

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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In re: : Chapter 11

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THE WET SEAL, LLC, *et al.*, : Case No. 17-10229 (____)

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Debtors.¹ : (Joint Administration Requested)

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DEBTORS’ MOTION FOR ENTRY OF ORDER (I) AUTHORIZING CONTINUED USE OF CASH MANAGEMENT SYSTEM; (II) AUTHORIZING USE OF PREPETITION BANK ACCOUNTS, ACCOUNT CONTROL AGREEMENTS, AND CERTAIN PAYMENT METHODS; AND (III) WAIVING THE REQUIREMENTS OF 11 U.S.C. § 345(b) ON AN INTERIM BASIS

The Wet Seal, LLC and its affiliated debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases (collectively, the “Chapter 11 Cases”) hereby submit this motion (the “Motion”) for entry of an order substantially in the form annexed hereto as Exhibit A, pursuant to sections 105, 345, 363, 364(b), and 503(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 2015-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), (i) authorizing the Debtors’ continued use of their existing cash management system; (ii) authorizing the Debtors to continue using prepetition bank accounts and account control agreements, and using debit, wire, and ACH payments; and (iii) waiving the requirements of 11 U.S.C. § 345(b) on an interim basis. In support of this Motion, the Debtors rely on the *Declaration of Judd P. Tirnauer in Support of Chapter 11*

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s taxpayer identification number are as follows: The Wet Seal, LLC (2741); The Wet Seal Gift Card, LLC (3286); Mador Financing, LLC (1377). The Debtors’ corporate headquarters is located at 7555 Irvine Center Drive, Irvine, California 92618.

Petitions and Requests for First Day Relief (the “First Day Declaration”), which was filed contemporaneously with this Motion and is incorporated herein by reference. In further support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over these Chapter 11 Cases and this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b), and pursuant to Local Rule 9013-1(f). Venue of these Chapter 11 Cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 105, 345, 363, 364(b), and 503(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2.

BACKGROUND

I. General

3. On the date hereof (the “Petition Date”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their business and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. To date, no trustee, examiner or statutory committee has been appointed in these Chapter 11 Cases. Additional factual background relating to the Debtors’ business, capital structure and the commencement of these Chapter 11 Cases is set forth in detail in the First Day Declaration.

II. Cash Management System

4. In the ordinary course of their business, the Debtors maintain a complex cash management system (the “Cash Management System”), which includes all activities necessary and pertinent to collecting and disbursing the Debtors’ cash assets. The Cash Management System allows the Debtors to efficiently identify the Debtors’ cash requirements and transfer cash as needed to respond to these requirements. The Cash Management System is important to the efficient execution and achievement of the Debtors’ business objectives, and, ultimately, to maximizing the value of the Debtors’ estates.

5. The Cash Management System generally operates similarly to the centralized cash management systems used by other large companies to manage the cash of numerous operating units in a cost-effective, efficient manner. A chart depicting the flow of funds in the Cash Management System is attached hereto as Exhibit B.

6. The Cash Management System consists of bank accounts (collectively, the “Bank Accounts”), which are maintained at Bank of America, N.A. (“Bank of America”) and certain other banks.² Exhibit C contains a list of the Bank Accounts.

A. Collections Process

7. Store Collections. Cash collections from brick and mortar sales are deposited directly into accounts maintained by The Wet Seal, LLC (“WS LLC”) at Bank of America and certain other banks (the “Shop Sub-Accounts”). Most stores make deposits daily. The Debtors initiate daily transfers of the cash from the Shop Sub-Accounts to restricted accounts maintained by WS LLC at Bank of America (the “WS LLC Proceeds Accounts”). The proceeds from brick and mortar credit card sales and other miscellaneous checks and wires are

² The Debtors maintain multiple accounts with non-Bank of America banks, which are utilized primarily as store depository accounts. All such accounts ultimately flow into a Bank of America account.

deposited by the third-party processors of those credit card or check transactions, net of certain customer returns, chargebacks and fees, directly into separate restricted accounts maintained by WS LLC at Bank of America (“WS LLC Credit Card Proceeds Accounts”).

8. E-Commerce Collections. The proceeds from credit card purchases on the Debtors’ website, net of certain customer returns, chargebacks and fees, are deposited into separate accounts maintained by WS LLC at Bank of America (the “E-Commerce Proceeds Accounts” and, together with the WS LLC Proceeds Accounts and the WS LLC Credit Card Proceeds Accounts, the “Proceeds Accounts”).

