

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

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In re:	:	Chapter 11
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THE WET SEAL, LLC, <i>et al.</i> ,	:	Case No. 17-10229 (CSS)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
	:	Ref. Docket No. 9
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**ORDER (I) AUTHORIZING THE DEBTORS TO PAY AND HONOR CERTAIN
PREPETITION WAGES, BENEFITS, AND OTHER COMPENSATION
OBLIGATIONS AND (II) AUTHORIZING BANKS TO HONOR AND
PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS**

Upon consideration of the motion (the “Motion”)² of the Debtors for the entry of an order, pursuant to sections 105(a), 363(b), 507(a)(4), and 507(a)(5) of the Bankruptcy Code, (i) authorizing, but not directing, the Debtors, in accordance with their stated policies and in their discretion, to pay, honor, or otherwise satisfy certain of the Employee Obligations, including amounts and obligations related to the period prior to the Petition Date, and (ii) authorizing Banks to honor and process related checks and electronic transfers; and upon consideration of the Motion and all pleadings related thereto, including the First Day Declaration; and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required; and it appearing that this Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order* from the United States District Court for the District of Delaware, dated February 29, 2012; and it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this

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). Debtors’ corporate headquarters is located at 7555 Irvine Center Drive, Irvine, California 92618.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the First Day Declaration, as applicable.

proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Motion and provided for herein is in the best interest of the Debtors, their estates, and their creditors; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. Upon entry of this Order, the Debtors are authorized, but not directed, to pay and/or honor (including to any third parties that provide or aid in the monitoring, processing or administration of the Employee Obligations), in their sole discretion, the Employee Obligations as and when such obligations are due, in amounts not to exceed the limits set forth in the Motion; *provided, however*, notwithstanding any other provision of this Order, no payments to any Employee shall exceed the amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code unless such amounts above the \$12,850 statutory cap provided for under section 507(a)(4) of the Bankruptcy Code (the “Statutory Cap”) are a result of cash payment for unpaid Vacation that is required under applicable state law.
3. The Debtors are authorized, but not directed, in their sole discretion, in amounts not to exceed the limits set forth in the Motion to honor and continue the Employee Benefits that were in effect as of the Petition Date; *provided, however*, that such relief shall not constitute or be deemed an assumption or an authorization to assume any of such Employee Benefit under section 365(a) of the Bankruptcy Code.

4. Prepetition amounts authorized to be paid by this Order are limited as follows:

Category ³	Amount
Employee Claims	\$2,125,000
Independent Contractor Claim	\$1,100
Employee Bonus Programs	\$63,750
Vacation (only at separation and where required by state law)	\$630,000
Health Plan	\$300,000
Dental Plan	\$10,000
Vision Plan	\$500
Life, Disability and Related Coverage	\$15,000
COBRA	\$1,000
Flexible Spending Accounts	\$1,000
New York State TDI	\$5,000
Hawaii State TDI	\$0
Additional Medical Administration Costs	\$14,000
Retirement Plan	\$0
Employee Expenses	\$50,000

5. In addition to the foregoing, the Debtors are authorized to make payments in an amount not to exceed \$10,000 in the aggregate to reimburse certain Employees for out-of-pocket expenses associated with prepetition payroll payments that were unintentionally omitted and/or prepetition checks for payroll that did not clear. For the avoidance of doubt, the payment of these amounts shall not result in any single Employee being paid more than the Statutory Cap.

6. The Banks shall be and hereby are authorized to receive, process, honor and pay all prepetition and postpetition checks and fund transfers on account of the Employee

³ Each category includes amounts for related Employee Administrator Obligations.

Obligations that had not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments. The Banks are prohibited from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for Employee Obligations. The Debtors shall be and hereby are authorized to issue new postpetition checks or effect new postpetition fund transfers on account of the Employee Obligations to replace any prepetition checks or fund transfer requests that may be dishonored or rejected.

7. 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 not be liable to the Debtors or their estates on their account of such prepetition check or other item being honored postpetition.

8. The Debtors may pay and remit any and all withholding, including social security, FICA, federal and state income taxes, garnishments, health care payments, retirement fund withholding, and other types of withholding, whether these relate to the period prior to or after the Petition Date.

9. Any party receiving payment from the Debtors is authorized to rely upon the representations of the Debtors as to which payments are authorized by this Order.

10. Nothing in the Motion or this Order or the relief granted (including any actions taken or payments made by the Debtors pursuant to the relief) shall (i) be construed as a request for authority to assume any executory contract under section 365 of the Bankruptcy Code; (ii) waive, affect or impair any of the Debtors' rights, claims or defenses, including, but not limited to, those arising from section 365 of the Bankruptcy Code, other applicable law and any agreement; (iii) grant third-party beneficiary status or bestow any additional rights on any third party; or (iv) be otherwise enforceable by any third party.

11. Nothing in this Order shall be construed as binding on this Court or any other party-in-interest, or to establish the law of the case, with respect to whether an individual is or is not an insider within the meaning of section 101(31) of the Bankruptcy Code.

12. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

13. Nothing in this Order shall be deemed to (i) authorize the payment of any amounts subject to section 503(c) of the Bankruptcy Code, (ii) authorize or approve any bonus plan or severance plan that is subject to section 503(c) of the Bankruptcy Code or (iii) authorize the Debtors to cash out unpaid vacation or leave time upon termination of an employee unless applicable state law requires such payment.

14. 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.

15. 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.

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

Dated: Wilmington, Delaware
February 3, 2017



CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE