

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re The Wet Seal LLC, *et al.*  
Debtors

Case No. 17-10299 (CSS)

**INITIAL MONTHLY OPERATING REPORT**

**File report and attachments with Court and submit copy to United States Trustee within 15 days after order for relief.**

Certificates of insurance must name United States Trustee as a party to be notified in the event of policy cancellation. Bank accounts and checks must bear the name of the debtor, the case number, and the designation "Debtor in Possession." Examples of acceptable evidence of Debtor in Possession Bank accounts include voided checks, copy of bank deposit agreement/certificate of authority, signature card, and/or corporate checking resolution.

REQUIRED DOCUMENTS	Document Attached	Explanation Attached
<b>12-Month Cash Flow Projection (Form IR-1)</b>	Cash Collateral Budget Attached	
<b>Certificates of Insurance:</b>		
Workers Compensation	Attached	
Property	Attached	
General Liability	Attached	
Vehicle	Attached	
Other: _____	Attached	
Identify areas of self-insurance w/liability caps		
<b>Evidence of Debtor in Possession Bank Accounts</b>		
Tax Escrow Account	Cash Management Order Attached	
General Operating Account		
Money Market Account pursuant to Local Rule 4001-3. Refer to <a href="http://www.deb.uscourts.gov/">http://www.deb.uscourts.gov/</a>		
Other: _____		
<b>Retainers Paid (Form IR-2)</b>	Attached	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

/s/ Judd P. Tirnauer  
Signature of Authorized Individual\*

February 17, 2017  
Date

Judd P. Tirnauer  
Printed Name of Authorized Individual

Chief Financial Officer  
Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

Wet Seal

Weekly Cash Flow

(\$ in 000's)

Cash Flow Forecast Week Actual/Forecast Week Ending	February				March		
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Forecast
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	4-Feb	11-Feb	18-Feb	25-Feb	4-Mar	11-Mar	Total
<b>Cash Flows</b>							
<b>Receipts</b>							
Sales Receipts	2,863	4,331	4,369	2,749	816	693	15,821
Other Receipts	-	-	-	-	669	3,000	3,669
Total Receipts	2,863	4,331	4,369	2,749	1,485	3,693	19,490
<b>Operating Disbursements</b>							
Payroll & 401K	372	1,260	761	639	637	95	3,763
Rent	219	-	-	-	76	-	295
Sales Tax Remittance	-	-	-	519	-	-	519
Freight & Distribution	500	600	200	150	100	75	1,625
Admin	100	100	100	(268)	80	75	187
Insurance	22	-	-	-	22	-	44
Utilities	40	-	-	30	60	30	160
Other Operating Disbursements	14	456	336	269	588	(5)	1,658
Subtotal	1,266	2,416	1,397	1,339	1,563	270	8,250
<b>Operating Cash Flow</b>	1,597	1,915	2,973	1,410	(78)	3,422	11,239
<b>Other Disbursements</b>							
Non - Operating Disbursements	804	120	-	-	55	-	979
Term Loan Paydown	250	2,000	3,000	1,450	-	9	6,709
Subtotal	1,054	2,120	3,000	1,450	55	9	7,688
<b>Total Disbursements</b>	2,319	4,536	4,397	2,789	1,618	279	15,938
<b>Net Cash Flow</b>	543	(205)	(27)	(40)	(134)	3,413	3,551
<b>Cash / ABL Loan Balance</b>							
Revolver Balance	2,032	2,237	2,264	2,304	2,438	-	-
Term Loan Balance	6,459	4,459	1,459	9	9	-	-
Ending Cash Balance	100	100	100	100	100	1,076	1,076



LOC #: Irvine



**ADDITIONAL REMARKS SCHEDULE**

<b>AGENCY</b> Marsh Risk & Insurance Services		<b>NAMED INSURED</b> Mador Holdings, LLC The Wet Seal, LLC 7555 Irvine Center Drive Irvine, CA 92618	
<b>POLICY NUMBER</b>		<b>EFFECTIVE DATE:</b>	
<b>CARRIER</b>	<b>NAIC CODE</b>		

**ADDITIONAL REMARKS**

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,**  
**FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance**

EXCESS Directors & Officers (1st Layer)  
 Insurance Carrier: Allianz Global US Risk Insurance Co.  
 Policy #: DOX2007893  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$5,000,000 (excess of \$5,000,000 Primary)

EXCESS Directors & Officers (2nd Layer)  
 Insurance Carrier: Zurich North America  
 Policy #: DOC014050200  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$5,000,000 (excess of \$10,000,000)

Fiduciary Liability  
 Insurance Carrier: National Union Fied Insurance Co. of PA  
 Policy #: 0288006665  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$10,000,000  
 Retention: \$10,000