9. The deposits in the Proceeds Accounts are automatically swept daily to a blocked concentration account maintained by WS LLC at Bank of America. Bank of America automatically transfers daily balances to a restricted disbursements account maintained by WS LLC.

10. Several of the Debtors’ deposit accounts are subject to a Deposit Account Control Agreement between (i) WS LLC, (ii) Bank of America, and (iii) Crystal Financial Services (the “Deposit Account Control Agreement”). The Debtors intend to maintain the Deposit Account Control Agreement in the ordinary course of their business and intend that it should govern the postpetition cash management relationship between the Debtors and Bank of America.

B. Disbursements Process

11. The Debtors fund nine standalone disbursement accounts held by WS LLC (the “Disbursement Accounts”) each business day to pay checks that have been presented that day for payment as well as to fund any payroll and payroll taxes (paid bi-weekly), non-payroll items relating to employee health benefits and insurance (generally paid monthly), vendor and

factor payments (paid each day based on terms with vendors and factors), lease payments (paid monthly), sales taxes (generally paid monthly), and other expenditures as they come due. The Debtors are required to fund each Disbursement Account manually, via wire transfer or book transfer, and ensure, on each business day, that there are sufficient collected and available funds in each Disbursement Account in the amount of all items drawn on such account, whether outstanding or presented for payment, and any other debit transactions initiated with respect to such Disbursement Account. The Debtors make disbursements from the Disbursement Accounts directly to third parties.

12. The Debtors seek authority to continue using the Cash Management System, including the maintenance of their existing Bank Accounts described above after the Petition Date, subject to their right to close certain accounts in their discretion and in accordance with any approved postpetition use of cash collateral.

RELIEF REQUESTED

13. The Debtors hereby request entry of an order, pursuant to sections 105, 345, 363, 364(b), and 503(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2, (i) authorizing the Debtors' continued use of the Cash Management System; (ii) authorizing the Debtors to continue using prepetition bank accounts and account control agreements, and using debit, wire, and ACH payments; and (iii) waiving the requirements of 11 U.S.C. § 345(b) on an interim basis.

BASIS FOR RELIEF REQUESTED

A. Maintaining the Existing Cash Management System is Important to the Debtors' Operations and Chapter 11 Efforts.

14. In light of the substantial size and complexity of the Debtors' operations, the maintenance of the Cash Management System is important for the preservation and maximization of the value of the Debtors' assets.

15. The Debtors' request for authorization to continue to use the Cash Management System is consistent with section 363(c)(1) of the Bankruptcy Code, which authorizes a debtor in possession to "use property of the estate in the ordinary course of business, without notice or a hearing." 11 U.S.C. § 363(c)(1). Section 363(c)(1) is intended to provide a debtor in possession with the flexibility to engage in the ordinary transactions required to operate its business. *See, e.g., In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992); *see also In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007). Included within the purview of section 363(c) is a debtor's ability to continue the routine transactions necessitated by its cash management system. *See Amdura Nat'l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10th Cir. 1996). Nevertheless, the Debtors bring this Motion out of an abundance of caution, to the extent any aspect of the Cash Management System could be considered as outside the ordinary course of business for purposes of section 363(c).

16. Courts in this and other districts have noted that an integrated cash management system "allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash." *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *rev'd on other grounds*, 997 F.2d 1039 (3d Cir. 1993); *see also Southmark Corp. v. Grosz (In re Southmark Corp.)*, 49 F.3d 1111, 1114 (5th Cir. 1995) (finding cash management system allows

a debtor “to administer more efficiently and effectively its financial operations and assets”). The United States Court of Appeals for the Third Circuit has agreed, emphasizing that requiring a debtor to maintain separate accounts “would be a huge administrative burden and economically inefficient.” *In re Columbia Gas Sys., Inc.*, 997 F.2d 1039, 1061 (3d Cir. 1993). For these reasons, the Debtors should be permitted to continue use of the Cash Management System.

B. The Court Should Authorize the Debtors to Maintain Existing Bank Accounts and Continue to Use their Existing Check Stock.

17. The United States Trustee for the District of Delaware (the “U.S. Trustee”) has set forth certain operating and reporting requirements for chapter 11 cases (the “U.S. Trustee Guidelines”) that require debtors in possession to, among other things: (i) establish one debtor in possession bank account for all estate monies required for the payment of taxes, including payroll taxes; (ii) close all existing bank accounts and open new debtor in possession accounts; (iii) maintain a separate debtor in possession account for cash collateral; and (iv) obtain checks that bear the designation “debtor in possession” and reference the bankruptcy case number and type of account on such checks. These requirements are designed to provide a clear line of demarcation between prepetition and postpetition claims and payments, and to help protect against the inadvertent payment of prepetition claims by preventing banks from honoring checks drawn before the Petition Date.

