competitors. Such a development would deplete the Debtors' workforce, thereby hindering the Debtors' ability to operate their business and, likely, diminishing stakeholder confidence in the Debtors' ability to successfully reorganize. The loss of valuable Employees and resulting need to recruit new personnel (and the costs attendant

thereto) would be distracting at this crucial time when the Debtors need to focus on stabilizing their business operations. Accordingly, there can be no doubt that the Debtors must do their utmost to retain their workforce by, among other things, continuing to honor all wage, benefits, and related obligations, including the prepetition Employee Compensation and Benefits.

45. In addition, the majority of Employees rely exclusively on the Employee Compensation and Benefits to satisfy their daily living expenses. Consequently, Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor their obligations related thereto. Moreover, failure to satisfy such obligations will jeopardize Employee morale and loyalty at a time when Employee support is critical to the Debtors' businesses. Furthermore, if this Court does not authorize the Debtors to honor their various obligations under the insurance programs described herein, Employees will not receive health coverage and, thus, may be obligated to pay certain health care claims that the Debtors have not satisfied. The loss of health care coverage will result in considerable anxiety for Employees (and likely attrition) at a time when the Debtors need such Employees to perform their jobs at peak efficiency. Additionally, as set forth above, Employee attrition would cause the Debtors to incur additional expenses to find appropriate and experienced replacements, severely disrupting the Debtors' operations at this critical juncture.

46. The importance of a debtor's employees to its operations has been repeatedly recognized by courts in this district, and such courts have granted relief similar to the relief requested herein. *See, e.g., In re Sabine Oil & Gas Corp.*, No. 15-11835 (SCC) (Bankr. S.D.N.Y. July 16, 2015) (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on a postpetition basis); *In re Eagle Bulk Shipping Inc.*, No. 14-12303 (SHL) (Bankr. S.D.N.Y. Sept. 19, 2014) (same); *In re*

Genco Shipping & Trading Ltd., No. 14-11108 (SHL) (Bankr. S.D.N.Y. May 16, 2014) (same); *In re Sbarro LLC*, No. 14-10557 (MG) (Bankr. S.D.N.Y. Apr. 7, 2014) (same); *In re Hawker Beechcraft, Inc.*, No. 12-11873 (SMB) (Bankr. S.D.N.Y. May 30, 2012) (same); *In re Sbarro, Inc.*, No. 11-11527 (SCC) (Bankr. S.D.N.Y. May 4, 2011) (same).⁶

47. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to pay any prepetition amounts accrued and unpaid on account of the Employee Compensation and Benefits and to continue the Employee Compensation and Benefits on a postpetition basis in the ordinary course of business and consistent with past practices.

III. The Debtors Seek a Waiver of the Automatic Stay as It Applies to Workers' Compensation Claims.

48. Section 362(a)(1) of the Bankruptcy Code operates to stay:

[T]he commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title[.]

Section 362 of the Bankruptcy Code, however, permits a debtor or other parties in interest to request a modification or termination of the automatic stay for "cause." 11 U.S.C. § 362(d)(1).

49. The Debtors seek authorization, under section 362(d) of the Bankruptcy Code, to permit Employees to proceed with their workers' compensation claims in the appropriate judicial or administrative forum. The Debtors believe that cause exists to modify the automatic stay because staying the workers' compensation claims could have a detrimental effect on the financial well-being and Employee morale and lead to the departure of certain Employees who

⁶ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

are critical at this juncture. Such departures could cause a severe disruption in the Debtors' businesses to the detriment of all parties in interest.

**Processing of Checks and
Electronic Fund Transfers Should Be Authorized**

50. The Debtors have sufficient funds to pay the amounts described in this motion by virtue of expected cash flows during the chapter 11 cases, debtor-in-possession financing, and anticipated access to cash collateral. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the Employee Compensation and Benefits obligations. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this motion.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

51. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." For the reasons discussed above, authorizing the Debtors to pay the Employee Compensation and Benefits and granting the other relief requested herein is essential to the Debtors' ability to transition their operations into these chapter 11 cases and maintain the value of their estates postpetition. Failure to receive such authorization and other relief during the first 21 days of these chapter 11 cases would severely disrupt the Debtors' ability to maintain their estates at this critical juncture. Accordingly, the Debtors submit that they have satisfied the

“immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

Reservation of Rights

52. Nothing contained in this motion or any actions taken by the Debtors pursuant to relief granted in the Orders is intended or should be construed as: (a) an admission as to the validity of any particular claim against a Debtor entity; (b) a waiver of the Debtors’ rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular 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 any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors’ rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court’s 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 Debtors’ rights to subsequently dispute such claim.

Motion Practice

53. This motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated and a discussion of their application to this motion. Accordingly, the Debtors submit that this motion satisfies Local Rule 9013-1(a).

