

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

In re:	)	
	)	Chapter 11
PGX HOLDINGS, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 23-10718 (CTG)
	)	
Debtors.	)	(Joint Administration Requested)
	)	

**MOTION OF DEBTORS FOR ENTRY OF INTERIM  
AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO  
(A) CONTINUE TO OPERATE THE CASH MANAGEMENT SYSTEMS,  
(B) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO,  
(C) MAINTAIN EXISTING BUSINESS FORMS, (D) CONTINUE TO PERFORM  
INTERCOMPANY TRANSACTIONS, AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion:<sup>2</sup>

**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 the Debtors to continue to operate their Cash Management Systems (as defined below), illustrated on Exhibit 1 annexed to the Interim Order and Final Order, honor certain prepetition obligations related thereto, maintain existing business forms in the ordinary course of

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PGX Holdings, Inc. (2510); Credit Repair UK, Inc. (4798); Credit.com, Inc. (1580); Creditrepair.com Holdings, Inc. (7536); Creditrepair.com, Inc. (7680); eFolks Holdings, Inc. (5213); eFolks, LLC (5256); John C. Heath, Attorney At Law PC (8362); Progrexion ASG, Inc. (5153); Progrexion Holdings, Inc. (7123); Progrexion IP, Inc. (5179); Progrexion Marketing, Inc. (5073); and Progrexion Teleservices, Inc. (5110). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111.

<sup>2</sup> A detailed description of the Debtors and their business, including the facts and circumstances giving rise to the Debtors’ chapter 11 cases, is set forth in the *Declaration of Chad Wallace, Chief Executive Officer of PGX Holdings, Inc., in Support of Chapter 11 Filing and First Day Motions* (the “First Day Declaration”), filed contemporaneously herewith on June 4, 2023 (the “Petition Date”) and incorporated by reference herein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.



business, continue to perform intercompany transactions consistent with historical practice, and grant administrative expense status to postpetition intercompany balances; and (b) granting related relief. In addition, the Debtors request that the Court schedule a final hearing approximately 21 days from the Petition Date.

### **Jurisdiction and Venue**

2. The United States Bankruptcy Court for the District of Delaware (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 District of Delaware, dated February 29, 2012. The Debtors confirm their consent, pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local 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 statutory bases for the relief requested herein are sections 105, 345, 363, 364, and 503 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), rules 2002, 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rules 2002-1, 2015-2 and 9013-1.

### **Background**

5. The Debtors are one of the nation’s leading credit repair service providers, helping customers repair their credit and achieve their credit goals. Setting the industry standard for transparency, cutting edge technology-enabled solutions, and quality customer service, the Debtors help consumers access and understand the information contained in their credit reports,

ensure that the information contained in those reports is fair, accurate, and complete, and address other factors that may negatively impact their credit scores. The Debtors are headquartered in Salt Lake City, Utah and have employees in nine other states. Debtor PGX Holdings, Inc. and Debtor John C. Heath, Attorney At Law PC d/b/a Lexington Law Firm (“Lexington Law”) generated approximately \$388 million in combined revenue in 2022. As of the Petition Date, the Debtors have approximately \$423 million in funded-debt obligations.

6. As set forth in greater detail in the First Day Declaration, certain Debtors are currently involved in litigation with the Consumer Financial Protection Bureau (the “CFPB”) before the United States District Court for the District of Utah (the “District Court”). In such litigation, on five separate counts, the CFPB alleged that the defendant Debtors committed certain violations of federal consumer protection law through operation of their consumer assistance and credit repair business. On March 10, 2023, the District Court granted partial summary judgment against these Debtors on the first count in the litigation, finding that the billing practices were in violation of 16 C.F.R. § 310.4(a)(2), the Telemarketing Sales Rule (the “TSR”). In connection with the first count, the CFPB demanded nearly \$3 billion in restitution or refunds and other monetary relief, along with certain injunctive relief.

7. In response to the District Court’s ruling on the TSR count, and a subsequent denial of a stay of the ruling, the Debtors immediately stopped certain telemarketing activities, closed many of their call centers, and began evaluating the impact of the ruling on the future of their business, a process that remains ongoing. Following the Debtors’ reduction of business operations, the Debtors’ revenues also declined. Upon further review, the Debtors determined that their liquidity would continue to be severely constrained and their debt obligations are now unsustainable in light of their smaller operational footprint and decreased revenues going forward.

The Debtors have commenced these chapter 11 cases to fully and fairly resolve their liabilities, with the aim of preserving value for stakeholders and maintaining the ability to deliver best-in-class crucial credit repair services to customers.

8. On the Petition Date, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this motion, the Debtors filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no official committees have been appointed or designated.

### **The Cash Management Systems**

#### **I. Overview.**

9. In the ordinary course of business, the Debtors maintain the Cash Management Systems to facilitate the efficient operation of their business, as illustrated on Exhibit 1 annexed to the Interim Order and Final Order. The Cash Management Systems are comparable to the centralized cash management systems used by similarly situated companies to manage the cash of operating units in a cost-effective manner and ensure the availability of adequate funds at each Debtor entity. The Debtors use the Cash Management Systems in the ordinary course of their business to collect, transfer, and disburse funds generated from their operations and to facilitate cash monitoring, forecasting, and reporting.

10. The Debtors' Cash Management Systems are comprised of two systems: one is maintained by PGX Holdings, Inc. and its direct and indirect subsidiaries (the "Progrexion Cash Management System") and the other is maintained by John C. Heath, Attorney At Law PC, doing

business as Lexington Law (the “Lexington Law Cash Management System”, and together with the Progexion Cash Management System, the “Cash Management Systems”).

11. The Progexion Cash Management System is centralized around a master concentration account held at Bank of America, N.A. (“BofA”) by Debtor PGX Holdings, Inc. (the “Master Concentration Account”).

12. The Progexion Cash Management System includes a total of 15 bank accounts, each of which is identified on Exhibit 2 annexed to the Interim Order and Final Order (each, a “Progexion Bank Account” and, collectively the “Progexion Bank Accounts”). The Progexion Bank Accounts are held at the following banking institutions (the “Cash Management Banks”):

- ten Bank Accounts held at BofA;
- four Bank Accounts held at JPMorgan Chase Bank (“JPM”); and
- one Bank Account held at Comerica Incorporated (“Comerica”).

13. The Progexion Debtors’ accounting department, located primarily in Salt Lake City, Utah, manages the Progexion Bank Accounts, including the opening, closing, and day-to-day maintenance of the Progexion Cash Management System. The accounting department implements controls for entering, processing, and releasing funds in the ordinary course of the Progexion Debtors’ business, including in connection with the intercompany transactions and performs weekly reconciliations of the Progexion Bank Accounts to the Progexion Debtors’ books and records to ensure that all transfers are accounted for properly.

14. The Progexion Debtors have used the Progexion Cash Management System without substantial modification since October 2014. The Progexion Cash Management System consists of two discrete systems, corresponding to the time period before and after the adoption of the current Progexion Cash Management System. The Progexion Debtors’ cash receipts related

to recurring customer subscription services from prior to October 2014 (such customers, the “Legacy Customers”) utilize the Progrexion Bank Accounts held at JPM. Additionally, the Progrexion Debtors have used the Progrexion Bank Account held at Comerica to adjust refunds and payment disputes with Legacy Customers and to fund certain employee incentive payments (the Accounts held at JPM and Comerica being the “Legacy Accounts”). The remainder of the Progrexion Debtors’ receipts from operations utilize the Progrexion Bank Accounts at BofA.

15. The Lexington Law Cash Management System includes a total of 7 bank accounts, each of which is identified on Exhibit 3 annexed to the Interim Order and Final Order (each, a “Lexington Law Bank Account” and, collectively, the “Lexington Law Bank Accounts” and, together with the Progrexion Bank Accounts, the “Bank Accounts”). The Lexington Law Bank Accounts are held at the following Cash Management Banks:

- two Lexington Law Bank Accounts held at BofA;
- four Lexington Law Bank Accounts held at JPM; and
- one Lexington Law Bank Account held at Comerica.

16. The majority of Lexington Law’s customer receipts are deposited into a main operating account held at JPM, and all disbursements, including to Lexington Law’s vendors and payroll payments, are made out of a disbursement account held at BofA. Transfers of cash between the various Lexington Law Bank Accounts are performed manually. Additionally, the Lexington Law Cash Management System includes an attorney operating account and an Interest on Lawyers’ Trust Account (“IOLTA”). The IOLTA account is used to deposit client funds that are unrelated to Lexington Law’s credit repair work. Funds held in the IOLTA account are maintained by Debtor Lexington Law for the benefit of or on account of its clients. The IOLTA account, and the funds maintained therein, is segregated from the Debtors’ other accounts and funds at all times, and not comingled. Client funds are from time to time manually transferred to Debtor Lexington

Law's attorney operating account when and solely to the extent such funds are earned by Debtor Lexington Law in consideration for services provided and invoiced to its clients. The IOLTA account complies with rule 14-1001 of the Utah Supreme Court Rules of Professional Practice. In the past, Lexington Law has used the Bank Account held at Comerica to fund certain employee incentive payments and reimbursements. As of the Petition Date, no funds are being held in this account and it is dormant. The Lexington Law Cash Management System interacts periodically with the Progrexion Cash Management System, as further described below.

17. The Cash Management Systems facilitate the timely and efficient collection, management, and disbursement of funds used in the Debtors' business. The Debtors estimate that cash collections will average approximately \$10.1 million per month during these chapter 11 cases, including cash receipts, credit card receipts, and certain e-commerce sales (exclusive of Intercompany Claims).<sup>3</sup> In addition, the Debtors estimate that total disbursements will be approximately \$16.6 million per month during these chapter 11 cases, of which the Progrexion Debtors' total disbursements approximate \$14.1 million and Lexington Law's total disbursements approximate \$2.5 million (exclusive of Intercompany Claims). Because of the nature of the Debtors' business and the disruption to the business that would result if they were forced to close the existing Bank Accounts, it is critical that the Cash Management Systems remain in place.