18. Enforcement of the U.S. Trustee Guidelines during these Chapter 11 Cases would severely disrupt the Debtors’ ordinary financial operations. Accordingly, the Debtors respectfully request that the Court allow them to operate each of the Bank Accounts as such were maintained in the ordinary course of business before the Petition Date.

19. In addition, the Debtors have concurrently filed several motions seeking authorization to pay prepetition obligations in the ordinary of business. If the Debtors were

required to open new accounts, they would likely be unable to timely implement the critical relief sought in those motions. The Debtors have the ability to monitor disbursements from the Bank Accounts to ensure that only those prepetition obligations expressly approved by the Court are paid.

20. In the ordinary course of their business, the Debtors use certain pre-printed check stock. To avoid disruption of the Cash Management System and unnecessary expense, pursuant to Local Rule 2015-2(a), the Debtors request that they be authorized to continue to use their existing check stock, without reference to their status as debtors in possession. The Debtors submit that parties in interest will not be prejudiced if the Debtors are authorized to continue to use their existing checks. The Debtors will be sending a notice of commencement of these Chapter 11 Cases to all creditors. Most parties doing business with the Debtors undoubtedly will be aware of their status as debtors in possession; thus, changing checks immediately is unnecessary and unduly burdensome.

C. The Court Should Authorize the Debtors to Continue Using Debit, Wire and ACH Payments.

21. The Debtors request that the Court grant further relief from the U.S. Trustee Guidelines to the extent they require the Debtors to make all disbursements by check. In particular, the U.S. Trustee Guidelines require that all receipts and all disbursements of estate funds must be made by check with a notation representing the reason for the disbursement. As discussed above, in the ordinary course of business, the Debtors conduct transactions through ACH payments and other similar methods. If the Debtors' ability to conduct transactions by debit, wire, ACH payment, or other similar methods is impaired, the Debtors may be unable to perform under certain contracts, their business operations may be unnecessarily disrupted, and

their estates will incur additional costs. Accordingly, the Debtors submit that they should be permitted to continue using debit, wire, and ACH payments.

D. The Court Should Authorize the Banks to Continue to Maintain, Service, and Administer the Bank Accounts in the Ordinary Course of Business.

22. The Debtors respectfully request that the Court authorize the banks and financial institutions (collectively, the “Banks”) at which the Bank Accounts are maintained to continue to maintain, service, and administer the Bank Accounts as accounts of debtors in possession, without interruption and in the ordinary course of business. In this regard, the Banks should be authorized and directed to receive, process, honor, and pay any and all checks, ACH payments, and other instructions, and drafts payable through, drawn, or directed on the Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto.

23. The Debtors further request that the Court authorize the Banks to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH payments should be honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts, wires, or ACH payments are dated before or after the Petition Date. The Debtors also request that, to the extent a Bank honors a prepetition check or other item drawn on any account: (i) at the direction of the Debtors; (ii) in a good-faith belief that the Court has authorized such prepetition check or item to be honored; or (iii) as a result of an innocent mistake made despite the above-described protective measures, such Bank shall not be deemed to be liable to the Debtors or their estates on account of such prepetition check or other item honored postpetition. The Debtors respectfully submit that such relief is reasonable and appropriate because the Banks are not in a position to independently verify or audit whether a particular item may be paid in accordance with a Court order or otherwise. The Debtors further

request that the Banks be authorized to (i) honor the Debtors' directions with respect to the opening and closing of any Bank Account, and (ii) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions: provided in each case that the Banks shall not have any liability to any party for relying on such representations.

24. Moreover, the Debtors request that the Court authorize (i) the Banks to charge, and the Debtors to pay or honor, both prepetition and postpetition service and other fees, costs, charges, and expenses to which the Banks are entitled under the terms and in accordance with their contractual arrangements with the Debtors, and (ii) charge-back returned items to the Bank Accounts, whether such items are dated before, on or subsequent to the Petition Date, in the ordinary course. Based on historical averages, the Debtors estimate that approximately \$29,000 in prepetition Bank service and other fees have accrued but are not yet due and owing.

