

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

**MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL
ORDERS (I) AUTHORIZING THE PAYMENT OF CERTAIN PREPETITION
AND POSTPETITION TAXES AND FEES AND (II) GRANTING RELATED RELIEF**

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

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 the “Final Order”), (a) authorizing, but not directing, the Debtors to remit and pay (or use tax credits to offset) certain prepetition obligations accrued in the ordinary course of business on account of undisputed Taxes and Fees (as defined herein); and (b) granting related relief. In addition, the Debtors request that the Court schedule a final hearing approximately 21 days from the Petition Date.

¹ 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.

² 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.



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(a), 363(b), and 507(a)(8) 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 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 Taxes and Fees

9. The Debtors collect, withhold, and incur sales, use, withholding, income, franchise, and property taxes, as well as other business and regulatory fees, and pay fees owed to various tax service providers on account of tax consulting services provided to the Debtors and license, permit, annual report, and limited liability company fees (collectively, the “Taxes and Fees”).³ The Debtors remit the Taxes and Fees to various federal, state, and local governments, including taxing authorities (collectively, the “Authorities”), identified in a schedule attached hereto as **Exhibit C**.⁴ Taxes and Fees are remitted and paid by the Debtors through checks and electronic funds transfers that are processed through their banks and other financial institutions. From time to time, the Debtors may also receive tax credits for overpayments or refunds in respect of Taxes and Fees. The Debtors generally use these credits to offset against future Taxes and Fees or have the amount

³ By this motion, the Debtors do not seek the authority to collect and remit state and federal employee-related taxes and withholdings. Such relief is instead requested in the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*, filed contemporaneously herewith.

⁴ Although **Exhibit C** is intended to be comprehensive, the Debtors may have inadvertently omitted Authorities from **Exhibit C**. By this motion, the Debtors request relief with respect to Taxes and Fees payable to all Authorities, regardless of whether such Authority is specifically identified on **Exhibit C**. In the event the Debtors pay any Authority not included on **Exhibit C**, the Debtors will file a notice with the Court listing such Authority within 15 days of such payment.

of such credits refunded to the Debtors. The Debtors estimate that approximately \$350,000 in Taxes and Fees are outstanding as of the Petition Date, of which \$150,000 is currently payable or will become due and owing to the Authorities within the first 30 days of these chapter 11 cases in the ordinary course.

10. Additionally, the Debtors may become subject to routine audit investigations on account of tax returns and/or tax obligations in respect of prior years (“Audits”) during these chapter 11 cases, including as a result of any voluntary disclosure agreements or similar procedural mechanisms (if applicable). Audits may result in additional prepetition Taxes and Fees being assessed against the Debtors (such additional Taxes and Fees, “Assessments”).⁵ Accordingly, the Debtors seek authority, but not direction, to pay or remit tax obligations on account of the Assessments as they arise, including as a result of any resolutions of issues addressed in an Audit, including with respect to kinds of Taxes and Fees otherwise addressed in the Wages Motion.⁶

11. The Debtors pay the Taxes and Fees to the Authorities on a periodic basis, remitting them monthly, quarterly, semi-annually, or annually depending on the nature and incurrence of the particular category of Taxes and Fees, each of which is further discussed below. Although the Debtors believe that they are substantially current with respect to their payment of Taxes and Fees, the Debtors seek authority pursuant to this motion to make such payments where: (a) Taxes and Fees accrue or are incurred postpetition; (b) Taxes and Fees accrued or were incurred prepetition but were not paid prepetition or were paid in an amount less than actually owed; (c) Taxes and

⁵ Nothing in this motion or any related order constitutes, or should be construed, as an admission of liability by the Debtors with respect to any Audit or Assessment. The Debtors expressly reserve all rights with respect to any Audit and the right to contest any Assessments claimed to be due as a result of any Audit.

⁶ The “Wages Motion” is defined as the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors To (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*, filed contemporaneously herewith.

Fees paid prepetition by the Debtors were lost or otherwise not received in full by any of the Authorities; or (d) Taxes and Fees incurred for prepetition periods may become due after the commencement of these chapter 11 cases. In addition, for the avoidance of doubt, the Debtors seek authority, but not direction, to pay Taxes and Fees for so-called “straddle” periods (*i.e.*, periods that include the Petition Date).⁷

12. In addition, the Debtors collect and hold certain outstanding tax liabilities in trust for the benefit of the applicable Authorities, and these funds may not constitute property of the Debtors’ estates.

13. The Taxes and Fees are summarized as follows:

Category	Description	Approximate Amount Accrued as of Petition Date	Approximate Amount Due During Interim Period
Sales and Use Taxes	Taxes imposed on the sale and use of certain goods and services.	\$160,000	\$60,000
Income and Franchise Taxes	Taxes imposed on the Debtors’ income and taxes imposed upon the Debtors to operate their businesses pursuant to state laws.	\$60,000	\$40,000
Property Taxes	Taxes and obligations related to real and personal property holdings.	\$80,000	\$0
Business License and Other Taxes and Fees	Fees related to compliance with state licensing and registration related to teleservice, including permits, surety bonds, ⁸ reporting, and other fees paid to state and local agencies.	\$50,000	\$50,000
Total		\$350,000	\$150,000

⁷ The Debtors reserve their rights with respect to the proper characterization of any “straddle” Taxes and Fees and to seek reimbursement of any portion of any payment made that ultimately is not entitled to administrative or priority treatment.

⁸ For the avoidance of doubt, the Debtors seek relief in connection with such surety bonds solely to the extent not duplicative of the relief sought on account of surety bonds in favor of certain taxing authorities, as set forth in the *Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Insurance and Surety Coverage Entered Into Prepetition and Pay Related Prepetition Obligations, and (B) Renew, Supplement, Modify, or Purchase Insurance and Surety Coverage, and (II) Granting Related Relief*, filed contemporaneously herewith.