## **II. The Bank Accounts.**

18. As of the Petition Date, the Debtors have approximately \$4.0 million of cash on hand available in the Bank Accounts. The Bank Accounts are described in the following table:

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<sup>3</sup> Prior to the March 10, 2023 adverse ruling in the CFPB litigation, the average monthly cash collections for the Progrexion Debtors have been approximately \$20.5 million, and the average monthly cash collections for Lexington Law have been approximately \$23.3 million. Following the adverse ruling, each of the Progrexion Debtors' and Lexington Law's average monthly cash collections have dropped to approximately \$7.9 million and \$9.5 million, respectively.

Account	Account Description
<b>The Progrexion Bank Accounts</b>	
<p><b><u>Master Concentration Account</u></b> <i>BofA Account ending in 8275</i></p>	<p>The Master Concentration Account is the primary account for the Progrexion Debtors' operational and financing activities. The Master Concentration Account is held at BofA and is funded by the Zero Balance Accounts and the Legacy Accounts. The Master Concentration Account maintains a balance sufficient to fund day-to-day cash needs and disburses funds throughout the Cash Management System, as needed.</p> <p>The Main Concentration Account is governed by a deposit account control agreement (the "<u>DACA</u>") in favor of the collateral agents under each of the First Lien Credit Agreement and Second Lien Credit Agreement (collectively, the "<u>Collateral Agents</u>").</p>
<p><b><u>Operating Accounts</u></b> <i>BofA Account ending in 6028</i> <i>BofA Account ending in 8294</i> <i>BofA Account ending in 8299</i> <i>BofA Account ending in 8312</i> <i>BofA Account ending in 8317</i> <i>BofA Account ending in 8331</i> <i>BofA Account ending in 8374</i></p>	<p>The Progrexion Debtors maintain nine zero balance accounts held at BofA (each, a "<u>Zero Balance Account</u>"). Seven of the Zero Balance Accounts are operating accounts (collectively, the "<u>Progrexion Operating Accounts</u>"), which are funded by cash received from customer revenue, and funds can be disbursed from these accounts to vendors or other recipients as needed. The Zero Balance Accounts sweep into the Master Concentration Account daily.</p> <p>The Progrexion Operating Accounts are governed by the DACA in favor of the Collateral Agents.</p>
<p><b><u>Disbursement Accounts</u></b> <i>BofA Account ending in 7478</i> <i>BofA Account ending in 1864</i></p>	<p>Two of the Progrexion Debtors' Zero Balance Accounts are disbursement accounts (the "<u>Progrexion Disbursement Accounts</u>"). The Debtors use the Progrexion Disbursement Accounts to make disbursements related to certain general and administrative expenses, payroll, and other corporate expenses. The Progrexion Disbursement Accounts sweep into the Master Concentration Account daily, although they typically do not receive cash.</p> <p>The Progrexion Disbursement Account ending in 7478 is governed by the DACA in favor of the Collateral Agents.</p>
<p><b><u>Legacy Accounts</u></b> <i>JPM Account ending in 0359</i> <i>JPM Account ending in 1297</i> <i>JPM Account ending in 1313</i> <i>JPM Account ending in 1715</i> <i>Comerica Account ending in 3893</i></p>	<p>The Legacy Accounts are funded by legacy subscription services, that originated before the Progrexion Debtors established the current Progrexion Cash Management System. Cash is transferred between the Legacy Accounts and the Master Concentration Account as needed in the ordinary course of business. On rare occasions, disbursements are made from the JPM Account ending in 1313 and the Comerica Account ending in 3893 to employees or to meet certain corporate needs.</p>
<b>The Lexington Law Bank Accounts</b>	
<p><b><u>Main Operating Account</u></b> <i>JPM Account ending in 6977</i></p>	<p>The main operating account is the account into which the majority of Lexington Law's customer receipts are deposited. Transfers between the main operating account and the Lexington Law Disbursement Account are performed manually.</p>



Account	Account Description
<p><b><u>Disbursement Account</u></b> <i>BofA Account ending in 8510</i></p>	<p>Lexington Law maintains a disbursement account at BofA (the “<u>Lexington Law Disbursement Account</u>”). Lexington Law uses this account to make various disbursements, including payments to vendors and employees. The Lexington Law Disbursement Account also receives certain customer payments via ACH.</p>
<p><b><u>Savings Account</u></b> <i>JPM Account ending in 2297</i></p>	<p>Lexington Law maintains a savings account at JPM. The savings account had no activity other than receiving monthly interests since September 28, 2022.</p>
<p><b><u>Legacy Account</u></b> <i>Comerica Account ending in 9029</i></p>	<p>In the past, the Lexington Law Bank Account held at Comerica has been used to fund certain employee incentive payments and reimbursements. As of the Petition Date, no funds are being held in this account and it is not in use.</p>
<p><b><u>Attorney Accounts</u></b> <i>JPM Account ending in 3093</i> <i>JPM Account ending in 3390</i></p>	<p>Lexington Law maintains two accounts in connection with attorney work not related to Lexington Law’s credit repair work: an attorney operating account and an IOLTA (escrow), both held at JPM. The IOLTA account is used to deposit client funds that are unrelated to Lexington Law’s credit repair work. Funds held in the IOLTA account maintained by Debtor Lexington Law for the benefit of or on account of its clients. The IOLTA account, and the funds maintained therein, is segregated from the Debtors’ other accounts and funds at all times, and not comingled. Client funds are from time to time manually transferred to Debtor Lexington Law’s attorney operating account when and solely to the extent such funds are earned by Debtor Lexington Law in consideration for services provided and invoiced to its clients.</p>
<p><b><u>Test Account</u></b> <i>BofA Account ending in 2254</i></p>	<p>Lexington Law has an inactive test account held at BofA.</p>

19. The Progrexion Debtors pay the Cash Management Banks approximately \$9,800 per month in the aggregate on account of fees incurred in connection with the administration of the Cash Management Systems (the “Bank Fees”). Lexington Law pays the Cash Management Banks approximately \$2,600 per month in the aggregate on account of the Bank Fees. The Debtors estimate that they owe approximately \$12,400 in aggregate on account of Bank Fees as of the Petition Date, and request authority to pay outstanding Bank Fees, including any prepetition amounts, in the ordinary course of business on a postpetition basis. Accordingly, the Debtors seek

authority to continue paying Bank Fees, including any Bank Fees that are owed as of the Petition Date, in the ordinary course on a postpetition basis.

**III. The Cash Management Banks' Compliance with the U.S. Trustee Guidelines.**

20. Section 345(a) of the Bankruptcy Code governs a debtor's cash deposits during a chapter 11 case and authorizes deposits of money 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). In order to comply with section 345 of the Bankruptcy Code, the Office of the United States Trustee for the District of Delaware's (the "U.S. Trustee") *Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees* (the "U.S. Trustee Guidelines") generally require chapter 11 debtors to, among other things, deposit all estate funds into an account with an authorized depository that agrees to comply with the requirements of the U.S. Trustee. Section 345(b) of the Bankruptcy Code requires a debtor's bank to post a bond unless a debtor's funds are "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." 11 U.S.C. § 345(b).

21. Collectively, the Debtors maintain a total of 21 Bank Accounts at the three Cash Management Banks, each of which is designated as an authorized depository by the U.S. Trustee Guidelines. If the Debtors open any new accounts during these cases, the Debtors will do so at institutions which are designated as authorized depositories by the U.S. Trustee Guidelines. Likewise, all of the Debtors Bank Accounts are insured by the Federal Deposit Insurance Corporation. Thus, the Debtors believe that because the Cash Management Banks have been authorized by the U.S. Trustee, and the Debtors do not have investment accounts, the Debtors are in compliance with section 345(b) of the Bankruptcy Code and the U.S. Trustee Guidelines.

22. Out of an abundance of caution, to the extent the Court does not determine that the requirements of section 345(b) of the Bankruptcy Code are satisfied, the Debtors request a 45-day

waiver of the requirements of section 345(b), subject to the Debtors' rights to seek further extensions thereof.

#### **IV. Corporate Credit Card Program**

23. As part of the Cash Management System, the Debtors provide certain employees with access to corporate credit cards (the "Credit Cards") through American Express and Chase Bank on arm's-length terms (the "Corporate Credit Card Program"). The Progrexion Debtors maintain 60 Credit Cards with American Express as part of the Corporate Credit Card Program and Lexington Law maintains eight Credit Cards with American Express and one Credit Card with Chase Bank. The Progrexion Credit Cards are reimbursed from the BofA account ending 8312 while the Lexington Law Credit Cards (both American Express and Chase) are reimbursed from the BofA account ending 8510. The Credit Cards issued under the Corporate Credit Card Program are used by the Debtors' employees to pay for certain work-related expenses, such as work-related travel, meals, office supplies, employee incentives, vendor payments, and small, non-recurring purchases made on behalf of the Progrexion Debtors. The Debtors estimate that there are no amounts outstanding on account of the Credit Card Program as of the Petition Date.

24. The Corporate Credit Card Program is an integral part of the Debtors' Cash Management System. Employees' continued use of the Credit Cards for travel office supplies, vendor payments, and other work-related purposes, and the Debtors' ability to reimburse expenses incurred through the Corporate Credit Card Program, is essential to the continued operation of the Debtors' business. Accordingly, the Debtors seek authority, but not direction, to issue Credit Cards pursuant to the Corporate Credit Card Program, subject to any terms and conditions thereof, and to pay any amount due and owing thereunder in the ordinary course of business on a postpetition basis, including, without limitation, making payments on account of charges that were made under the Corporate Credit Card Program both prior to and after the Petition Date.

**V. Intercompany Transactions.**

25. In the ordinary course of business, the Debtors regularly engage in routine business relationships with each other (the “Intercompany Transactions”) resulting in intercompany receivables and payables (the “Intercompany Claims”).

**A. Intercompany Transactions within the Progrexion Cash Management System.**

26. Intercompany Transactions occur as part of the ordinary course operation of the Progrexion Cash Management System, and at any given time, there may be Intercompany Claims owing by one Debtor to another Debtor. Specifically, at the end of each day, the Master Concentration Account, held by Debtor PGX Holdings, Inc, receives excess cash swept from the Zero Balance Accounts, maintained by the other Debtors. Conversely, where subsidiaries of Debtor PGX Holdings, Inc. need to make certain disbursements, such subsidiaries may from time to time draw cash from the Master Concentration Account. Intercompany Transactions are recorded at such occasions. Intercompany Transactions are also frequently conducted pursuant to prepetition shared services and intercompany trade arrangements, among others. For example, Debtor Progrexion ASG, Inc. provides general and administrative, operations support, and training and leadership services for the benefit of the corporate enterprise and as such an intercompany receivable is created for Progrexion ASG, Inc. and an intercompany payable is created for the corresponding Debtor entity. No cash is exchanged in connection with this Intercompany Transaction.