E. Cause Exists for Waiving the Deposit and Investment Guidelines Under Section 345 of the Bankruptcy Code.

25. Section 345(a) of the Bankruptcy Code authorizes deposit or investment of the money of the estate, such as cash, as "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." 11 U.S.C. § 345(a). Although section 345(a) generally requires that, with respect to deposits and investments that are not "insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States," the estate must require a bond in favor of the United States secured by the undertaking of a U.S. Trustee approved corporate surety, the court is permitted to dispense with this undertaking "for cause." 11 U.S.C. § 345(b).

26. The Court's ability to excuse strict performance of the requirements of section 345(b) of the Bankruptcy Code "for cause" arises from the 1994 amendments to the

Bankruptcy Code. The legislative history of those amendments provides, in pertinent part, as follows:

Section 345 of the Code governs investments of funds of bankruptcy estates. The purpose[] is to make sure that funds of a bankrupt that are obliged to creditors are invested prudently and safely with the eventual goal of being able to satisfy all claims against the bankruptcy estate. Under current law, all investments are required to be FDIC insured, collateralized or bonded. While this requirement is wise in the case of a smaller debtor with limited funds that cannot afford a risky investment to be lost, it can work to needlessly handcuff larger, more sophisticated debtors. This section would amend the Code to allow the courts to approve investments other than those permitted by section 345(b) for just cause, thereby overruling *In re Columbia Gas Systems, Inc.*, 33 F.3d 294 (3d Cir. 1994).

In re Serv. Merch. Co., 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999) (quoting H.R. REP. NO. 103-835, at 46-47 (1994), *reprinted in* 1994 U.S.C.C.A.N. 3340, 3355).

27. In determining whether the “cause” standard under section 345(b) of the Bankruptcy Code has been met, courts consider a “totality of the circumstances analysis,” utilizing the following factors: (i) the sophistication of the debtors’ business; (ii) the size of the debtors’ business operations; (iii) the amount of the funds involved; (iv) the bank ratings (Moody’s and Standard and Poor) of the financial institutions where the debtor in possession funds are held; (v) the complexity of the case; (vi) the safeguards in place within the debtor’s own business of insuring the safety of the funds; (vii) the debtor’s ability to reorganize in the face of a failure of one or more of the financial institutions; (viii) the benefit to the debtor; (ix) the harm, if any, to the estate; and (x) the reasonableness of the debtor’s request for relief from the section 345(b) requirements in light of the overall circumstances of the case. *Serv. Merch.*, 240 B.R. at 896.

28. The Debtors believe that they are in compliance with the requirements of section 345(a) because the Bank Accounts are maintained at U.S. Trustee-approved depository institutions. Nevertheless, out of abundance of caution, the Debtors request (i) a waiver of the

deposit and investment requirements of section 345(b) of the Bankruptcy Code to the extent that such requirements are inconsistent with the Debtors' current practices, (ii) that applicable institutions be authorized and directed to accept and hold or invest such funds at the Debtors' direction, and (iii) that applicable institutions be authorized and directed to honor the Debtors' directions with respect to the opening and closing of any Bank Account.

29. Even if the Debtors' current deposit and investment practices do not strictly comply with the approved guidelines identified in section 345 of the Bankruptcy Code, the practices nevertheless are prudent and designed to yield the maximum reasonable net return on the funds invested, taking into account the safety of such deposits.

30. In light of the foregoing, the Debtors submit that cause exists for waiver of the requirements of section 345(b) of the Bankruptcy Code to the extent that those requirements are inconsistent with the Debtors' current deposit and investment practices. In accordance with Local Rule 2015-2, the Debtors request interim waiver of the section 345 requirements for a period of thirty (30) days from the Petition Date.

IMMEDIATE RELIEF IS JUSTIFIED

31. Bankruptcy Rule 6003 provides that the relief requested in this Motion may be granted if the "relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. The Debtors submit that for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors.

WAIVER OF ANY APPLICABLE STAY

32. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the

order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their business without interruption, conduct going-out-of-business sales at their retail locations, and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

NOTICE

33. Notice of this Motion has been given to (i) the U. S. Trustee; (ii) counsel to Crystal Financial, LLC; (iii) counsel to Mador Funding, LLC; (iv) holders of the thirty (30) largest unsecured claims on a consolidated basis against the Debtors; (v) the Banks; and (vi) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. As this Motion is seeking “first day” relief, within two business days of the hearing on this Motion, the Debtors will serve copies of this Motion and any order entered in respect to this Motion as required by Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

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CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit A, granting the relief requested herein and such other and further relief as is just and proper.