I. Sales and Use Taxes.

14. The Debtors incur, collect, and remit sales and use taxes, to the Authorities in connection with the sale and purchase of goods and services (collectively, the “Sales and Use Taxes”). Additionally, the Debtors purchase a variety of equipment, materials, supplies, and services necessary for the operation of their business from vendors who may not operate or be registered to collect tax in the state where the goods are to be delivered or the services are to be performed and, therefore, these vendors do not charge the Debtors sales tax in connection with such purchases of goods or services. In these cases, applicable law generally requires the Debtors to subsequently pay use taxes on such purchases to the applicable Authorities. The Debtors generally remit Sales and Use Taxes on a monthly basis.

15. In 2022, the Debtors paid approximately \$1,090,000 in the aggregate in Sales and Use Taxes to the Authorities. As of the Petition Date, the Debtors estimate that they have incurred or collected approximately \$160,000 in Sales and Use Taxes that have not been remitted to the relevant Authorities, of which approximately \$60,000 is currently payable or will become payable during the first 30 days of these chapter 11 cases.

II. Income and Franchise Taxes.⁹

16. Historically, in the ordinary course of operating their business, the Debtors have incurred state and federal income taxes (collectively, the “Income Taxes”). The Debtors generally pay income taxes on a quarterly basis. In addition, the Debtors are required to pay various state franchise taxes independent of income taxes in certain jurisdictions in order to continue conducting their businesses pursuant to state laws (collectively, the “Franchise Taxes” and, together with the

⁹ The Debtors reserve the right to make deferred payments on account of the Income and Franchise Taxes at the end of these chapter 11 cases pursuant to 11 U.S.C. § 1129(a)(9)(C).

Income Taxes, the “Income and Franchise Taxes”). The Debtors typically pay the Franchise Taxes on an annual basis. In 2022, the Debtors paid approximately \$3,500,000 in Income and Franchise Taxes to the applicable Authorities. As of the Petition Date, the Debtors estimate that they owe approximately \$60,000 to the relevant Authorities on account of prepetition Income and Franchise Taxes, of which approximately \$40,000 is currently payable or will become payable during the first 30 days of these chapter 11 cases.¹⁰

III. Property Taxes.

17. State and local laws in the jurisdictions where the Debtors operate generally grant Authorities the power to levy property taxes against the Debtors’ real and personal property (collectively, the “Property Taxes”). In some instances, the Debtors lease property and pay property taxes to the landlords who then remit the property taxes to the applicable Authority. To avoid the imposition of statutory liens on their real and personal property, the Debtors typically pay property taxes in the ordinary course of business on an annual or semi-annual basis, depending upon the Authority. In 2022, the Debtors paid approximately \$170,000 in Property Taxes to the applicable Authorities. The Debtors estimate that they have accrued approximately \$80,000 in property taxes as of the Petition Date, none of which is expected to be due and payable during the first 30 days of these chapter 11 cases.

IV. Business License and Other Taxes and Fees.

18. State and local laws in the jurisdictions where the Debtors operate require the Debtors to obtain and pay for a wide range of business licenses, permits, annual reporting fees, surety bonds and regulatory fees to operate and remain in good standing with the applicable

¹⁰ In certain jurisdictions, franchise taxes are included on the Debtors’ state income tax return. For the avoidance of doubt, the Debtors are seeking authority to continue remitting franchise taxes which are included on income tax returns in the ordinary course of business and consistent with past practices.

Authorities, as well as certain other miscellaneous taxes and fees required to operate their business (the “Business License and Other Taxes and Fees”). The methods for calculating Business License and Other Taxes and Fees and the deadlines for paying such amounts due thereunder vary by jurisdiction.

19. The Debtors estimate that their yearly costs of business and license renewals is approximately \$70,000. The Debtors estimate that they have accrued approximately \$50,000 in prepetition Business License and Other Taxes and Fees as of the Petition Date, all of which is expected to become due and payable during the first 30 days of these chapter 11 cases.

V. Tax Service Providers.

20. The Debtors use, in the ordinary course of business, various third-party tax service providers, including CBIZ, Wallace Tax Services, Forvis LLP, Greenshades, Avalara, and CT Corporation (collectively, the “Tax Service Providers”) to facilitate payment of Taxes and Fees. Such services include calculating sales and use taxes and remitting taxes to the Authorities on the Debtors’ behalf, among others. In 2022, the Debtors paid approximately \$360,000 in aggregate to the Tax Service Providers. As of the Petition Date, the Debtors are not aware of any prepetition amounts owed to the Tax Service providers. However, out of an abundance of caution, the Debtors seek authority to satisfy any fees or amounts owed on account of services provided by such Tax Service Providers that are due and owing as of the Petition Date or that may become due and owing in the ordinary course of business during these chapter 11 cases so as to avoid a disruption in service.

21. The Debtors believe that continuation of the services of Tax Service Providers is necessary to assure the Debtors’ compliance with the various taxing regimes to which they are subject. Given the volume of the sales and use taxes imposed on the Debtors in the ordinary course, the Debtors need the expertise of Tax Service Providers to track sales and use taxes, a time

intensive task which would overburden the Debtors' tax and legal departments and distract the Debtors' personnel from the administration of these chapter 11 cases. Additionally, the services of Tax Service Providers reduce the risk of having to pay reinstatement fees, penalties, or interest on missed payments. The Debtors operate on a month-to-month basis with Tax Service Providers, and therefore, Tax Service Providers can discontinue providing services if their prepetition balance is not paid. Accordingly, pursuant to the Interim Order and the Final Order, the Debtors request authority to continue paying the Tax Service Providers' fees in the ordinary course of business.