27. As such, in connection with the daily operation of the Progrexion Cash Management System, as funds are disbursed throughout the Progrexion Cash Management System and as business is transacted between and amongst the Progrexion Debtors, at any given time there may be Intercompany Claims owing by one Progrexion Debtor to another Progrexion Debtor. The Intercompany Claims are reflected as journal entry receivables and payables, as applicable, in the

respective Progrexion Debtors' accounting systems, and no settlement of these Intercompany Claims are typically made in cash.

**B. Intercompany Transactions between the Progrexion Cash Management System and the Lexington Law Cash Management System.**

28. The Progrexion Cash Management System and the Lexington Law Cash Management System regularly interact with each other in the ordinary course of business on account of services that certain Progrexion Debtors provide to Lexington Law as well as in connection with the reimbursement of certain costs paid on another Debtors' behalf.

29. Specifically, Debtors Progrexion Marketing, Inc., Progrexion Teleservices, Inc., Progrexion ASG, Inc., and Progrexion IP, Inc. (collectively, the "Progrexion Providers"), provide Debtor Lexington Law administrative, support, marketing, credit repair services, and intellectual property licenses pursuant to certain operating agreements (as may be amended, supplemented, or modified from time to time, the "Operating Agreements"). The consideration owed for these services is calculated on a monthly basis, usually within 15 days after the end of the month where such services are rendered. Lexington Law historically made estimated progress payments on a weekly basis to the Progrexion Providers for services rendered during that same month. Historically, such progress payment were made based on a percentage of the prior month's invoiced amount. Once the total payments owed for the month is known (*i.e.*, approximately 15 days after the end of the month), the remaining consideration owed for the month that was not already paid through such estimated progress payments are billed to Lexington Law and due 30 days in arrears from the end of the month where such services were delivered. As such, the Debtors may have outstanding prepetition Intercompany Claims that may only become known postpetition. As further described in the First Day Declaration, in the twelve-month period before the Petition Date, the Progrexion Debtors derived approximately 87 percent of their revenue from

provision of operating services to Lexington Law. As of the Petition Date, Debtor Lexington Law owes the Progexion Providers approximately \$27.9 million for services rendered under the Operating Agreements. For the avoidance of doubt, the Debtors are not seeking to pay this accrued prepetition intercompany balance as part of this Motion. Rather, in accordance with the DIP Facility and related financing orders, the Debtors seek to make payments of the amounts owed under the Operating Agreements on a postpetition basis, consistent with the terms described in greater detail herein. It is crucial for the continued operations of the Progexion Debtors, including for the provision of services under the Operating Agreements, which in turn is crucial for the continued operations of Lexington Law to continue to make payments under the Operating Agreements following the commencement of these chapter 11 cases, even though the prepetition intercompany claim will remain outstanding until cured in the context of the proposed sale process. The Debtors' compliance with the terms of the DIP Facility and their ability to obtain postpetition financing are dependent upon the payment of amounts owed under the Operating Agreements on a go-forward basis. Accordingly, the Debtors do not seek to settle the outstanding prepetition Intercompany Claims in cash due and owing under the Operating Agreements absent further order of the Court, but request authority to honor Intercompany Claims in the ordinary course of business on a postpetition basis. To ensure that each Debtor will not fund the operations of another entity at the expense of such Debtors' creditors, the Debtors respectfully request that pursuant to sections 503(b)(1) and 364 of the Bankruptcy Code, that all valid postpetition payments on account of a postpetition Intercompany Transaction be accorded administrative expense status. This relief will ensure that each entity receiving payments from a Debtor will continue to bear ultimate repayment responsibility for such ordinary course transactions, thereby reducing the risk that these transactions would jeopardize the recoveries available to each Debtor's respective creditors.

In addition, all such payments shall be made in accordance with any budget and the relief requested in the DIP Motion,<sup>4</sup> any interim order entered pursuant to the DIP Motion, and any final order entered pursuant to the DIP Motion.

30. Separately, certain invoices charged by Lexington Law to a PGX Debtor or by a PGX Debtor to Lexington Law are for the reimbursement of certain costs that may be paid by one Debtor on behalf of another Debtor. For example, Lexington Law and a PGX Debtor may both receive services from the same credit bureau or office supply vendor, in which case Lexington Law may be invoiced for expenses incurred by both Debtors. In that instance, Lexington Law would pay for such expenses on behalf of the PGX Debtor, at which point an intercompany payable is created for the corresponding amount, and Lexington Law would then bill the applicable PGX Debtor for reimbursement of such costs in cash.<sup>5</sup> Such reimbursement payments are generally made approximately 30 days in arrears. The Debtors estimate that Intercompany Claims arising in this context have historically averaged \$250,000 on a monthly basis. As of the Petition Date, the Debtors estimate that there are approximately \$60,000 outstanding net Intercompany Claims owed on account of such reimbursement obligations

31. The Debtors closely track all fund transfers in their respective accounting systems and can ascertain, trace, and account for all Intercompany Transactions. The Debtors, with the assistance of their advisors, have also put in place monitoring systems to be able to track

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<sup>4</sup> “DIP Motion” means the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* filed contemporaneously herewith.

<sup>5</sup> When Lexington Law makes a disbursement to the PGX Debtors, Lexington Law has historically made disbursements to the Progexion Bank Accounts ending in 8331, 8317, 8374, and 8312. Occasionally, Lexington Law makes minor reimbursements by way of transfers to the Progexion Bank Accounts ending in 8294 and 6028. When the PGX Debtors make a disbursement to Lexington Law, the Progexion Bank Accounts that make disbursements are primarily those ending in 8294 and 6028. Occasionally, the Progexion Bank Accounts ending in 8331, 8317, 8374, and 8312 may also initiate transfers to Lexington Law.

postpetition intercompany transfers. If the Intercompany Transactions were to be discontinued, the Cash Management Systems and the Debtors' operations would be disrupted unnecessarily to the detriment of the Debtors, their creditors, and other stakeholders.

32. Accordingly, the Debtors seek authority to continue the Intercompany Transactions and pay prepetition Intercompany Claims and continue paying Intercompany Claims on a postpetition basis in the ordinary course of business, in a manner substantially consistent with the Debtors' past practice and well-reasoned policies. The Debtors also seek authority to continue the Operating Agreements on a postpetition basis in the ordinary course of business and consistent with past practices, although the Debtors are not seeking to pay any prepetition Intercompany Claims arising under the Operating Agreements.<sup>6</sup>

#### **VI. The Business Forms' Compliance with U.S. Trustee Guidelines.**

33. As part of the Cash Management System, the Debtors utilize numerous business forms in the ordinary course of their business, including letterhead, purchase orders, invoices, and checks (the "Business Forms"). The U.S. Trustee Guidelines require that the Cash Management Banks print "Debtor in Possession" and the bankruptcy case number on checks issued after the Petition Date.

34. With respect to any checks that are generated electronically after the Petition Date, the Debtors will update such checks to indicate their status as "Debtor in Possession" and the bankruptcy case numbers. However, out of an abundance of caution, the Debtors request that, to the extent there are any pre-printed checks and other Business Forms, the Court authorize the

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<sup>6</sup> This Motion provides an overview of the Debtors' typical Intercompany Transactions. The relief requested herein is applicable with respect to all Intercompany Transactions and is not limited to those Intercompany Transactions described in this Motion. To the extent that there are any outstanding prepetition obligations related to Intercompany Transactions not described herein, the Debtors, out of an abundance of caution, seek authority to honor such obligations.



Debtors' continued use of all such Business Forms in existence immediately before the Petition Date, without reference to the Debtors' status as debtors in possession to minimize expenses to their estates and avoid confusion on the part of employees, customers, vendors, and suppliers during the pendency of these chapter 11 cases.

**Basis for Relief**

**I. The Court Should Authorize the Debtors' Continued Use of the Cash Management Systems As It Is Essential to the Debtors' Ongoing Operations and Restructuring Efforts.**

35. The U.S. Trustee Guidelines require debtors in possession to, among other things: (a) establish one debtor-in-possession bank account for all estate monies required for the payment of taxes, including payroll taxes; (b) close all existing bank accounts and open new debtor-in-possession accounts; (c) maintain a separate debtor-in-possession account for cash collateral; and (d) 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 intended to provide a clear line of demarcation between prepetition and postpetition transactions, payments, and operations and help protect against the inadvertent payment of prepetition claims by preventing banks from honoring checks drawn before the Petition Date.

36. Considering, however, the complex Cash Management Systems that the Debtors have in place for the transfer and distribution of funds, which ties into the Debtors' existing corporate accounting and cash forecasting reporting, enforcement of these provisions of the U.S. Trustee Guidelines during these chapter 11 cases would disrupt the Debtors' ability to efficiently administer these chapter 11 cases. Accordingly, the Debtors respectfully request that the Court allow them to operate each of the Bank Accounts listed on Exhibit 2 and Exhibit 3 annexed to the Interim Order and the Final Order, as they were maintained in the ordinary course of business prior to the Petition Date.

37. The continuation of the Cash Management Systems should be permitted pursuant to section 363(c)(1) of the Bankruptcy Code, which authorizes the debtor in possession to “use property of the estate in the ordinary course of business without notice or a hearing.” Bankruptcy courts routinely treat requests for authority to continue utilizing existing cash management systems as a relatively “simple matter.” *In re Baldwin-United Corp.*, 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987). Additionally, courts recognize 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), *aff’d in part and rev’d in part*, 997 F.2d 1039 (3d Cir. 1993). The United States Court of Appeals for the Third Circuit emphasized that requiring a debtor to maintain separate accounts “would be a huge administrative burden and economically inefficient.” *Columbia Gas*, 997 F.2d at 1061; *accord In re Southmark Corp.*, 49 F.3d 1111, 1114 (5th Cir. 1995) (noting that maintaining an existing cash management system allows a debtor “to administer more efficiently and effectively its financial operations and assets”).