Crime  
 Insurance Carrier:  
 Policy #: 0288006665  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$2,000,000  
 Retention: \$50,000

Employment Practice Liability (3rd Party coverage included)  
 Insurance Carrier: Westchester Surplus Lines Insurance Co.  
 Policy #: G27584597 003  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$10,000,000  
 Aggregate Limit: \$10,000,000  
 Retention: \$250,000

Network Security/Privacy Liability (Cyber)  
 Insurance Carrier: Beazley/Syndicate 2623/623 at Lloyds  
 Policy #: W184BE160201  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$5,000,000  
 Aggregate Limit: \$5,000,000  
 Retention: \$75,000

EXCESS Network Security/Privacy Liability (Cyber)  
 Insurance Carrier: AIG Specialty Insurance Company  
 Policy #: 013259476  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$5,000,000 (excess of \$5,000,000 Primary)

LOC #: Irvine



### ADDITIONAL REMARKS SCHEDULE

Page 3 of 3

AGENCY Marsh Risk & Insurance Services		NAMED INSURED Mador Holdings, LLC The Wet Seal, LLC 7555 Irvine Center Drive Irvine, CA 92618	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

#### ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,  
FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance









LOC #: Irvine



### ADDITIONAL REMARKS SCHEDULE

AGENCY Marsh Risk & Insurance Services		NAMED INSURED Mador Holdings, LLC The Wet Seal, LLC 7555 Irvine Center Drive Irvine, CA 92618	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

**ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,  
FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

Other deductibles may apply as per policy terms and conditions.

**EVIDENCE OF PROPERTY INSURANCE**DATE (MM/DD/YYYY)  
02/08/2017

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

<b>AGENCY</b> Marsh Risk & Insurance Services 17901 Von Karman Avenue, Suite 1100 (949) 399-5800; License #0437153 Irvine, CA 92614  115974325-01-01-16-17		<b>PHONE (A/C, No, Ext):</b>	<b>COMPANY</b> Zurich American Insurance Co	
<b>FAX (A/C, No):</b>	<b>E-MAIL ADDRESS:</b>			
<b>CODE:</b>	<b>SUB CODE:</b>			
<b>AGENCY CUSTOMER ID #:</b>		<b>LOAN NUMBER</b>		<b>POLICY NUMBER</b> CPP011464601
<b>INSURED</b> Mador Holdings, LLC The Wet Seal, LLC 7555 Irvine Center Drive Irvine, CA 92618		<b>EFFECTIVE DATE</b> 04/15/2016	<b>EXPIRATION DATE</b> 04/15/2017	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
<b>THIS REPLACES PRIOR EVIDENCE DATED:</b>				

**PROPERTY INFORMATION**

**LOCATION/DESCRIPTION**  
Office of the United States Trustee is included as Additional Insured as required by written contract with the named insured. Subject to policy terms, conditions, limitations and

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

**COVERAGE INFORMATION**

COVERAGE / PERILS / FORMS	PERILS INSURED				AMOUNT OF INSURANCE	DEDUCTIBLE
	BASIC	BROAD	SPECIAL			
Loss Limit (Real Property, Personal Property, Business Interruption, Equipment Breakdown Etc.)					100,000,000	50,000
Earthquake					25,000,000	100,000
EQ - Zone 1					5,000,000	5% of TIV
EQ - Zone 2					10,000,000	2%
Flood					25,000,000	100,000
Flood - SPHA					2,500,000	500,000
Flood - MFHA					5,000,000	250,000

Other deductibles may apply as per policy terms and conditions.

**REMARKS (Including Special Conditions)**

Subject to policy terms, conditions, limitations and exclusions.

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

**ADDITIONAL INTEREST**

LOS-002057556-01

<b>NAME AND ADDRESS</b>  Office of the United States Trustee 844 King Street, Ste 2207 Lockbox 35 Wilmington, DE 19801	X	ADDITIONAL INSURED	LENDER'S LOSS PAYABLE	LOSS PAYEE
		MORTGAGEE		
<b>LOAN #</b>				
<b>AUTHORIZED REPRESENTATIVE</b> of Marsh Risk & Insurance Services  John Graef <i>J. Graef</i>				



LOC #: Irvine



**ADDITIONAL REMARKS SCHEDULE**

AGENCY Marsh Risk & Insurance Services		NAMED INSURED Mador Holdings, LLC The Wet Seal, LLC 7555 Irvine Center Drive Irvine, CA 92618	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

**ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,  
 FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

Umbrella (2nd Layer)  
 Carrier: Lexington Insurance Company  
 Policy #: 015375219  
 Policy Term: 4/15/16 - 4/15/17  
 Limit: \$25,000,000 excess of \$50,000,000