Basis for Relief

22. The Debtors believe that any failure to pay the Taxes and Fees could materially disrupt the Debtors' business operations in several ways: (a) the Authorities may initiate audits of the Debtors, which would unnecessarily divert the Debtors' attention from the restructuring process; (b) the Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay, and pursue other remedies that will harm the estates; and (c) certain of the Debtors' directors and officers could be subject to claims of personal liability, which would likely distract those key employees from their duties related to the Debtors' restructuring. In addition, the Debtors collect and hold certain outstanding tax liabilities in trust for the benefit of the applicable Authorities, and these funds may not constitute property of the Debtors' estates; as such, there is a strong legal basis for allowing the Debtors to remit these funds to the applicable Authorities on a postpetition basis. Moreover, unpaid Taxes and Fees may result in penalties, the accrual of interest, or both.

I. Certain of the Taxes and Fees May Not Be Property of the Debtors' Estates.

23. Many of the Taxes and Fees are collected or withheld by the Debtors on behalf of the applicable Authorities and are held in trust by the Debtors. *See, e.g.*, I.R.C. § 7501 (stating that certain taxes and fees are held in trust). As such, these Taxes and Fees are not property of the

Debtors' estates under section 541 of the Bankruptcy Code. *See, e.g., Begier v. Internal Revenue Serv.*, 496 U.S. 53, 57–60 (1990) (holding that any prepetition payment of trust fund taxes is not a transfer subject to avoidance because such funds are not the debtor's property); *In re First Pay, Inc.*, 773 F.3d 583, 590 (4th Cir. 2014) (same); *DuCharmes & Co. v. Mich.* (*In re DuCharmes & Co.*), 852 F.2d 194 (6th Cir. 1988) (per curiam) (same); *In re Shank*, 792 F.2d 829, 833 (9th Cir. 1986) (sales tax required by state law to be collected by sellers from their customers is a "trust fund" tax and not released by bankruptcy discharge); *DeChiaro v. N.Y. State Tax Comm'n*, 760 F.2d 432, 435–36 (2d Cir. 1985) (same); *Rosenow v. Ill. Dept. of Revenue* (*In re Rosenow*), 715 F.2d 277, 279–82 (7th Cir. 1983) (same); *W. Surety Co. v. Waite* (*In re Waite*), 698 F.2d 1177, 1179 (11th Cir. 1983) (same). The Debtors, therefore, generally do not have an equitable interest in such funds, and they should be permitted to pay those funds to the Authorities as they become due.¹¹

II. Certain of the Taxes and Fees May Be Secured or Priority Claims Entitled to Special Treatment Under the Bankruptcy Code.

24. Claims for certain of the Taxes and Fees are or may be priority claims entitled to payment before general unsecured claims. *See* 11 U.S.C. § 507(a)(8) (describing taxes entitled to priority treatment). Moreover, to the extent that such amounts are entitled to priority treatment under the Bankruptcy Code, the respective Authorities may attempt to assess interest and penalties if such amounts are not paid. *See* 11 U.S.C. § 507(a)(8)(G) (granting eighth priority status to "a penalty related to a claim of a kind specified in this paragraph and in compensation for actual pecuniary loss"). Claims entitled to priority status pursuant to section 507(a)(8) of the Bankruptcy Code must be paid in full under a confirmable plan pursuant to section 1129(a)(9)(C) of the

¹¹ For the avoidance of doubt, the Debtors hereby request authority to pay the Taxes and Fees as provided herein regardless of whether such Taxes and Fees constitute trust fund obligations.

Bankruptcy Code. Therefore, payment of certain of the Taxes and Fees at this time only affects the timing of the payment for the amounts at issue and will not unduly prejudice the rights and recoveries of junior creditors. Paying such Taxes and Fees likely will give Authorities no more than they otherwise would be entitled to under a chapter 11 plan and will save the Debtors the potential interest expense, legal expense, and penalties that might otherwise accrue on the Taxes and Fees during these chapter 11 cases. For the avoidance of doubt, the Debtors are not seeking to make any payments pursuant to this Motion for tax periods that would be older than those entitled to priority treatment.

25. Some of the Taxes and Fees may be entitled to secured status with respect to property owned by the Debtors. As secured claims, these Taxes and Fees would be entitled to priority treatment if the Debtors sell the property to which Taxes and Fees relate when the Debtors confirm a Chapter 11 plan. *See* 11 U.S.C. §§ 506(a), 1129(a)(9)(C); 1129(b)(2)(A) (requiring that any plan of reorganization “crammed down” over a class of secured creditors pay those creditors in full or allow those creditors to retain their liens). Moreover, such secured claims could accrue interest if not timely paid. Thus, paying such secured Taxes and Fees only affects the timing of the payments, may reduce the ultimate amount owed with respect to such Taxes and Fees, and does not prejudice the rights of other creditors of the Debtors.

III. Paying the Taxes and Fees Is a Sound Exercise of the Debtors’ Business Judgment.

26. Courts have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business’s going-concern value. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 825–26 (D. Del. 1999); *see also In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175–76 (Bankr. S.D.N.Y. 1989); *Armstrong World Indus., Inc. v. James A. Phillips, Inc.*, 29 B.R. 391, 398 (S.D.N.Y. 1983). In so doing, these courts acknowledge that

several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code support the payment of prepetition claims.