38. Here, requiring the Debtors to adopt a new, segmented cash management system during these chapter 11 cases would be expensive, burdensome, and unnecessarily disruptive to the Debtors’ operations. Importantly, the Cash Management Systems provide the Debtors with the ability to, among other things, quickly assess the location and amount of funds, which, in turn, allows management to track and control such funds, ensure cash availability throughout the Debtors’ corporate structure, and reduce administrative costs through a centralized method of coordinating the collection and movement of funds. In light of the size and complexity of the Debtors’ operations, any disruption of the Cash Management Systems could have a severe adverse

effect on the Debtors' restructuring efforts, the cost of which would ultimately be borne by the Debtors' creditors and other stakeholders. By contrast, maintaining the current Cash Management Systems will facilitate the Debtors' smooth transition into chapter 11 by, among other things, minimizing delays in paying postpetition debts and eliminating administrative inefficiencies. Finally, maintaining the current Cash Management Systems will allow the Debtors' treasury and accounting employees to focus on their daily responsibilities as opposed to the non-accretive task of reconstructing the Cash Management Systems.

39. The Debtors continued use of the Cash Management Systems will facilitate the Debtors' transition into chapter 11 by, among other things, avoiding administrative inefficiencies and expenses associated with disrupting this system and minimizing delays in the payment of postpetition obligations. The Debtors respectfully submit that parties in interest will not be harmed by their maintenance of the Cash Management Systems, including maintenance of the Bank Accounts and the Intercompany Transactions, because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of obligations incurred before the Petition Date.

40. Specifically, the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debts without the prior approval of the Debtors' treasury department. In light of such protective measures, the Debtors submit that maintaining the Cash Management Systems is in the best interests of their estates and creditors.

41. Accordingly, the Debtors respectfully request the Court authorize the continued use of the existing Cash Management Systems to facilitate the Debtors' transition into chapter 11. Specifically, the Debtors respectfully request that the Court authorize the Cash Management Banks to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as

debtors in possession, without interruption and in the ordinary course of business. In this regard, the Cash Management Banks should be authorized to receive, process, honor, and pay any and all checks, ACH transfers and other instructions, and drafts payable through, drawn, or directed on such Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto. Notwithstanding the foregoing, any check, draft, or other notification that the Debtors advise the Cash Management Banks to have drawn, issued, or otherwise presented before the Petition Date may be honored by the Cash Management Banks only to the extent authorized by order of the Court. If the Debtors' ability to conduct transactions by these methods is impaired, the Debtors may be unable to perform under certain contracts, and payments to vendors could be delayed, resulting in unnecessary disruption to their business operations and additional costs to their estates.

42. 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 transfers and other similar methods. In addition, a certain percentage of the Debtors' receipts are received through wire transfer or credit card payments. If the Debtors' ability to conduct transactions by debit, credit card, wire, ACH transfer, or other similar methods—including their ability to pay associated fees—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.

43. The Debtors further request that the Court authorize the Cash Management Banks to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH

transfers should be honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated before or subsequent to the Petition Date. The Debtors also request that, to the extent a Cash Management Bank honors a prepetition check or other item drawn on any account either: (a) at the direction of the Debtors; (b) in the good-faith belief that the Court has authorized such prepetition check or item to be honored; or (c) as a result of a mistake made despite implementation of reasonable customary item handling procedures, such bank will not be deemed to be liable to the Debtors, their estates, or any other party on account of such prepetition check or other item honored postpetition. The Debtors respectfully submit that such relief is reasonable and appropriate because the Cash Management 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.

44. Moreover, the Debtors request that the Court authorize the Debtors to pay any prepetition Bank Fees on account of prepetition transactions that are charged postpetition, and authorize the banks to: (a) continue to charge the Debtors the Bank Fees; and (b) 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.

45. Courts in this district routinely allow debtors in large chapter 11 cases to maintain their existing cash management systems and waive the U.S. Trustee Guidelines on the grounds that they may be potentially disruptive to a debtor's postpetition business operations and restructuring efforts. Such relief generally is non-controversial. *See, e.g., In re Lannett Co., Inc.*, No. 23-10559 (JKS) (Bankr. D. Del. May 4, 2023) (authorizing the debtors to continue using their existing cash management system on an interim basis); *In re SiO2 Medical Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Mar. 30, 2023) (same); *In re FB Debt Fin. Guar., LLC*, No. 23-10025

(KBO) (Bankr. D. Del. Feb. 6, 2023) (authorizing the debtors to continue using their cash management system); *In re AIG Fin. Prods. Corp. LLC*, No. 23-11309 (MFW) (Bankr. D. Del. Jan. 30, 2023) (same); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Sep. 22, 2022) (same).<sup>7</sup>

## **II. The Court Should Authorize the Debtors to Continue Using Their Existing Business Forms.**

46. The Debtors do not believe they currently have preprinted checks. To the extent the Debtors have such preprinted checks, and to avoid disruption of the Cash Management Systems and unnecessary expense, pursuant to Local Rule 2015-2(a), the Debtors request that they be authorized to continue to use such checks and other Business Forms substantially in the form existing immediately before the Petition Date, 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 Business Forms substantially in the forms existing immediately before the Petition Date. Parties doing business with the Debtors undoubtedly will be aware of their status as debtors in possession and, thus, changing preprinted business forms is unnecessary and would be unduly burdensome. Nonetheless, and in accordance with Local Rule 2015-2(a), with respect to any checks that are generated electronically, or following the depletion of the Debtors' preprinted check stock during the pendency of these chapter 11 cases, if any, the Debtors shall ensure that such electronic checks and new check stock reflect their status as debtors in possession and the corresponding bankruptcy case number.

47. In other large chapter 11 cases, courts in this District have allowed debtors to use their prepetition business forms without the "debtor in possession" label. *See, e.g., In re Lannett*

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<sup>7</sup> 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.

*Co., Inc.*, No. 23-10559 (JKS) (Bankr. D. Del. May 4, 2023) (authorizing debtors' continued use of preprinted business forms without a "Debtor in Possession" marking on an interim basis); *In re SiO2 Medical Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Mar. 30, 2023) (same); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Sept. 22, 2022) (authorizing debtors' continued use of preprinted business forms without a "Debtor in Possession" marking); *In re Riverbed Tech., Inc.*, No. 21-11503 (CTG) (Bankr. D. Del. Nov. 18, 2021) (same); *In re Alex and Ani, LLC*, No. 21-10918 (CTG) (Bankr. D. Del. July 14, 2021) (same).

**III. The Court Should Authorize the Debtors to Continue Conducting Intercompany Transactions in the Ordinary Course and Grant Administrative Priority Status to Postpetition Intercompany Claims Among the Debtors.**

48. The Debtors' funds move through the Cash Management Systems as described above. At any given time, there may be Intercompany Claims owing by one Debtor to another Debtor. Intercompany Transactions are made between and among Debtor affiliates in the ordinary course as part of the Cash Management Systems.<sup>8</sup> The Debtors closely track all fund transfers in their accounting systems and can ascertain, trace, and account for all Intercompany Transactions previously described. The Debtors, moreover, will continue to maintain records of such Intercompany Transactions. If the Intercompany Transactions were to be discontinued, the Cash Management Systems, the related administrative controls, and the shared services provided by Progrexion ASG, Inc. would be disrupted to the Debtors' and their estates' detriment. Since these transactions represent extensions of intercompany credit made in the ordinary course of business

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<sup>8</sup> Because the Debtors engage in Intercompany Transactions on a regular basis and such transactions are common among enterprises like that of the Debtors, the Debtors submit that the Intercompany Transactions are ordinary course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and, thus, do not require this Court's approval. Nonetheless, out of an abundance of caution, the Debtors are seeking express authority to engage in such transactions on a postpetition basis. Moreover, the continued performance of the ordinary course Intercompany Transactions is integral to ensure the Debtors' ability to operate their businesses as debtors in possession.

that are an essential component of the Cash Management Systems, the Debtors respectfully request the authority to continue conducting the Intercompany Transactions, including performance under the Operating Agreements, in the ordinary course of business without need for further Court order.

49. If the Intercompany Transactions were to be discontinued, the Cash Management Systems and related administrative controls would be disrupted to the Debtors' detriment. On the other hand, preserving "business as usual" and avoiding the unnecessary distractions inevitably associated with any substantial disruption in the Cash Management Systems will facilitate the Debtors' reorganization efforts.

50. To ensure each individual Debtor will not, at the expense of its creditors, fund the operations of another entity, the Debtors respectfully request, pursuant to section 503(b)(1) of the Bankruptcy Code, that all postpetition payments between or among a Debtor and another Debtor on account of an Intercompany Transaction be accorded administrative expense status. This relief will ensure that each payee-Debtor's estate will continue to bear ultimate repayment responsibility for such ordinary course transactions, thereby reducing the risk that these transactions would jeopardize the recoveries available to each Debtor's respective creditors. For the avoidance of doubt, the relief requested herein with respect to the postpetition Intercompany Transactions and the intercompany balances resulting therefrom shall not constitute an admission of the Debtors or any other party as to the validity, priority, or status of any prepetition intercompany balance or the Intercompany Transaction(s) from which such intercompany balance may have arisen. Out of an abundance of caution, the Debtors respectfully request the authority to continue conducting the Intercompany Transactions in the ordinary course of business without need for further Court order.

51. Similar relief has been granted in other comparable chapter 11 cases in this jurisdiction. *See, e.g., In re Lannett Co., Inc.*, No. 23-10559 (JKS) (Bankr. D. Del. May 4, 2023)



(authorizing the continuation of intercompany transactions in the ordinary course of business and according administrative expense status to intercompany claims related thereto on an interim basis); *In re SiO2 Medical Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Mar. 30, 2023) (same); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Sept. 22, 2022) (authorizing the continuation of intercompany transactions in the ordinary course of business and according administrative expense status to intercompany claims related thereto); *In re Riverbed Tech., Inc.*, No. 21-11503 (CTG) (Bankr. D. Del. Nov 18, 2021) (same); *In re Alex and Ani, LLC*, No. 21-10918 (CTG) (Bankr. D. Del. July 14, 2021) (same).