Dated: February 2, 2017
Wilmington, Delaware

/s/ Andrew L. Magaziner

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*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
THE DISTRICT OF DELAWARE**

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In re:	:	Chapter 11
	:	
THE WET SEAL, LLC, <i>et al.</i> ,	:	Case No. 17-10229 (____)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
	:	Ref. Docket No. ____
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**ORDER (I) AUTHORIZING CONTINUED USE OF CASH MANAGEMENT SYSTEM;
(II) AUTHORIZING USE OF PREPETITION BANK ACCOUNTS, ACCOUNT
CONTROL AGREEMENTS, AND CERTAIN PAYMENT METHODS; AND
(III) WAIVING THE REQUIREMENTS OF 11 U.S.C. § 345(B) ON AN INTERIM BASIS**

Upon the motion (the “Motion”)² of the Debtors for entry of an order, pursuant to sections 105, 345, 363, 364(b), and 503(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2, (i) authorizing the Debtors’ continued use of the Cash Management System; (ii) authorizing the Debtors to continue using prepetition Bank Accounts and account control agreements and using debit, wire, and ACH payments; and (iii) waiving the requirements of 11 U.S.C. § 345(b) on an interim basis; and upon consideration of the First Day Declaration and the record of these Chapter 11 Cases; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 1334 and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that this is a core matter pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and it appearing that venue of these Chapter 11 Cases and of the Motion is

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s taxpayer identification number are as follows: The Wet Seal, LLC (2741); The Wet Seal Gift Card, LLC (3286); Mador Financing, LLC (1377). The Debtors’ corporate headquarters is located at 7555 Irvine Center Drive, Irvine, California 92618.

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

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 the Debtors, their estates, their creditors, and other parties in interest; 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, in their sole discretion, to: (i) continue operating the Cash Management System and honor any prepetition obligations related thereto; (ii) maintain existing Bank Accounts and business forms; (iii) maintain the ability to use debit, wire and ACH payments; and (iv) continue to deposit and invest funds in accordance with their current practices to the extent set forth herein.
3. The Debtors shall maintain records in the ordinary course of business reflecting transfers of cash, if any, so as to permit all such transactions to be ascertainable and provide copies of such records to counsel to the Prepetition Lender upon request.
4. The Debtors are further authorized, in their sole discretion, to: (i) continue to use, with the same account numbers, all of the Bank Accounts in existence as of the Petition Date, including those accounts identified on Exhibit C to the Motion; (ii) use, in their present form, all checks and other documents related to the Bank Accounts existing immediately before the Petition Date, without reference to the Debtors' status as debtors in possession; (iii) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors-in-possession; (d) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, ACH payments, and other debits; and (e) pay any ordinary course both prepetition or

postpetition bank fees incurred in connection with the Bank Accounts, and to otherwise perform their obligations under the documents governing the Bank Accounts.

5. All Banks at which the Bank Accounts are maintained are authorized to continue to maintain, service, and administer the Bank Accounts as accounts of debtors in possession, without interruption and in the ordinary course of business. In this regard, the Banks are authorized to receive, process, honor and pay any and all checks, ACH payments and other instructions, and drafts payable through, drawn or directed on the Bank Accounts by holders, makers or other parties entitled to issue instructions with respect thereto on account of any claim arising (i) on or after the Petition Date or (ii) prior to the Petition Date and otherwise authorized by this Court.

6. The Deposit Account Control Agreement shall be maintained and shall continue to govern the postpetition cash management relationship between the Debtors and Bank of America, *provided, however*, that nothing contained herein shall constitute an assumption of the Deposit Account Control Agreement pursuant to section 365 of the Bankruptcy Code.

7. In the course of providing cash management services to the Debtors, any Bank, without further order of this Court, is authorized to (i) charge, and the Debtors are authorized to pay or honor, both prepetition and postpetition service and other fees, costs, charges and expenses to which the Banks are entitled under the terms and in accordance with their contractual arrangements with the Debtors, and (ii) charge-back returned items to the Bank Accounts, whether such items are dated before, on or subsequent to the Petition Date, in the ordinary course.

8. Notwithstanding any other provision of this Order, any Bank may rely on the representations of the Debtors with respect to whether any check, draft, wire, or other

transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this Court, and any Bank that honors a prepetition check or other item drawn on any account that is the subject of this Order (i) at the direction of the Debtors, (ii) in a good-faith belief that this Court has authorized such prepetition check or item to be honored, or (iii) as a result of an innocent mistake made despite the above-described protective measures, shall neither be deemed to be in violation of this Order nor be liable to the Debtors or their estates on their account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Order.