27. Section 363(b) of the Bankruptcy Code permits a bankruptcy court, after notice and a hearing, to authorize a debtor to “use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Under this section, a court may authorize a debtor to pay certain prepetition claims. *See In re Ionosphere Clubs, Inc.*, 98 B.R. at 175 (affirming lower court order authorizing payment of prepetition wages pursuant to section 363(b) of the Bankruptcy Code); *see also In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (recognizing the doctrine of necessity and authorizing the debtor to pay prepetition claims if such payment was essential to the continued operation of the debtor); *In re Orion Refining Corp.*, 372 B.R. 688, 703 (Bankr. D. Del. 2007) (authorizing payment of prepetition claim of critical vendor pursuant to section 363(b) of the Bankruptcy Code). To do so under section 363(b) of the Bankruptcy Code, courts require only that the debtor “show that a sound business purpose” justifies the proposed use of property. *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999); *see also In re Phx. Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987); *see also Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070–71 (2d Cir. 1983) (requiring the debtor to show a “good business reason” to approve a sale pursuant to section 363(b)). Moreover, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) (“Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean

task.”). Thus, if a transaction satisfies the business judgment rule, it should be approved under section 363(b) of the Bankruptcy Code.

28. Furthermore, section 105(a) of the Bankruptcy Code provides that a court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code, pursuant to the “doctrine of necessity.” 11 U.S.C. § 105(a). The “doctrine of necessity” functions in a chapter 11 case as a mechanism by which the bankruptcy court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code and further supports the relief requested herein. *See Lehigh*, 657 F.2d at 581 (holding that a court may authorize payment of prepetition claims if such payment is essential to the debtor’s continued operation); *see also Just for Feet*, 242 B.R. 821 at 824–25 (holding that section 105(a) of the Bankruptcy Code “provides a statutory basis for payment of pre-petition claims” under the doctrine of necessity); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (explaining that the doctrine of necessity is the standard in the Third Circuit for enabling a court to authorize the payment of prepetition claims prior to confirmation of a reorganization plan).

29. Moreover, the doctrine of necessity is designed to foster a debtor’s rehabilitation, which courts have recognized is “the paramount policy and goal of Chapter 11.” *See Ionosphere Clubs*, 98 B.R. at 176; *see also In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“[P]ayment by a debtor-in-possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code,” but “[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.”); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D.

Ohio 1991) (approving payment of prepetition unsecured claims of toolmakers as “necessary to avert a serious threat to the Chapter 11 process”); *Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285–86 (S.D.N.Y. 1987) (approving lower court order authorizing payment of prepetition wages, salaries, expenses, and benefits).

30. The Debtors’ ability to pay the Taxes and Fees is critical to their continued and uninterrupted operations. If certain Taxes and Fees remain unpaid, the Authorities may seek to recover such amounts directly from the Debtors’ directors, officers, or employees, thereby distracting these key personnel from the administration of the Debtors’ chapter 11 cases. *See, e.g., In re Am. Motor Club, Inc.*, 139 B.R. 578, 581–83 (Bankr. E.D.N.Y. 1992) (stating “[i]f the employer fails to pay over the trust fund taxes, the IRS may collect an equivalent amount directly from officers or employees of the employer who are responsible for collecting the tax” and finding director personally liable for unpaid taxes) (citing *United States v. Energy Res. Co.*, 495 U.S. 545, 547 (1990)). Any collection action on account of such claims, and any potential ensuing liability, would distract the Debtors and their personnel to the detriment of all parties in interest. The dedicated and active participation of the Debtors’ officers and employees is integral to the Debtors’ continued operations and essential to the orderly administration and, ultimately, the success of these chapter 11 cases.

31. Furthermore, the Debtors’ liability to pay the Taxes and Fees may ultimately result in increased tax liability for the Debtors if interest and penalties accrue on the claims for Taxes and Fees, which amounts may also be entitled to priority treatment. Such a result would be contrary to the best interests of the Debtors’ estates and all stakeholders. As noted above, many of the Taxes and Fees may be entitled to priority status pursuant to section 507(a)(8)(C) of the

Bankruptcy Code. As priority claims, these obligations must be paid in full before any general unsecured obligations of the Debtors may be satisfied. To the extent that the Debtors are not able to timely pay the prepetition Taxes and Fees, they may ultimately be required to pay those amounts with additional interest and penalties. The Debtors' failure to pay the prepetition Taxes and Fees as they come due may, thus, ultimately increase the amount of priority claims held by the Authorities against the Debtors' estates, to the detriment of the Debtors' general unsecured creditors and other non-priority creditors. *See* 11 U.S.C. §§ 507(a)(8)(C) and 507(a)(8)(G). Accordingly, the Court should grant the Debtors authority to pay the prepetition Taxes and Fees as provided herein.

32. Courts in this jurisdiction have often authorized payment of prepetition taxes under sections 105(a) and 363(b) of the Bankruptcy Code. *See, e.g., In re Lannett Co., Inc.*, No. 23-10559 (JKS) (Bankr. D. Del. May 5, 2023) (authorizing, on an interim basis, debtors to pay prepetition taxes and fees in the ordinary course of business); *In re SiO2 Med. Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. April 24, 2023) (authorizing, on a final basis, debtors to pay prepetition taxes and fees in the ordinary course of business); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Sept. 22, 2022) (same); *In re Riverbed Tech., Inc.*, No. 21-11503 (CTG) (Bankr. D. Del. Nov. 18, 2021) (same); *In re Alex & Ani, LLC*, No. 21-10918 (CTG) (Bankr. D. Del. Jul. 14, 2021) (same).¹²

Processing of Checks and Electronic Fund Transfers Should Be Authorized

33. 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

¹² 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.