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

52. The Debtors have sufficient funds to pay the amounts described in this motion in the ordinary course of business by virtue of access to cash on hand and anticipated access to cash collateral and debtor-in-possession financing. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to any authorized payment in respect of the relief requested herein. Accordingly, the Debtors do not believe that checks or wire transfer requests, other than those relating to authorized payments, will be inadvertently honored. Therefore, the Debtors request authority, but not direction, to authorize 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(b) Are Satisfied**

53. Bankruptcy Rule 6003 empowers a court to grant certain relief within the first twenty-one days after the petition date only "to the extent that relief is necessary to avoid immediate and irreparable harm." For the reasons discussed above, the Debtors believe an immediate and orderly transition into chapter 11 is critical, and the failure to receive the requested

relief during the first twenty-one days of these chapter 11 cases could impact the Debtors' operations at this important juncture. The requested relief is necessary for the Debtors to operate their businesses in the ordinary course, preserve the ongoing value of their operations, and maximize value of their estates for the benefit of all stakeholders. The Debtors have demonstrated that the requested relief is "necessary to avoid immediate and irreparable harm," as contemplated by Bankruptcy Rule 6003, and the Court should grant the requested relief.

#### **Reservation of Rights**

54. Nothing contained in this motion or any order granting the relief requested in this motion, and no action taken by the Debtors pursuant to the relief requested or granted (including any payment made in accordance with any such order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount of, basis for, priority, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission or finding that any particular claim is an administrative expense claim, other priority claim or otherwise of a type specified or defined in this motion or any order granting the relief requested by this motion; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver or limitation of any claims, causes of action or other rights of the Debtors or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law. 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,

priority, or amount of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

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

55. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

**Notice**

56. The Debtors will provide notice of this motion to: (a) the United States Trustee; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the office of the attorney general for each of the states in which the Debtors operate; (d) the United States Attorney's Office for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) the United States Department of Justice; (h) the DIP Agent and counsel thereto; (i) First Lien Credit Agreement Agent and counsel thereto; (j) the Second Lien Credit Agreement Agent and counsel thereto; (k) the Cash Management Banks; and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002 (the "Notice Parties"). 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). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

**No Prior Request**

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

WHEREFORE, the Debtors request entry of the Interim Order and Final Order, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, (a) granting the relief requested herein and (b) granting such other relief as the Court deems appropriate under the circumstances.

Dated: June 4, 2023  
Wilmington, Delaware

*/s/ Domenic E. Pacitti*

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**KLEHR HARRISON HARVEY  
BRANZBURG LLP**  
Domenic E. Pacitti (DE Bar No. 3989)  
Michael W. Yurkewicz (DE Bar No. 4165)  
919 North Market Street, Suite 1000  
Wilmington, Delaware 19801  
Telephone: (302) 426-1189  
Facsimile: (302) 426-9193  
Email: dpacitti@klehr.com  
myurkewicz@klehr.com

- and -

Morton R. Branzburg (*pro hac vice* pending)  
1835 Market Street, Suite 1400  
Philadelphia, Pennsylvania 19103  
Telephone: (215) 569-3007  
Facsimile: (215) 568-6603  
Email: mbranzburg@klehr.com

*Proposed Co-Counsel to the Debtors and Debtors  
in Possession*

**KIRKLAND & ELLIS LLP  
KIRKLAND & ELLIS INTERNATIONAL LLP**  
Joshua A. Sussberg, P.C. (*pro hac vice* pending)  
601 Lexington Ave  
New York, New York 10022  
Telephone: (212) 446-4800  
Facsimile: (212) 446-4900  
Email: joshua.sussberg@kirkland.com

- and -

Spencer Winters (*pro hac vice* pending)  
Whitney C. Fogelberg (*pro hac vice* pending)  
Alison J. Wirtz (*pro hac vice* pending)  
300 North LaSalle  
Chicago, Illinois 60654  
Telephone: (312) 862-2000  
Facsimile: (312) 862-2200  
Email: spencer.winters@kirkland.com  
whitney.fogelberg@kirkland.com  
alison.wirtz@kirkland.com

*Proposed Co-Counsel to the Debtors and Debtors in  
Possession*

**Exhibit A**

**Proposed Interim Order**

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

In re:	)	
	)	Chapter 11
PGX HOLDINGS, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 23-10718 (CTG)
	)	
Debtors.	)	(Joint Administration Requested)
	)	<b>Re: Docket No. ___</b>

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO  
(A) CONTINUE TO OPERATE THE CASH MANAGEMENT SYSTEM,  
(B) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO,  
(C) MAINTAIN EXISTING BUSINESS FORMS, (D) CONTINUE TO PERFORM  
INTERCOMPANY TRANSACTIONS, AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of an interim order (this “Interim Order”), (a) authorizing the Debtors to (i) continue to operate the Cash Management Systems, (ii) honor certain prepetition or postpetition obligations related thereto, (iii) maintain existing Business Forms in the ordinary course of business, and (iv) continue to perform Intercompany Transactions consistent with historical practices, and granting administrative expense status to postpetition intercompany balances, (b) scheduling a final hearing to consider approval of the Motion on a final basis, and (c) 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

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PGX Holdings, Inc. (2510); Credit Repair UK, Inc. (4798); Credit.com, Inc. (1580); Creditrepair.com Holdings, Inc. (7536); Creditrepair.com, Inc. (7680); eFolks Holdings, Inc. (5213); eFolks, LLC (5256); John C. Heath, Attorney At Law PC (8362); Progrexion ASG, Inc. (5153); Progrexion Holdings, Inc. (7123); Progrexion IP, Inc. (5179); Progrexion Marketing, Inc. (5073); and Progrexion Teleservices, Inc. (5110). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111.

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

the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and 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 relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; 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 \_\_\_\_\_, 2023, 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 \_\_\_\_\_, 2023 and shall be served on: (a) the Debtors, 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111, Attn.: Eric Kamerath; (b) proposed counsel to the Debtors (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn.: Joshua A. Sussberg, P.C. (joshua.sussberg@kirkland.com), (ii) Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois, 60654, Attn.: Spencer Winters (spencer.winters@kirkland.com), Whitney C. Fogelberg (whitney.fogelberg@kirkland.com), and Alison J. Wirtz (alison.wirtz@kirkland.com), (iii) Klehr Harrison Harvey Branzburg LLP, 919 North Market Street, Suite 1000, Wilmington, Delaware

19801, Attn.: Domenic E. Pacitti (dpacitti@klehr.com) and Michael W. Yurkewicz (myurkewicz@klehr.com), and (iv) Klehr Harrison Harvey Branzburg LLP, 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania 19103, Attn.: Morton R. Branzburg (mbranzburg@klehr.com); (c) the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn.: Jane Leamy (jane.m.leafy@usdoj.gov); and (d) any statutory committee appointed in these chapter 11 cases.

3. The Debtors are authorized, but not directed, to: (a) continue operating the Cash Management Systems, substantially as identified on **Exhibit 1** attached hereto and as described in the Motion; (b) honor their prepetition obligations related thereto; (c) use, in their present form, all correspondence and Business Forms, as well as 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; (d) continue to perform Intercompany Transactions consistent with historical practice, and granting administrative expense status to postpetition intercompany balances; (e) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date, including those accounts identified on **Exhibit 2** and **Exhibit 3** attached hereto without the need to comply with certain guidelines set forth in the U.S. Trustee Operating Guidelines; (f) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; (g) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; (h) open new debtor in possession Bank Accounts; (i) pay the prepetition Bank Fees; and (j) pay any Bank Fees incurred in the ordinary course in connection with the Bank Accounts, and to otherwise perform their obligations under the documents governing the Bank Accounts; *provided* that once the Debtors' preprinted Business Forms have been exhausted, the Debtors shall, when reordering their Business Forms, add the



designation “Debtor in Possession” and corresponding bankruptcy case number thereon; *provided further*, that within ten days of the entry of this Interim Order, the Debtors will update any electronically produced checks to reflect their status as debtors in possession. Any postpetition fees, costs, charges, and expenses, including Bank Fees, or charge-backs payable to the banks that are not so paid shall be entitled to priority as administrative expenses pursuant to section 503(b)(1) of the Bankruptcy Code. For the avoidance of doubt, the Debtors do not seek to pay the \$27.9 million prepetition receivable owed by Lexington Law to certain PGX Debtors absent further order of this Court.

4. The Cash Management Banks are authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course and in a manner consistent with prepetition practices, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be. No bank shall incur, and each bank is hereby released from, any liability for relying upon any Debtor’s instruction as to which checks, drafts, wire transfers or ACH transfers should be honored or dishonored or for such bank’s inadvertence in honoring any check, draft, wire transfer or ACH transfer at variance from a Debtor’s instructions, unless such inadvertence constituted gross negligence or willful misconduct on the part of such bank. Each Debtor and each Cash Management Bank are authorized to continue to perform pursuant to the terms of any prepetition agreement that exists between them relating to any Bank Accounts or other cash management services except to the extent otherwise expressly provided in this Interim Order, and the parties to such agreements shall continue to enjoy the rights, benefits, liens, offset rights, privileges and remedies afforded them under such agreement. The

Debtors and the Cash Management Banks may, without further order of this Court, agree to and implement changes to the Cash Management Systems and procedures related thereto in the ordinary course of business, including the closing of any Bank Account or the opening of new bank accounts.

5. The Debtors are authorized, but not directed, in the ordinary course of business and consistent with historical practices, to open any new bank account or close any existing Bank Account and enter into any ancillary agreements, including deposit control agreements, related to the foregoing, as they may deem necessary and appropriate; *provided* that the Debtors shall give notice within fifteen (15) days to the U.S. Trustee and any statutory committee appointed in these chapter 11 cases of the opening of any new bank account or closing any existing Bank Account; *provided, further*, that the Debtors shall open any such new bank accounts only at banks that have executed a UDA with the U.S. Trustee, or at such banks that are willing to immediately execute such agreement. The relief granted in this Interim Order is extended to any new bank account opened by the Debtors after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Cash Management Bank.

6. All banks provided with notice of this Interim Order maintaining any of the Bank Accounts shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Bank Accounts.

7. The Debtors' credit card processors are authorized to process payments in the ordinary course of business, including the netting out of any fees and/or chargebacks whether arising before or after the Petition Date.