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

54. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a)

and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Notice

55. The Debtors will provide notice of this motion to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the holders of the 50 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the agent under the Debtors' proposed asset-based lending revolving debtor-in-possession credit facility and the Debtors' prepetition asset-based lending revolving credit facility lenders; (d) counsel to the administrative agent under the Debtors' proposed debtor-in-possession term loan credit facility and the Debtors' prepetition tranche B term loan lenders; (e) counsel to the Debtors' prepetition tranche A term loan lenders; (f) counsel to the Debtors' prepetition new tranche A term loan lenders; (g) holders of BCBG Max Azria Global Holdings, LLC common units; (h) holders of BCBG Max Azria Global Holdings, LLC preferred units; (i) the United States Attorney's Office for the Southern District of New York; (j) the Internal Revenue Service; (k) the Environmental Protection Agency; (l) the office of the attorneys general for the states in which the Debtors operate; (m) the Securities and Exchange Commission; and (n) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

56. No prior request for the relief sought in this motion has been made to this or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter the Interim Order and Final Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Dated: March 1, 2017

/s/ Joshua A. Sussberg

Joshua A. Sussberg, P.C.

Christopher J. Marcus, P.C.

KIRKLAND & ELLIS LLP

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- and -

James H.M. Sprayregen, P.C.

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Proposed Counsel to the Debtors and Debtors in Possession

EXHIBIT A

Proposed Interim Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 17-10466 (___)
)	
Debtors.)	(Joint Administration Requested)

**INTERIM ORDER (I) AUTHORIZING, BUT NOT
DIRECTING, THE DEBTORS TO (A) PAY PREPETITION
EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION,
AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE
EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and (b) granting related relief; all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012; and that this Court may enter a final order consistent with Article III of the United States Constitution; and this

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: BCBG Max Azria Global Holdings, LLC (6857); BCBG Max Azria Group, LLC (5942); BCBG Max Azria Intermediate Holdings, LLC (3673); Max Rave, LLC (9200); and MLA Multibrand Holdings, LLC (3854). The location of the Debtors’ service address is: 2761 Fruitland Avenue, Vernon, California 90058.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other 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 (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.
2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2017, at ___:___ .m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on _____, 2017, and shall be served on: (a) the Debtors, BCBG Max Azria Global Holdings, LLC, 2761 Fruitland Avenue, Vernon, California 90058, Attn: Erica Alterwitz-Meierhans; (b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Benjamin M. Rhode and John R. Luze; (c) counsel to the agent under the Debtors' proposed asset-based lending revolving debtor-in-possession credit facility and the Debtors' prepetition asset-based lending revolving credit facility lenders, Morgan, Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marc R. Leduc and Matthew F. Furlong; (d) counsel to the administrative agent under the Debtors' proposed debtor-in-possession term loan credit facility and the Debtors' prepetition tranche B term loan lenders, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn:

Matt Barr; (e) counsel to the Debtors' prepetition tranche A term loan lenders, Curtis, Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, New York 10178-0061, Attn: Steven J. Reisman; (f) counsel to the Debtors' prepetition new tranche A term loan lenders, Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166-4193, Attn: Jordan S. Traister; (g) counsel to any statutory committee appointed in these cases; and (h) the Office of The United States Trustee, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, New York 10014, Attn: Brian Masumoto, Esq. In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

3. The Debtors are authorized, but not directed, in their sole discretion, to continue the Employee Compensation and Benefits and to honor and pay, in the ordinary course and in accordance with the Debtors' prepetition policies and prepetition practices, any obligations on account of the Employee Compensation and Benefits, irrespective of whether such obligations arose prepetition or postpetition, including payments due to or on account of, as applicable, the Employee Compensation, the Unpaid Compensation (including, for the avoidance of doubt, any Unpaid Compensation due to any former employee that is unpaid as of the Petition Date), the Commissions, the Unpaid Commissions, the Stretch Bonuses, the Unpaid Stretch Bonuses, the Independent Contractors and Temporary Staff Compensation, the Withholding Obligations and Payroll Taxes, the Unpaid Payroll Taxes, the Unpaid Payroll Processing Fees, the Reimbursable Expenses (including, for the avoidance of doubt, any Reimbursable Expenses due to any former employee that is unpaid as of the Petition Date), and the Employee Benefit Programs (including but not limited to the Health Benefit Plans, the Workers' Compensation Program, the Life, AD&D, Disability, and EAP Plans, the 401(k) Plan, and Paid Time Off); *provided, however* that

pending entry of the Final Order, no payments on account of Unpaid Compensation or Paid Time Off shall exceed \$12,850 in the aggregate per individual in accordance with sections 507(a)(4) and (a)(5) of the Bankruptcy Code.