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

34. 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

35. 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)

36. To the extent that any aspect of the relief sought herein constitutes a use of property under section 363(b) of the Bankruptcy Code, 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

37. The Debtors will provide notice of this motion to: (a) the United States Trustee for the District of Delaware; (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 Taxing Authorities; 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

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

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors 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

**KLEHR HARRISON HARVEY
BRANZBURG LLP**
Domenic E. Pacitti (DE Bar No. 3989)
Michael W. Yurkewicz (DE Bar No. 4165)
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- and -

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Philadelphia, Pennsylvania 19103
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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
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- and -

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Chicago, Illinois 60654
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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> , ¹)	Case No. 23-10718 (CTG)
)	
Debtors.)	(Joint Administration Requested)
)	Re: Docket No. ___

**INTERIM ORDER (I) AUTHORIZING THE PAYMENT OF CERTAIN PREPETITION
AND POSTPETITION TAXES AND FEES AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of an interim order (this “Interim Order”), (a) authorizing, but not directing, the Debtors to remit and pay (or use tax credits to offset) undisputed prepetition Taxes and Fees in the ordinary course of business; (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 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

¹ 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.

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

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) negotiate, pay, and remit (or use tax credits to offset), or otherwise satisfy the Taxes and Fees (including corresponding Assessments) that arose or accrued prior to the Petition Date and that will become due and owing in the ordinary course of business, at such time when the Taxes and Fees are payable; and (b) negotiate, pay and remit (or use tax credits to offset) Taxes and Fees that arise or accrue in the ordinary course of business on a postpetition basis; *provided* that notwithstanding anything to the contrary herein or in the Motion, that in the event the Debtors make a payment with respect to any Taxes and Fees for the prepetition portion of any “straddle” amount, and this Court subsequently determines such amount was not entitled to priority or administrative treatment under sections 507(a)(8) or 503(b)(1)(B) of the Bankruptcy Code, the Debtors may (but shall not be required to) seek an order from the Court requiring a return of such amounts; *provided, further* that such payments shall not exceed \$150,000 in the aggregate pending entry of a final order.

4. 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.

5. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in this Interim Order shall create any rights in favor of, or enhance the status of any claim held by, any of the Authorities.

6. 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.

7. 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.

8. 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 the debtor-in-possession financing in these chapter 11 cases.

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

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

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

12. 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.

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

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

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

Exhibit B

Proposed Final Order

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) negotiate, pay, and remit (or use tax credits to offset), or otherwise satisfy the Taxes and Fees (including corresponding Assessments) that arose or accrued prior to the Petition Date and that will become due and owing in the ordinary course of business during the pendency of these chapter 11 cases, at such time when the Taxes and Fees are payable; and (b) negotiate, pay and remit (or use tax credits to offset) Taxes and Fees that arise or accrue in the ordinary course of business on a postpetition basis; *provided* that notwithstanding anything to the contrary herein or in the Motion, that in the event the Debtors make a payment with respect to any Taxes and Fees for the prepetition portion of any "straddle" amount, and this Court subsequently determines such amount was not entitled to priority or administrative treatment under sections 507(a)(8) or 503(b)(1)(B) of the Bankruptcy Code, the Debtors may (but shall not be required to) seek an order from the Court requiring a return of such amounts.
3. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in this Final Order shall create any rights in favor of, or enhance the status of any claim held by, any of the Authorities.

4. The Debtors' rights to contest the validity or priority of any Taxes and Fees on any grounds they deem appropriate are reserved and extend to the payment of Taxes and Fees relating to any audits that have been completed, are in progress, or arise from prepetition periods.

5. 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.

6. 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.

7. 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.

8. 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 the debtor-in-possession financing in these chapter 11 cases.

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

10. 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.

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

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

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

Exhibit C**Authorities**

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
ALABAMA DEPARTMENT OF REVENUE	INCOME TAX	CORPORATE TAX SECTION PO BOX 327435 MONTGOMERY, AL 36132-7435
ALABAMA PRIVILEGE TAX DEPARTMENT OF REVENUE	INCOME TAX	50 N. RIPLEY ST. MONTGOMERY, AL 36130
ARIZONA CORPORATION COMMISSION	ANNUAL REPORT	1200 W. WASHINGTON STREET PHOENIX, AZ 85007
ARIZONA DEPARTMENT OF REVENUE	INCOME TAX SALES & USE TAX	P.O. BOX 29085 PHOENIX, AZ 85038-9085
BONNEVILLE COUNTY, IDAHO	PROPERTY TAX	605 N CAPITAL AVE. IDAHO FALLS, ID 83402
CALIFORNIA DEPARTMENT OF JUSTICE	BUSINESS LICENSE	ATTORNEY GENERAL'S OFFICE ATTN: CREDIT SERVICES ORG. REGISTRATION SAN DIEGO, CA 92101
CALIFORNIA DEPARTMENT OF REVENUE	INCOME TAX SALES & USE TAX	PO BOX 942840 SACRAMENTO, CA 94240
CALIFORNIA FRANCHISE TAX BOARD	INCOME TAX	PO BOX 942840 SACRAMENTO, CA 94240-0040
CALIFORNIA SECRETARY OF STATE	ANNUAL REPORT	1500 11ST STREET SACRAMENTO, CA 95814
CITY OF AKRON	INCOME TAX	INCOME TAX DIVISION 1 CASCADE PLZ STE 100 AKRON, OH 44308