8. In the course of providing cash management services to the Debtors, each of the banks at which the Bank Accounts are maintained is authorized, without further order of this Court and consistent with prepetition practices, to deduct the applicable fees (whether arising prior to or after the Petition Date) from the appropriate accounts of the Debtors, and further, to charge back to the appropriate accounts of the Debtors any amounts resulting from returned checks or other returned items, including returned items that result from ACH transactions, wire transfers, or other electronic transfers of any kind, regardless of whether such items were deposited or transferred prepetition or postpetition and regardless of whether the returned items relate to prepetition or postpetition items or transfers. Any such fees arising after the Petition Date that are charged by the Banks consistent with established practice are entitled to administrative expense priority status pursuant to section 503(b) of the Bankruptcy Code.

9. Any banks, including the Cash Management Banks, are further authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; *provided that* the Cash Management Banks shall not have any liability to any party for relying on such representations to the extent such reliance otherwise complies with applicable law.

10. Within fifteen (15) days of the entry of this Interim Order, the Debtors shall contact the Cash Management Banks that are party to a Uniform Depository Agreement ("UDA") with the United States Trustee for the District of Delaware (the "U.S. Trustee") and: (a) provide such Cash Management Bank with the Debtors' employer identification number and lead case number for these chapter 11 cases; and (b) identify each of their bank accounts as being held by a debtor in possession.

11. Notwithstanding any other provision of this Interim Order, any Cash Management Bank may rely upon the representations of the Debtors, without a duty of inquiry, 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 (but such check, draft, wire or other transfer shall only be honored to the extent of available funds), and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Interim Order (a) at the direction of the Debtors or (b) in a good-faith belief that this Court has authorized such prepetition check or item to be honored shall be deemed to be nor shall be liable to the Debtors or their estates or any other person or entity on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Interim Order.

12. To the extent any of the Debtor Bank Accounts are not in compliance with section 345(b) of the Bankruptcy Code or any of the U.S. Trustee's requirements or guidelines, the Debtors shall have until a date that is 30 days from the Petition Date, without prejudice to seeking an additional extension, to either come into compliance with section 345(b) of the Bankruptcy Code and any of the U.S. Trustee's requirements or guidelines or to make such other arrangements as are agreed to by the U.S. Trustee or approved by the Court.

13. The requirement to establish separate accounts for cash collateral and/or tax payments is hereby waived.

14. Notwithstanding anything to the contrary set forth herein, the Debtors are authorized to continue Intercompany Transactions arising from or related to the operation of their business in the ordinary course during these chapter 11 cases, including those related to continued performance under the Operating Agreements with Lexington Law and settle, in cash, any prepetition Intercompany Claims other than prepetition Intercompany Claims due and owing under

the Operating Agreements; *provided* that, for the avoidance of doubt, the Debtors shall not be authorized by this Interim Order to undertake any Intercompany Transactions that are materially inconsistent with the Debtors' ordinary course practices during the prepetition period. All postpetition payments from a Debtor under any postpetition Intercompany Transactions authorized hereunder are hereby accorded administrative expense status under section 503(b) of the Bankruptcy Code. In connection with the Intercompany Transactions, the Debtors shall continue to maintain, current, accurate, and detailed records with respect to all transfers of cash so that all Intercompany Transactions may be readily ascertained, traced, and properly recorded on intercompany accounts; *provided* that such records shall distinguish between prepetition and postpetition transactions.

15. The Debtors are authorized, but not directed, to continue using the Credit Cards and the Corporate Credit Card Program in the ordinary course of business and consistent with prepetition practices, including by paying prepetition and postpetition obligations outstanding with respect thereto, subject to the limitations of this Interim Order and any other applicable interim and/or final orders of this Court.

16. Nothing contained in the Motion or this Interim Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

17. Notwithstanding the Debtors' use of a 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 entity pays those disbursements.

18. The Debtors are granted a 30 day extension of time to comply with the investment and deposit requirements of section 345 of the Bankruptcy Code, which extension is without prejudice to the Debtors' ability to seek a final waiver of those requirements.

19. The Debtors are authorized, but not directed, 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 the relief granted herein.

20. 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 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.

21. Notwithstanding anything to the contrary in this Interim Order, any payment made, or authorization contained, hereunder, shall be subject to the "Approved Budget" as defined in the order of the Court approving debtor-in-possession financing in these chapter 11 cases.

22. Nothing contained in the Motion or this Interim Order, and no action taken pursuant to the relief requested or granted (including any payment made in accordance with this Interim Order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount, validity or priority of, or basis for any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission or finding that any particular claim is an administrative expense

claim, other priority claim or otherwise of a type specified or defined in the Motion or this Interim Order; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver or limitation of any claims, causes of action or other rights of the Debtors or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law.

23. The Debtors have demonstrated that the requested relief is "necessary to avoid immediate and irreparable harm," as contemplated by Bankruptcy Rule 6003.

24. Nothing in this Interim Order authorizes the Debtors to accelerate any payments not otherwise due prior to the date of the Final Hearing.

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

26. 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.

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

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

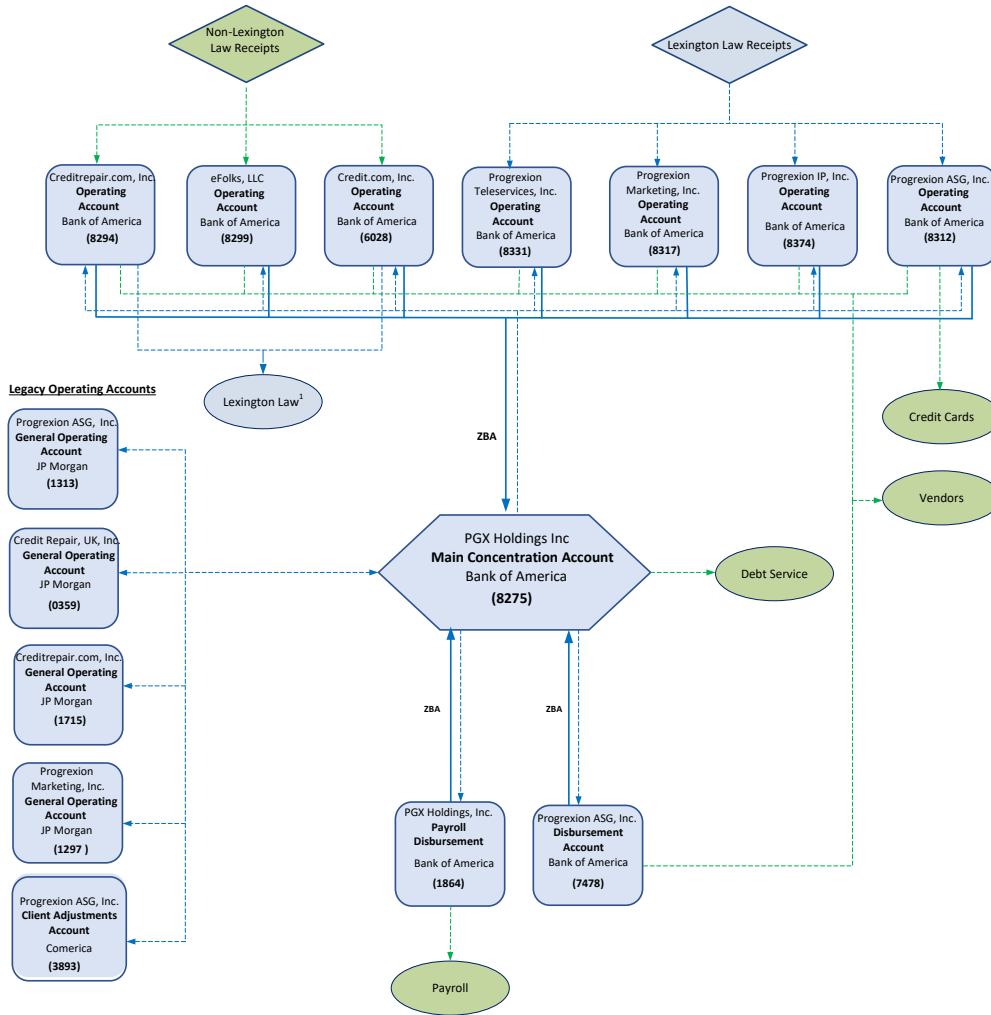
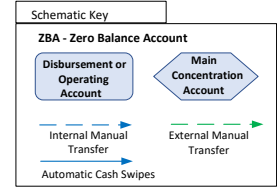
29. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

**Exhibit 1**

**Schematic**

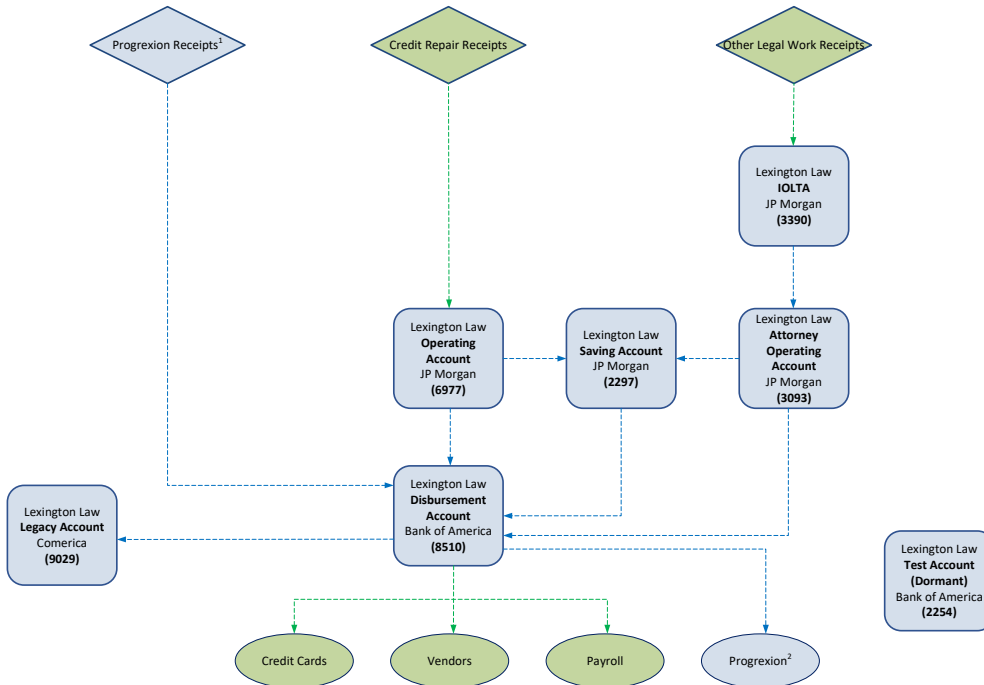


**Progrexion - Cash Management System Schematic**



1. The Progrexion Bank Accounts from which transfers are made to Lexington Law are primarily those ending in 8294 and 6028. Occasionally, the Progrexion Bank Accounts ending in 8331, 8317, 8374, and 8312 may also initiate transfers to Lexington Law.