4. Notwithstanding anything to the contrary contained herein, pending entry of the Final Order, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not more than: (a) \$3.9 million on account of Unpaid Compensation; (b) \$415,000 on account of Unpaid Commissions; (c) \$85,000 on account of the Unpaid Stretch Bonuses, (d) \$1,200,000 on account of Unpaid Independent Contractors and Temporary Staff Amounts; (e) \$1,600,000 on account of prepetition Withholding Obligations and Payroll Taxes; (f) \$120,000 on account of prepetition Payroll Processing Fees; (g) \$50,000 on account of prepetition Reimbursable Expenses; and (h) \$450,000 on account of the prepetition Employee Benefits Programs.

5. The Debtors shall not make any non-ordinary course bonus, incentive, or severance payments to their Employees or any Insiders (as such term is defined in section 101(31) of the Bankruptcy Code) without further order of this Court. For the avoidance of doubt, no bonus, incentive, or severance payments shall be made to any Insider without further order of this Court.

6. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

7. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

8. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

9. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Compensation and Benefits obligations.

10. 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 and directed 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 Debtors' designation of any particular check or electronic payment request as approved by this Interim Order.

11. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights or the rights of any other Person under the Bankruptcy

Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens.

12. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any prepetition amounts owed to their Employees.

13. Notwithstanding anything to the contrary contained herein, (i) payments made by the Debtors pursuant to the authority granted in this Order must be in compliance with, and shall be subject to, the requirements imposed on the Debtors under the Debtors' postpetition financing agreements (the "DIP Agreements") and the terms and conditions of the interim and final orders, as applicable, approving the DIP Agreements and governing the Debtors' use of cash collateral (in either case, the "DIP Order"), and (ii) to the extent there is any inconsistency between the terms of the DIP Order and any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

14. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

15. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

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

17. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

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

New York, New York

Dated: _____, 2017

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Proposed Final Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 17-10466 (___)
)	
Debtors.)	(Joint Administration Requested)

**FINAL ORDER (I) AUTHORIZING, BUT NOT
DIRECTING, THE DEBTORS TO (A) PAY PREPETITION
EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION,
AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE
EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final Order”): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012; and that this Court may enter a final order consistent with Article III of the United States Constitution; and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: BCBG Max Azria Global Holdings, LLC (6857); BCBG Max Azria Group, LLC (5942); BCBG Max Azria Intermediate Holdings, LLC (3673); Max Rave, LLC (9200); and MLA Multibrand Holdings, LLC (3854). The location of the Debtors’ service address is: 2761 Fruitland Avenue, Vernon, California 90058.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other 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 (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtors are authorized, but not directed, in their sole discretion, to continue the Employee Compensation and Benefits and to honor and pay, in the ordinary course and in accordance with the Debtors' prepetition policies and prepetition practices, any obligations on account of the Employee Compensation and Benefits, irrespective of whether such obligations arose prepetition or postpetition, including payments due to or on account of, as applicable, the Employee Compensation, the Unpaid Compensation (including, for the avoidance of doubt, any Unpaid Compensation due to any former employee that is unpaid as of the Petition Date), the Commissions, the Unpaid Commissions, the Stretch Bonuses, the Unpaid Stretch Bonuses, the Withholding Obligations and Payroll Taxes, the Unpaid Payroll Taxes, the Unpaid Payroll Processing Fees, the Reimbursable Expenses (including, for the avoidance of doubt, any Reimbursable Expenses due to any former employee that is unpaid as of the Petition Date), the Payroll Taxes, and the Employee Benefit Programs (including but not limited to the Health

Benefit Plans, the Workers' Compensation Program, the Life, AD&D, Disability, and EAP Plans, the 401(k) Plan, and Paid Time Off).

3. The Debtors shall not make any non-ordinary course bonus, incentive, or severance payments to their Employees or any Insiders (as such term is defined in section 101(31) of the Bankruptcy Code) without further order of this Court. For the avoidance of doubt, no bonus, incentive, or severance payments shall be made to any Insider without further order of this Court.

4. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

5. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

6. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

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

8. 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 and directed 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 Debtors' designation of any particular check or electronic payment request as approved by this Final Order.

9. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights or the rights of any other Person under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens.

10. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any prepetition amounts owed to their Employees.

11. Notwithstanding anything to the contrary contained herein, (i) payments made by the Debtors pursuant to the authority granted in this Order must be in compliance with, and shall be subject to, the requirements imposed on the Debtors under the Debtors' postpetition financing agreements (the "DIP Agreements") and the terms and conditions of the interim and final orders, as applicable, approving the DIP Agreements and governing the Debtors' use of cash collateral (in either case, the "DIP Order"), and (ii) to the extent there is any inconsistency between the terms of the DIP Order and any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

12. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

13. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

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

15. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

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

New York, New York
Dated: _____, 2017

UNITED STATES BANKRUPTCY JUDGE