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
CITY OF MIDDLETOWN	INCOME TAX	ONE DONHAM PLAZA MIDDLETOWN, OH 45042
CITY OF REXBURG	BUSINESS LICENSE	35 N 1ST EAST REXBURG, ID 83440
CITY OF TIFFIN INCOME TAX DEPARTMENT	INCOME TAX	P.O. BOX 518 TIFFIN, OH 44883
COLORADO DEPARTMENT OF REVENUE	INCOME TAX	TAXATION DIVISION P.O. BOX 17087 DENVER, CO 80217
COLORADO SECRETARY OF STATE	ANNUAL REPORT	1700 BROADWAY SUITE 550 DENVER, CO 80290
CONNECTICUT DEPARTMENT OF REVENUE SERVICES	INCOME TAX SALES & USE TAX	450 COLUMBUS BLVD. SUITE 1 HARTFORD, CT 06103
CONNECTICUT SECRETARY OF STATE	ANNUAL REPORT	165 CAPITOL AVENUE SUITE 1000 HARTFORD, CT 06106
DAVIS COUNTY, UTAH TREASURER	PROPERTY TAX	P.O. BOX 618 FARMINGTON, UT 84025
DELAWARE DEPARTMENT OF JUSTICE	BUSINESS LICENSE	CARVEL STATE BUILDING 820 N. FRENCH ST. WILMINGTON, DE 19801
DELAWARE DEPARTMENT OF REVENUE	INCOME TAX	540 SOUTH DUPONT HIGHWAY SUITE 2 DOVER, DE 19901

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
DELAWARE SECRETARY OF STATE	ANNUAL REPORT	DIVISION OF CORPORATIONS PO BOX 898 DOVER, DE 19903
DISTRICT OF COLUMBIA DEPARTMENT OF REVENUE	INCOME TAX SALES & USE TAX	OFFICE OF TAX AND REVENUE 1101 4TH STREET, SW, SUITE 270 WEST WASHINGTON, DC 20024
DISTRICT OF COLUMBIA MAYOR'S OFFICE	BUSINESS LICENSE	1350 PENNSYLVANIA AVENUE, NW WASHINGTON, DC 20004
FLORIDA DEPARTMENT OF REVENUE	INCOME TAX	5050 W. TENNESSEE ST. TALLAHASSEE, FL 32399-0135
FLORIDA DEPARTMENT OF STATE	ANNUAL REPORT	R.A. GRAY BUILDING 500 SOUTH BRONOUGH STREET TALLAHASSEE, FL 32399-0250
GEORGIA DEPARTMENT OF REVENUE	INCOME TAX	1800 CENTURY BLVD NE ATLANTA, GA 30345
HAWAII DEPARTMENT OF REVENUE	INCOME TAX SALES & USE TAX	830 PUNCHBOWL STREET HONOLULU, HI 96813
HAWAII DEPARTMENT OF TAXATION	INCOME TAX	830 PUNCHBOWL STREETHONOLULU, HI 96813-5094
HAWAII SECRETARY OF STATE BUSINESS REGISTRATION DIVISION	ANNUAL REPORT	DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS KING KALAKAUA BUILDING 335 MERCHANT ST RM 201 HONOLULU, HI 96813
IDAHO DIVISION OF FINANCE	BUSINESS LICENSE	11341 WEST CHINDEN BLVD. STE A300 BOISE, ID 83714
IDAHO SECRETARY OF STATE	ANNUAL REPORT	P.O. BOX 83720 BOISE, ID 83702

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
IDAHO STATE TAX COMMISSION	INCOME TAX SALES & USE TAX	11341 WEST CHINDEN BLVD. STE A300 BOISE, ID 83714
ILLINOIS DEPARTMENT OF REVENUE	INCOME TAX	P.O. BOX 19045 SPRINGFIELD, IL 62794-9045
ILLINOIS SECRETARY OF STATE	BUSINESS LICENSE	213 STATE CAPITOL SPRINGFIELD, IL 62756
INDIANA DEPARTMENT OF REVENUE	INCOME TAX SALES & USE TAX	P.O. BOX 7206 INDIANAPOLIS, IN 46207-7206
INDIANA SECRETARY OF STATE	ANNUAL REPORT	200 W. WASHINGTON ST., ROOM 201 INDIANAPOLIS, IN 46204
IOWA DEPARTMENT OF REVENUE	INCOME TAX	HOOVER STATE OFFICE BUILDING 1305 E. WALNUT DES MOINES, IA 50319
IOWA DEPARTMENT OF REVENUE	SALES & USE TAX	PO BOX 10466 DES MOINES, IA 50306-0466
IOWA SECRETARY OF STATE	BUSINESS LICENSE	LUCAS BUILDING- FIRST FLOOR 321 E. 12TH ST. DES MOINES, IA 50319
KENTUCKY DEPARTMENT OF REVENUE	INCOME TAX	501 HIGH STREET FRANKFORT, KY 40601
LOUISIANA ATTORNEY GENERAL	BUSINESS LICENSE	1885 N 3RD ST. BATON ROUGE, LA 70802
LOUISIANA DEPARTMENT OF REVENUE	INCOME TAX	POST OFFICE BOX 201 BATON ROUGE, LA 70821-0201
MADISON COUNTY, IDAHO TREASURER	PROPERTY TAX	134 E MAIN REXBURG, ID 83440