**Lexington Law - Cash Management System Schematic**



1. The Progrexion Bank Accounts from which transfers are made to Lexington Law are primarily those ending in 8294 and 6028. Occasionally, the Progrexion Bank Accounts ending in 8331, 8317, 8374, and 8312 may also initiate transfers to Lexington Law.  
 2. Lexington Law makes disbursements to the Progrexion Bank Accounts ending in 8331, 8317, 8374, and 8312 on account of the Operating Agreements. Occasionally, there are minor reimbursements to the Progrexion Bank Accounts ending in 8294 and 6028.

**Exhibit 2****Progrexion Bank Accounts**

<b>Account #</b>	<b>Bank</b>	<b>Legal Entity</b>	<b>Type</b>
8294	Bank of America	Creditrepair.com, Inc.	Operating Account
8299	Bank of America	eFolks, LLC	Operating Account
8312	Bank of America	Progrexion ASG, Inc.	Operating Account
8317	Bank of America	Progrexion Marketing, Inc.	Operating Account
8331	Bank of America	Progrexion Teleservices, Inc.	Operating Account
8374	Bank of America	Progrexion IP, Inc.	Operating Account
6028	Bank of America	Credit.com Inc	Operating Account
7478	Bank of America	Progrexion ASG, Inc.	Disbursement Account
1864	Bank of America	PGX Holdings, Inc.	Disbursement Account
8275	Bank of America	PGX Holdings, Inc.	Main Concentration
3893	Comerica Bank	Progrexion ASG, Inc.	Legacy
1313	JPMorgan Chase	Progrexion ASG, Inc.	Legacy
1297	JPMorgan Chase	Progrexion Marketing, Inc.	Legacy
1715	JPMorgan Chase	Creditrepair.com Inc.	Legacy
0359	JPMorgan Chase	Credit Repair UK, Inc.	Legacy

**Exhibit 3****Lexington Law Bank Accounts**

<b>Account #</b>	<b>Bank</b>	<b>Legal Entity</b>	<b>Type</b>
6977	JPMorgan Chase	John C. Heath, Attorney At Law PC	Main Operating
2297	JPMorgan Chase	John C. Heath, Attorney At Law PC	Savings
3093	JPMorgan Chase	John C. Heath, Attorney At Law PC	Attorney Operating
3390	JPMorgan Chase	John C. Heath, Attorney At Law PC	IOLTA
8510	Bank of America	John C. Heath, Attorney At Law PC	Disbursement
2254	Bank of America	John C. Heath, Attorney At Law PC	Inactive Test
9029	Comerica Bank	John C. Heath, Attorney At Law PC	Legacy

**Exhibit B**

**Proposed Final Order**

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

In re:	)	
	)	Chapter 11
PGX HOLDINGS, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 23-10718 (CTG)
	)	
Debtors.	)	(Joint Administration Requested)
	)	<b>Re: Docket No. __</b>

**FINAL ORDER (I) AUTHORIZING THE DEBTORS TO  
(A) CONTINUE TO OPERATE THE CASH MANAGEMENT SYSTEM,  
(B) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO,  
(C) MAINTAIN EXISTING BUSINESS FORMS, (D) CONTINUE TO PERFORM  
INTERCOMPANY TRANSACTIONS, AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of a final order (this “Final Order”), (a) authorizing the Debtors to (i) continue to operate the Cash Management Systems, (ii) honor certain prepetition or postpetition obligations related thereto, (iii) maintain existing Business Forms in the ordinary course of business, and (iv) continue to perform intercompany transactions consistent with historical practices, and granting administrative expense status to postpetition intercompany balances, 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 District of Delaware, dated February 29, 2012; and this Court having found that this

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number, are: PGX Holdings, Inc. (2510); Credit Repair UK, Inc. (4798); Credit.com, Inc. (1580); Creditrepair.com Holdings, Inc. (7536); Creditrepair.com, Inc. (7680); eFolks Holdings, Inc. (5213); eFolks, LLC (5256); John C. Heath, Attorney At Law PC (8362); Progrexion ASG, Inc. (5153); Progrexion Holdings, Inc. (7123); Progrexion IP, Inc. (5179); Progrexion Marketing, Inc. (5073); and Progrexion Teleservices, Inc. (5110). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111.

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

is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that this Court may enter a final order consistent with Article III of the United States Constitution; and 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 relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion; and this Court having determined that the legal and factual bases set forth in the Motion 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 a final basis as set forth herein.
2. The Debtors are authorized, but not directed, to: (a) continue operating the Cash Management Systems, substantially as identified on **Exhibit 1** attached hereto and as described in the Motion; (b) honor their prepetition obligations related thereto; (c) use, in their present form, all correspondence and Business Forms, as well as 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; (d) continue to perform Intercompany Transactions consistent with historical practice, and granting administrative expense status to postpetition intercompany balances; (e) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date, including those accounts identified on **Exhibit 2** and **Exhibit 3** attached hereto without the need to comply with certain guidelines set forth in the U.S. Trustee Operating Guidelines; (f) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; (g) deposit funds in and withdraw funds from the Bank Accounts by all usual means,

including checks, wire transfers, and other debits; (h) open new debtor in possession Bank Account; and (i) pay the Bank Fees, including any prepetition amounts, and to otherwise perform their obligations under the documents governing the Bank Accounts. To the extent the Debtors print any new checks during the pendency of these chapter 11 cases, they will include the designation “Debtor in Possession” and the corresponding bankruptcy case number. Any postpetition fees, costs, charges, and expenses, including Bank Fees, or charge-backs payable to the banks that are not so paid shall be entitled to priority as administrative expenses pursuant to section 503(b)(1) of the Bankruptcy Code. For the avoidance of doubt, the Debtors do not seek to pay the \$27.9 million prepetition receivable owed by Lexington Law to certain PGX Debtors absent further order of this Court.

3. The Cash Management Banks are authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course and in a manner consistent with prepetition practices, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be. The Debtors and the Cash Management Banks may, without further order of this Court, agree to and implement changes to the Cash Management Systems and procedures related thereto in the ordinary course of business, including the closing of any Bank Account or the opening of new bank account.

4. The Debtors are authorized, but not directed, in the ordinary course of business and consistent with historical practices, to open any new bank account or close any existing Bank Account and enter into any ancillary agreements, including deposit control agreements, related to the foregoing, as they may deem necessary and appropriate; *provided* that the Debtors shall give

notice within fifteen (15) days to the U.S. Trustee and any statutory committee appointed in these chapter 11 cases of the opening of any new bank account or closing any existing Bank Account; *provided, further*, that the Debtors shall open any such new bank accounts only at banks that have executed a UDA with the U.S. Trustee, or at such banks that are willing to immediately execute such agreement. The relief granted in this Final Order is extended to any new bank account opened by the Debtors after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Cash Management Bank.

5. All banks provided with notice of this Final Order maintaining any of the Bank Accounts shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Bank Accounts.

6. The Debtors' credit card processors are authorized to process payments in the ordinary course of business, including the netting out of any fees and/or chargebacks whether arising before or after the Petition Date.

7. In the course of providing cash management services to the Debtors, each of the banks at which the Bank Accounts are maintained is authorized, without further order of this Court and consistent with prepetition practices, to deduct the applicable fees (whether arising prior to or after the Petition Date) from the appropriate accounts of the Debtors, and further, to charge back to the appropriate accounts of the Debtors any amounts resulting from returned checks or other returned items, including returned items that result from ACH transactions, wire transfers, or other electronic transfers of any kind, regardless of whether such items were deposited or transferred prepetition or postpetition and regardless of whether the returned items relate to prepetition or postpetition items or transfers. Any such fees arising after the Petition Date that are charged by



the Banks consistent with established practice are entitled to administrative expense priority status pursuant to section 503(b) of the Bankruptcy Code.

8. Any banks, including the Cash Management Banks, are further authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; *provided that* the Cash Management Banks shall not have any liability to any party for relying on such representations to the extent such reliance otherwise complies with applicable law.

9. Notwithstanding any other provision of this Final Order, any Cash Management Bank may rely upon the representations of the Debtors, without a duty of inquiry, 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 (but such check, draft, wire or other transfer shall only be honored to the extent of available funds), and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Final Order (a) at the direction of the Debtors or (b) in a good-faith belief that this Court has authorized such prepetition check or item to be honored shall be deemed to be nor shall be liable to the Debtors or their estates or any other person or entity on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Final Order.

10. To the extent any of the Debtor Bank Accounts are not in compliance with section 345(b) of the Bankruptcy Code or any of the U.S. Trustee's requirements or guidelines, the Debtors shall have until a date that is 45 days from the Petition Date, without prejudice to seeking an additional extension, to either come into compliance with section 345(b) of the Bankruptcy Code and any of the U.S. Trustee's requirements or guidelines or to make such other arrangements as are agreed to by the U.S. Trustee or approved by the Court.