9. Any Banks are further authorized to (i) honor the Debtors' directions with respect to the opening and closing of any Bank Account, and (ii) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; provided, in each case, that the Banks shall not have any liability to any party for relying on such representations.

10. For Banks at which the Debtors hold Bank Accounts that are party to a Uniform Depository agreement with the U.S. Trustee, within fifteen (15) days of the date of entry of this Order, the Debtors shall (i) contact each Bank, (ii) provide the Bank with each of the Debtors' employer identification numbers, and (iii) identify each of the Bank Accounts held at such Banks as being held by a debtor in possession in a bankruptcy case.

11. For Banks at which the Debtors hold accounts that are not party to a Uniform Depository agreement with the U.S. Trustee, the Debtors shall have thirty (30) days to comply with section 345 of the Bankruptcy Code unless further extended by order of this Court, and the Debtors shall use their good-faith efforts to cause the banks to execute a Uniform Depository agreement in a form prescribed by the U.S. Trustee within thirty (30) days of the date of this Order.

12. The Debtors are authorized to use their existing check stock; *provided, however,* that once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" or "DIP" and the corresponding bankruptcy case number on all checks; *provided, further,* within fifteen days of entry of this Order, any electronically produced checks shall reflect the designation "Debtor in Possession" or "DIP" and the corresponding bankruptcy case number.

13. Notwithstanding anything contained herein, despite the Debtors' use of the consolidated Cash Management System, the Debtors shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of which Debtor pays those disbursements.

14. Each of the Banks is authorized to debit the Debtors' accounts in the ordinary course of business without need for further order of this Court for: (i) all checks, items, and other payment orders drawn on the Debtors' accounts which are cashed at such Bank's counters or exchanged for cashier's checks by the payees thereof prior to the Bank's receipt of notice of filing of the Petition; (ii) all checks, automated clearing house entries, and other items deposited or credited to one of Debtors' accounts with such Bank prior to filing of the petitions which have been dishonored, reversed, or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to filing of the petitions; and (iii) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

15. Nothing contained herein shall prevent the Debtors from closing any Bank Account(s) or opening any additional bank accounts, as they may deem necessary and

appropriate, and any relevant bank is authorized to honor the Debtors' requests to close or open such Bank Accounts or additional bank accounts, as the case may be; provided that notice of the opening or closure of any account shall be given to the U.S. Trustee and any statutory committee as soon as practicable; and provided, further, that any new bank accounts shall be opened at a bank that is party to a Uniform Depository agreement with the U.S. Trustee, or at a bank that is willing to immediately execute a Uniform Depository agreement.

16. The Debtors shall maintain accurate and detailed records of all transfers and intercompany transactions, if any, within the Cash Management System so that all transactions may be readily ascertained, traced, recorded properly, and distinguished between prepetition and postpetition transactions.

17. The Debtors shall perform daily sweeps of all funds deposited from non-UDA Bank Accounts into a Bank of America Bank Account.

18. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in the Motion or this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim or lien against the Debtors or a waiver of the Debtors' rights to dispute any claim or lien.

19. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors. The requirements of Bankruptcy Rule 6004(a) are waived under the circumstances.

20. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (i) this Order shall be effective immediately and enforceable upon its entry; (ii) the Debtors are not subject to any stay in the implementation, enforcement, or realization of the relief granted in

this order; and (iii) the Debtors are authorized and empowered, and may in their discretion and without further delay, take any action necessary or appropriate to implement this Order.

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

22. This Court retains jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: February ____, 2017
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Cash Flow Demonstrative

Wet Seal LLC.