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
MAINE BUREAU OF CONSUMER PROTECTION	BUSINESS LICENSE	35 STATE HOUSE STATION AUGUSTA, ME 04333
MAINE DEPARTMENT OF THE SECRETARY OF STATE	ANNUAL REPORT	148 STATE HOUSE STATION AUGUSTA, ME 04333-0148
MAINE REVENUE SERVICES	INCOME TAX	INCOME TAX DIVISION P.O. BOX 1064 AUGUSTA, ME 04332-1064
MARICOPA COUNTY, ARIZONA	PROPERTY TAX	301 WEST JEFFERSON STREET PHOENIX, AZ 85003
MARYLAND DEPARTMENT OF ASSESSMENTS AND TAXATION	INCOME TAX SALES & USE TAX	301 W. PRESTON STREET ROOM 801 BALTIMORE, MD 21201-2395
MARYLAND OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION	BUSINESS LICENSE	1100 NORTH EUTAW STREET SUITE 611 BALTIMORE, MD 21201
MASSACHUSETTS DEPARTMENT OF REVENUE	INCOME TAX	200 ARLINGTON STREET CHELSEA, MA 02150
MASSACHUSETTS DEPARTMENT OF REVENUE	SALES & USE TAX	PO BOX 7089 BOSTON, MA 02204
MICHIGAN DEPARTMENT OF STATE	ANNUAL REPORT	430 W. ALLEGAN ST. RICHARD H. AUSTIN BUILDING - 4TH FLOOR LANSING, MI 48918
MICHIGAN DEPARTMENT OF TREASURY	INCOME TAX	P.O. BOX 30803 LANSING, MI 48909
MINNESOTA DEPARTMENT OF COMMERCE	BUSINESS LICENSE	85 7TH PLACE EAST SUITE 280 SAINT PAUL, MN 55101

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
MINNESOTA DEPARTMENT OF REVENUE	INCOME TAX	MAIL STATION 1765 SAINT PAUL, MN 55145-1765
MINNESOTA SECRETARY OF STATE	ANNUAL REPORT	FIRST NATIONAL BANK BUILDING332 MINNESOTA STREET, SUITE N201SAINT PAUL, MN 55101
MISSOURI DEPARTMENT OF REVENUE	INCOME TAX	HARRY S TRUMAN STATE OFFICE BUILDING 301 WEST HIGH STREET JEFFERSON CITY, MO 65101
MISSOURI DIVISION OF FINANCE	BUSINESS LICENSE	TRUMAN STATE OFFICE BUILDING ROOM 630 JEFFERSON CITY, MO 65102
MONTANA DEPARTMENT OF REVENUE	INCOME TAX	PO BOX 5805 HELENA, MT 59604-5805
NEBRASKA DEPARTMENT OF REVENUE	INCOME TAX	PO BOX 94818 LINCOLN, NE 68509-4818
NEBRASKA SECRETARY OF STATE	BUSINESS LICENSE	P.O. BOX 94608 LINCOLN, NE 68509-4608
NEBRASKA SECRETARY OF STATE	ANNUAL REPORT	P.O. BOX 94608 LINCOLN, NE 68509-4608
NEVADA DIVISION OF MORTGAGE LENDING	BUSINESS LICENSE	3300 WEST SAHARA AVENUE SUITE 285 LAS VEGAS, NV 89102
NEVADA SECRETARY OF STATE	ANNUAL REPORT	NEVADA STATE CAPITOL BUILDING 101 NORTH CARSON STREET, SUITE 3 CARSON CITY, NV 89701

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION	INCOME TAX	GOVERNOR HUGH GALLEN STATE OFFICE PARK 109 PLEASANT STREET (MEDICAL & SURGICAL BUILDING) CONCORD, NH 03301
NEW HAMPSHIRE DEPARTMENT OF STATE	ANNUAL REPORT	107 NORTH MAIN STREET CONCORD, NH 03301
NEW JERSEY DEPARTMENT OF STATE	ANNUAL REPORT	PO BOX 300 TRENTON, NJ 08625
NEW JERSEY DEPARTMENT OF THE TREASURY	INCOME TAX SALES & USE TAX	DIVISION OF TAXATION PO BOX 245 TRENTON, NJ 08695
NEW JERSEY DIVISION OF CONSUMER AFFAIRS	BUSINESS LICENSE	124 HALSEY STREET NEWARK, NJ 07102
NEW MEXICO DEPARTMENT OF REVENUE	INCOME TAX SALES & USE TAX	1200 SOUTH ST. FRANCIS DRIVE SANTA FE, NM 87505
NEW MEXICO TAXATION & REVENUE DEPARTMENT	INCOME TAX	1200 SOUTH ST. FRANCIS DRIVE SANTA FE, NM 87505
NEW YORK CITY DEPARTMENT OF FINANCE	INCOME TAX	P.O. BOX 5564 BINGHAMPTON, NY 13902
NEW YORK MTA DEPARTMENT OF REVENUE	INCOME TAX	PO BOX 4139 BINGHAMPTON, NY 13902
NEW YORK STATE DEPT OF TAXATION AND FINANCE	INCOME TAX SALES & USE TAX	BANKRUPTCY SECTION PO BOX 5300 ALBANY, NY 12205-0300
NORTH CAROLINA DEPARTMENT OF REVENUE	INCOME TAX	PO BOX 25000 RALEIGH, NC 27640-0640
NORTH CAROLINA SECRETARY OF STATE	ANNUAL REPORT BUSINESS LICENSE	2 SOUTH SALISBURY ST. RALEIGH, NC 27601-2903

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
OFFICE OF THE INDIANA SECRETARY OF STATE	ANNUAL REPORT	200 W. WASHINGTON ST. ROOM 201 INDIANAPOLIS, IN 46204
OFFICE OF THE SECRETARY OF THE STATE OF CONNECTICUT	ANNUAL REPORT	165 CAPITOL AVENUE SUITE 1000 HARTFORD, CT 06106
OHIO DEPARTMENT OF TAXATION	INCOME TAX	ATTN: COMPLIANCE BUSINESS TAX DIVISION PO BOX 16678 COLUMBUS, OH 43216-6678
OHIO DIVISION OF FINANCIAL INSTITUTIONS	BUSINESS LICENSE	77 SOUTH HIGH STREET 23RD FLOOR COLUMBUS, OH 43215-6133
OKLAHOMA COUNTY, OKLAHOMA TREASURER	PROPERTY TAX	320 ROBERT S. KERR AVENUE, #307 OKLAHOMA CITY, OK 73102
OKLAHOMA DEPARTMENT OF CONSUMER CREDIT	BUSINESS LICENSE	629 NE 28TH ST. OKLAHOMA CITY, OK 73105
OKLAHOMA SECRETARY OF STATE	ANNUAL REPORT	BUSINESS FILING DEPARTMENT 2300 N. LINCOLN BLVD., ROOM 101 OKLAHOMA CITY, OK 73105-4897
OKLAHOMA TAX COMMISSION	INCOME TAX SALES & USE TAX	300 N BROADWAY AVE. OKLAHOMA CITY, OK 73102
OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES	BUSINESS LICENSE	350 WINTER STREET NE P.O. BOX 14480 SALEM, OR 97309-0405
OREGON DEPARTMENT OF JUSTICE	BUSINESS LICENSE	1162 COURT ST. NE SALEM, OR 97301-4096