11. The requirement to establish separate accounts for cash collateral and/or tax payments is hereby waived.

12. Notwithstanding anything to the contrary set forth herein, but subject to the terms of the Debtors' prepetition credit agreements and any orders regarding the use of cash collateral and debtor in possession financing approved by this Court in these chapter 11 cases, the Debtors are authorized to continue Intercompany Transactions arising from or related to the operation of their business in the ordinary course during these chapter 11 cases, including those related to continued performance under the Operating Agreements with Lexington Law and settle, in cash, any prepetition Intercompany Claims other than prepetition Intercompany Claims due and owing under the Operating Agreements; *provided* that, for the avoidance of doubt, the Debtors shall not be authorized by this Final Order to undertake any Intercompany Transactions that are materially inconsistent with the Debtors' ordinary course practices during the prepetition period. All postpetition payments from a Debtor under any postpetition Intercompany Transaction authorized hereunder are hereby accorded administrative expense status under section 503(b) of the Bankruptcy Code. In connection with the Intercompany Transactions, the Debtors shall continue to maintain current, accurate, and detailed records with respect to all transfers of cash so that all Intercompany Transactions may be readily ascertained, traced, and properly recorded on intercompany accounts; *provided* that such records shall distinguish between prepetition and postpetition transactions.

13. The Debtors are authorized, but not directed, to continue using the Credit Cards and the Corporate Credit Card Program in the ordinary course of business and consistent with prepetition practices, including by paying prepetition and postpetition obligations outstanding with

respect thereto, subject to the limitations of this Final Order and any other applicable interim and/or final orders of this Court.

14. Nothing contained in the Motion or this Final Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

15. Notwithstanding the Debtors' use of a 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 entity pays those disbursements.

16. The Debtors are granted a 30 day extension of time to comply with the investment and deposit requirements of section 345 of the Bankruptcy Code, which extension is without prejudice to the Debtors' ability to seek a final waiver of those requirements.

17. The Debtors are authorized, but not directed, 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 the relief granted herein.

18. Notwithstanding anything to the contrary contained herein, (a) any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any orders regarding the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any budgets governing or relating to such use) and (b) to the extent there is any inconsistency between the terms of such cash collateral orders and any action taken or proposed to be taken hereunder, the terms of such cash collateral orders shall control.

19. 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 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.

20. Notwithstanding anything to the contrary in this Final Order, any payment made, or authorization contained, hereunder, shall be subject to the "Approved Budget" as defined in the order of the Court approving debtor-in-possession financing in these chapter 11 cases.

21. Nothing contained in the Motion or this Final Order, and no action taken pursuant to the relief requested or granted (including any payment made in accordance with this Final Order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount, validity or priority of, or basis for any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission or finding that any particular claim is an administrative expense claim, other priority claim or otherwise of a type specified or defined in the Motion or this Final Order; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver or limitation of any claims, causes of action or other rights of the Debtors or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law.

22. 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.

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

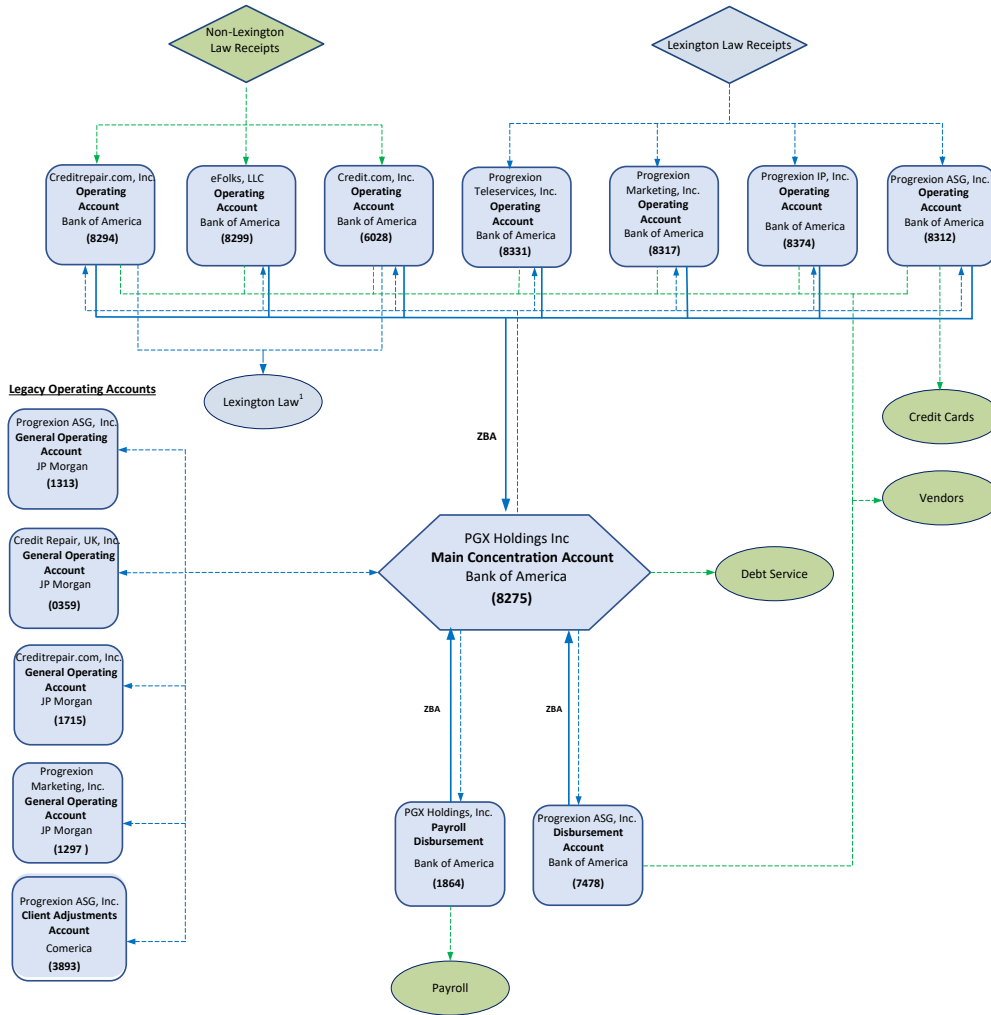
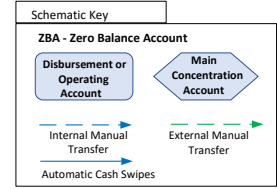
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25. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

**Exhibit 1**

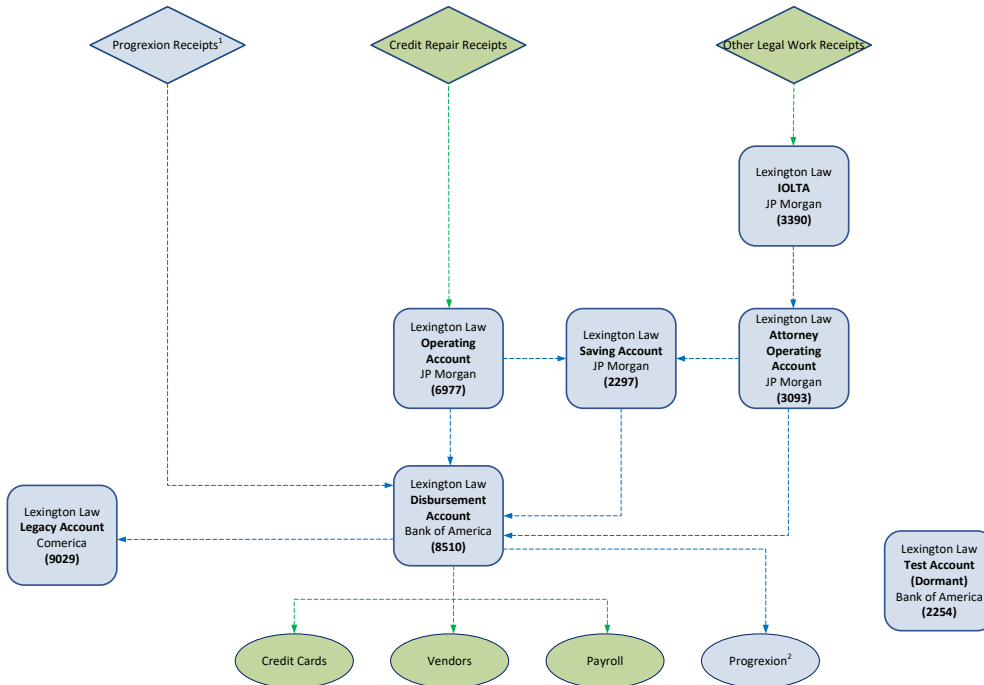
**Schematic**

**Progrexion - Cash Management System Schematic**



1. The Progrexion Bank Accounts from which transfers are made to Lexington Law are primarily those ending in 8294 and 6028. Occasionally, the Progrexion Bank Accounts ending in 8331, 8317, 8374, and 8312 may also initiate transfers to Lexington Law.

**Lexington Law - Cash Management System Schematic**



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**Exhibit 2****Progrexion Bank Accounts**

<b>Account #</b>	<b>Bank</b>	<b>Account Name</b>	<b>Type</b>
8294	Bank of America	Creditrepair.com, Inc.	Operating
8299	Bank of America	eFolks, LLC	Operating
8312	Bank of America	Progrexion ASG, Inc.	Operating
8317	Bank of America	Progrexion Marketing, Inc.	Operating
8331	Bank of America	Progrexion Teleservices, Inc.	Operating
8374	Bank of America	Progrexion IP, Inc.	Operating
6028	Bank of America	Credit.com Inc	Operating
7478	Bank of America	Progrexion ASG, Inc.	Disbursement
1864	Bank of America	PGX Holdings, Inc.	Disbursement
8275	Bank of America	PGX Holdings, Inc.	Main Concentration
3893	Comerica Bank	Progrexion ASG, Inc.	Legacy
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1297	JPMorgan Chase	Progrexion Marketing, Inc.	Legacy
1715	JPMorgan Chase	Creditrepair.com Inc.	Legacy
0359	JPMorgan Chase	Credit Repair UK, Inc.	Legacy



**Exhibit 3****Lexington Law Bank Accounts**

<b>Account #</b>	<b>Bank</b>	<b>Legal Entity</b>	<b>Type</b>
6977	JPMorgan Chase	John C. Heath, Attorney At Law PC	Main Operating
2297	JPMorgan Chase	John C. Heath, Attorney At Law PC	Savings
3093	JPMorgan Chase	John C. Heath, Attorney At Law PC	Attorney Operating
3390	JPMorgan Chase	John C. Heath, Attorney At Law PC	IOLTA
8510	Bank of America	John C. Heath, Attorney At Law PC	Disbursement
2254	Bank of America	John C. Heath, Attorney At Law PC	Inactive Test
9029	Comerica Bank	John C. Heath, Attorney At Law PC	Legacy