Umbrella (3rd "Final" Layer)  
 Carrier: Ohio Casualty Insurance Company  
 Policy #: ECO1555087235  
 Policy Term: 4/15/16 - 4/15/17  
 Limit: \$25,000,000 excess of \$75,000,000

**EVIDENCE OF PROPERTY INSURANCE**DATE (MM/DD/YYYY)  
02/10/2017

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

<b>AGENCY</b> Marsh Risk & Insurance Services 17901 Von Karman Avenue, Suite 1100 (949) 399-5800; License #0437153 Irvine, CA 92614  115974325-01-01-16-17		<b>PHONE (A/C, No, Ext):</b>	<b>COMPANY</b> Zurich American Insurance Co	
<b>FAX (A/C, No):</b>	<b>E-MAIL ADDRESS:</b>			
<b>CODE:</b>		<b>SUB CODE:</b>		
<b>AGENCY CUSTOMER ID #:</b>		<b>LOAN NUMBER</b>		<b>POLICY NUMBER</b> CPP011464601
<b>INSURED</b> Mador Holdings, LLC The Wet Seal, LLC 7555 Irvine Center Drive Irvine, CA 92618		<b>EFFECTIVE DATE</b> 04/15/2016	<b>EXPIRATION DATE</b> 04/15/2017	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
<b>THIS REPLACES PRIOR EVIDENCE DATED:</b>				

**PROPERTY INFORMATION**

<b>LOCATION/DESCRIPTION</b>
<p>THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.</p>

**COVERAGE INFORMATION**

PERILS INSURED	BASIC	BROAD	SPECIAL
----------------	-------	-------	---------

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Loss Limit (Real Property, Personal Property, Business Interruption, Equipment Breakdown Etc.)	100,000,000	50,000
Earthquake	25,000,000	100,000
EQ - Zone 1	5,000,000	5% of TIV
EQ - Zone 2	10,000,000	2%
Flood	25,000,000	100,000
Flood - SPHA	2,500,000	500,000
Flood - MFHA	5,000,000	250,000

Other deductibles may apply as per policy terms and conditions.

**REMARKS (Including Special Conditions)**

Subject to policy terms, conditions, limitations and exclusions.

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

**ADDITIONAL INTEREST**

LOS-002057556-02

<b>NAME AND ADDRESS</b>  Office of the United States Trustee 844 King Street, Ste 2207 Lockbox 35 Wilmington, DE 19801	<input checked="" type="checkbox"/>	<b>ADDITIONAL INSURED</b>	<input type="checkbox"/>	<b>LENDER'S LOSS PAYABLE</b>	<input type="checkbox"/>	<b>LOSS PAYEE</b>
		<b>MORTGAGEE</b>				
	<b>LOAN #</b>					
<b>AUTHORIZED REPRESENTATIVE</b> of Marsh Risk & Insurance Services  John Graef <i>J. Graef</i>						

LOC #: Irvine



## ADDITIONAL REMARKS SCHEDULE

<b>AGENCY</b> Marsh Risk & Insurance Services		<b>NAMED INSURED</b> Mador Holdings, LLC The Wet Seal, LLC 7555 Irvine Center Drive Irvine, CA 92618	
<b>POLICY NUMBER</b>		<b>EFFECTIVE DATE:</b>	
<b>CARRIER</b>	<b>NAIC CODE</b>	(Empty)	

**ADDITIONAL REMARKS**

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,**  
**FORM NUMBER: 27    FORM TITLE: Evidence of Property Insurance**

DIC (EQ) California Locations Only (1st Layer)  
 Insurance Carrier: Aspen Specialty Insurance Company  
 Policy #: PTAFDH916A0J  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$5,000,000 excess of \$5,000,000

DIC (EQ) California Locations Only (2nd Layer)  
 Insurance Carrier: Endurance American Specialty Insurance Company  
 Policy #: CPN10008993200  
 Policy Term: 4/15/16 - 4/15/17  
 Loss Limit: \$10,000,000 excess of \$10,000,000

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

	-----X	
In re:	:	Chapter 11
	:	
THE WET SEAL, LLC, <i>et al.</i> ,	:	Case No. 17-10229 (CSS)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
	:	Ref. Docket No. 8
	-----X	

**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”)<sup>2</sup> 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

<sup>1</sup> 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.

<sup>2</sup> 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 Crystal Financial and Mador Funding, respectively, 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. This Court retains jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: February 3, 2017  
Wilmington, Delaware

  
CHRISTOPHER S. SONTCHI  
UNITED STATES BANKRUPTCY JUDGE