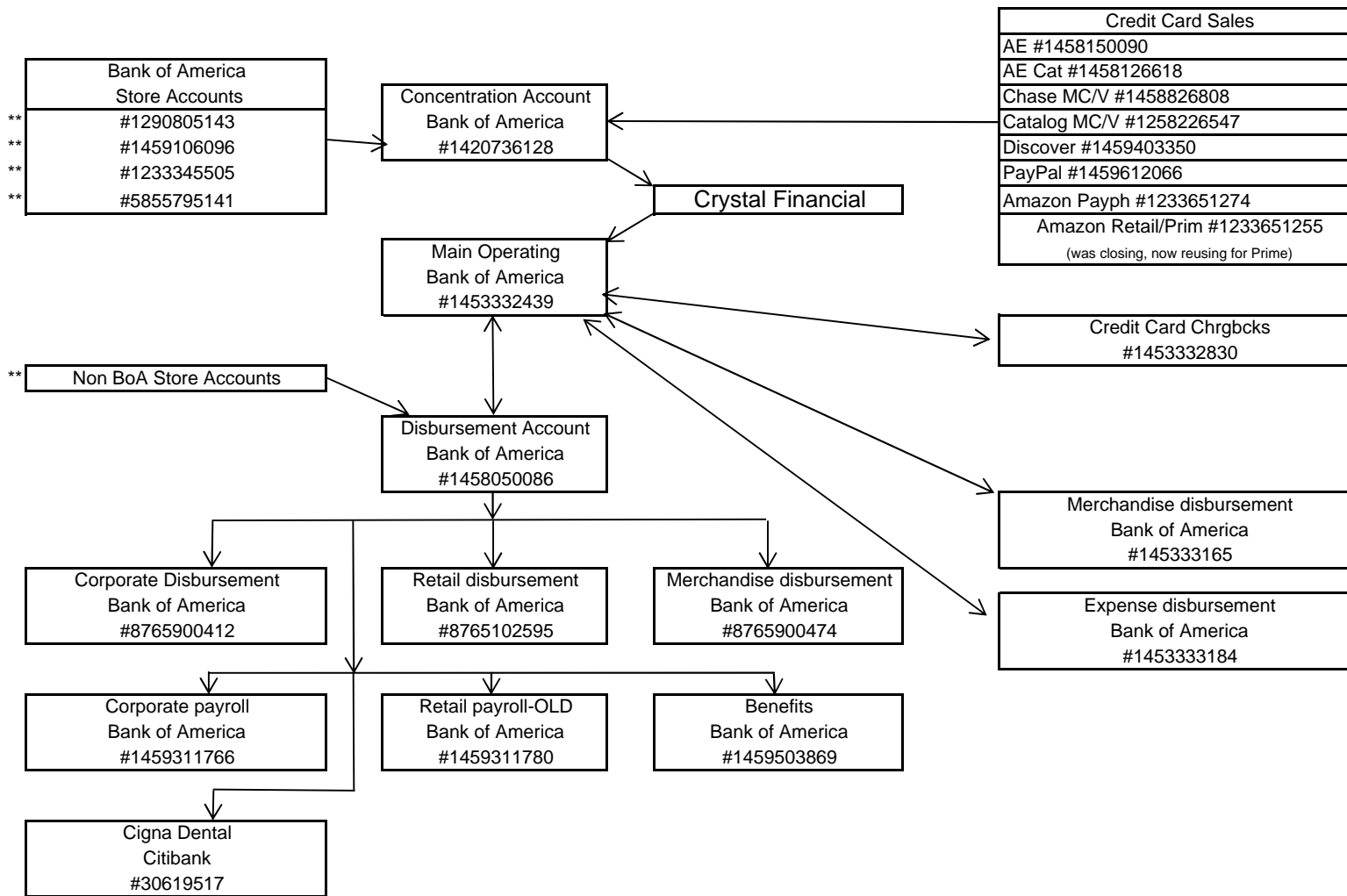


EXHIBIT C

List of Bank Accounts

The Wet Seal, LLC
Bank Account Listing
As of January 25, 2017

Entity	Type	Acct No.	Avg Overnight Bal	Bank Name	Bank Address	Bank City	Bank State	Bank Zip
The Wet Seal, LLC.	Register Funds							
The Wet Seal, LLC.	Depository	xxxx4021		5/3 Bank	1250 N. Green River Rd.	Evansville	IN	47715
The Wet Seal, LLC.	Depository	xxxx1847		American Savings Bank	1441 Kapiolani Blvd.	Honolulu	HI	96814
The Wet Seal, LLC.	Depository	xxxx9604		American Savings Bank	1441 Kapiolani Blvd.	Honolulu	HI	96814
The Wet Seal, LLC.	Depository	xxxx3903		Bank Financial (Success)	One Marriott Drive	Lincolnshire	IL	60069-3703
The Wet Seal, LLC.	Full	xxxx0086		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	AMEX Retail	xxxx0090		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Disbursement	xxxx0412		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Disbursement	xxxx0474		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Corp. Payroll	xxxx1766		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Retail Payroll	xxxx1780		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Pay Pal Internet	xxxx2066		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Disbursement	xxxx2595		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Disbursement	xxxx3165		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Disbursement	xxxx3184		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Discover Retail	xxxx3350		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Depository	xxxx6096		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Concentration	xxxx6128		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	ECA Checks	xxxx6128		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Debit Card	xxxx6808		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Visa/MC Card Retail	xxxx6808		Bank of America	1655 Grant St. Bldg A-10th Floor	Concord	CA	94520
The Wet Seal, LLC.	Depository	xxxx7696		Bank of Hawaii	1441 Kapiolani Blvd.	Honolulu	HI	96814
The Wet Seal, LLC.	Depository	xxxx3024		Capital One/Chevy Chase	P.O. Box 1296	Laurel	MD	20707
The Wet Seal, LLC.	Depository	xxxx7573		Capital One/Chevy Chase	P.O. Box 1296	Laurel	MD	20707
The Wet Seal, LLC.	Depository	xxxx9462		Citibank	P.O. Box 769018	San Antonio	TX	78245
The Wet Seal, LLC.	Cigna Dental	xxxx9517		Citibank	1 Penns Way	New Castle	DE	19720
The Wet Seal, LLC.	Depository	xxxx2501		Citizens	1000 Ross Park Mall Dr.	Pittsburg	PA	15237
The Wet Seal, LLC.	Depository	xxxx5247		Comerica	2600 Big Beaver Rd.	Troy	MI	48083
The Wet Seal, LLC.	Depository	xxxx1282		Commerce	1345 E. Battlefield	Springfield	MO	65804
The Wet Seal, LLC.	Depository	xxxx3082		Compass	P.O. Box 10566	Birmingham	AL	35296
The Wet Seal, LLC.	Depository	xxxx1670		Core First Bank	3035 S. Topeka B	Topeka	KS	66611
The Wet Seal, LLC.	Depository	xxxx7493		First Citizens Bank	PO Box 27131	Raleigh	NC	27611
The Wet Seal, LLC.	Depository	xxxx0721		Huntington National	P.O. Box 1558	Columbus	OH	43216-1558
The Wet Seal, LLC.	Depository	xxxx3372		IBC Bank (3372)	5615 Kirby Drive	Houston	TX	77005
The Wet Seal, LLC.	Depository	xxxx5732		JPM Chase	7610 W. Washington St.	Indianapolis	IN	46231
The Wet Seal, LLC.	Depository	xxxx7205		Key Bank	601 180 Ave. NE., 5th Floor	Bellevue	WA	98004
The Wet Seal, LLC.	Depository	xxxx2422		M&T Bank / Wilmington Trust	Two Tower Center	East Brunswick	NJ	01906
The Wet Seal, LLC.	Depository	xxxx3400		MB Financial	1400 W. 16th St.	Oak Brook	IL	52806
The Wet Seal, LLC.	Depository	xxxx2012		Plains Commerce	524 S. Dakota St.	Aberdeen	SD	57401
The Wet Seal, LLC.	Depository	xxxx3268		Plains Commerce	524 S. Dakota St.	Aberdeen	SD	57401
The Wet Seal, LLC.	Depository	xxxx3713		PNC	Two Tower Center, 17th Floor	East Brunswick	NJ	08816
The Wet Seal, LLC.	Depository	xxxx5029		PNC	Two Tower Center, 17th Floor	East Brunswick	NJ	08816
The Wet Seal, LLC.	Depository	xxxx3019		Prosperity Bank	4109 College Hills Blvd.	San Angelo	TX	76904
The Wet Seal, LLC.	Utilities Paid by Third Party	xxxx4931		Regions Bank	7562 University Blvd	Winter Park	FL	32792
The Wet Seal, LLC.	Depository	xxxx1098		Salem Five	12021 Broadway	Saugus	MA	01906
The Wet Seal, LLC.	Depository	xxxx1461		Salem Five	12021 Broadway	Saugus	MA	01906
The Wet Seal, LLC.	Depository	xxxx6840		Sovereign	1765 Ellington Road	South Windsor	CT	06074
The Wet Seal, LLC.	Depository	xxxx7956		Sovereign	1765 Ellington Road	South Windsor	CT	06074
The Wet Seal, LLC.	Depository	xxxx7978		SunTrust	P.O. Box 622227	Orlando	FL	32862-2227
The Wet Seal, LLC.	Depository	xxxx9215		UMB	PO Box 419226	Kansas City	MO	64141-6226
The Wet Seal, LLC.	Depository	xxxx2375		Wells Fargo	2030 Main St. Suite 900	Irvine	CA	92614
The Wet Seal, LLC.	Depository	xxxx2722		Wheatland Bank	14732 E. Indiana Avenue	Spokane Valley	WA	99216