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
OREGON DEPARTMENT OF REVENUE	INCOME TAX	955 CENTER ST NE SALEM, OR 97301-2555
OREGON SECRETARY OF STATE	ANNUAL REPORT	PUBLIC SERVICE BUILDING 255 CAPITOL ST. NE, SUITE 151 SALEM, OR 97310
PENNSYLVANIA DEPARTMENT OF REVENUE	INCOME TAX	PO BOX 280427 HARRISBURG, PA 17128-0427
PENNSYLVANIA DEPARTMENT OF REVENUE	SALES & USE TAX	1854 BROOKWOOD ST HARRISBURG, PA 17104-2244
PENNSYLVANIA DEPARTMENT OF STATE BUREAU OF CHARITABLE ORGANIZATIONS	BUSINESS LICENSE	401 NORTH STREET 207 NORTH OFFICE BUILDING HARRISBURG, PA 17120
PENNSYLVANIA SECRETARY OF STATE	ANNUAL REPORT	302 NORTH OFFICE BUILDING 401 NORTH STREET HARRISBURG, PA 17120
RHODE ISLAND DEPARTMENT OF REVENUE	INCOME TAX	DIVISION OF TAXATION ONE CAPITOL HILL PROVIDENCE, RI 02908
RHODE ISLAND SECRETARY OF STATE	ANNUAL REPORT	148 WEST RIVER STREET PROVIDENCE, RI 02904-2615
RITA (REGIONAL INCOME TAX AGENCY)	INCOME TAX	10107 BRECKSVILLE ROAD BRECKSVILLE, OH 44141
SALT LAKE CITY BUSINESS LICENSE DIVISION	BUSINESS LICENSE	CITY & COUNTY BUILDING 451 SOUTH STATE STREET, ROOM 225 SALT LAKE CITY, UT 84111
SALT LAKE COUNTY, UTAH PROPERTY TAX DIVISION	PROPERTY TAX	2001 S STATE STREET, STE N1-200 PO BOX 144575 SALT LAKE CITY, UT 84114

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
SAN FRANCISCO CITY AND COUNTY	SALES & USE TAX PROPERTY TAX	OFFICE OF THE TREASURER & TAX COLLECTOR P.O. BOX 7426 SAN FRANCISCO, CA 94120
SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS	BUSINESS LICENSE	293 GREYSTONE BOULEVARD STE. 400 COLUMBIA, SC 29210
SOUTH CAROLINA DEPARTMENT OF REVENUE	INCOME TAX	300A OUTLET POINTE BOULEVARD COLUMBIA, SC 29210
SOUTH CAROLINA DEPARTMENT OF REVENUE	SALES & USE TAX	PO BOX 100153 COLUMBIA, SC 29202
SOUTH CAROLINA SECRETARY OF STATE	ANNUAL REPORT	1205 PENDLETON STREET SUITE 525 COLUMBIA, SC 29201
SOUTH DAKOTA DEPARTMENT OF REVENUE	SALES & USE TAX	445 E CAPITOL AVENUE PIERRE, SD 57501
SOUTH DAKOTA SECRETARY OF STATE	ANNUAL REPORT	CAPITOL BUILDING 500 EAST CAPITOL AVENUE STE 204 PIERRE, SD 57501-5070
STATE OF CALIFORNIA FRANCHISE TAX BOARD	INCOME TAX	PO BOX 1673 SACRAMENTO, CA 95812-1673
STATE OF OHIO DEPARTMENT OF COMMERCE	BUSINESS LICENSE	77 SOUTH HIGH STREET 23RD FLOOR COLUMBUS, OH 43215-6133
TENNESSEE DEPARTMENT OF COMMERCE & INSURANCE	BUSINESS LICENSE	500 JAMES ROBERTSON PKWY NASHVILLE, TN 37243-0565
TENNESSEE DEPARTMENT OF REVENUE	INCOME TAX	500 DEADERICK STREET NASHVILLE, TN 37242

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS	INCOME TAX SALES & USE TAX	P.O. BOX 13528, CAPITOL STATION AUSTIN, TX 78711-3528
TEXAS SECRETARY OF STATE	BUSINESS LICENSE	REGISTRATIONS UNIT PO BOX 13550 AUSTIN, TX 78711-3550
TEXAS SECRETARY OF STATE	ANNUAL REPORT	REPORTS UNIT P.O. BOX 12028 AUSTIN, TX 78711-2028
THE COMMONWEALTH OF MASSACHUSETTS	ANNUAL REPORT	CORPORATIONS DIVISION ONE ASHBURTON PLACE, 17TH FLOOR BOSTON, MA 02108-1512
UNITED KINGDOM DEPARTMENT OF REVENUE	INCOME TAX	HM REVENUE & CUSTOMS BX9 1AS UNITED KINGDOM
UNITED STATES INTERNAL REVENUE SERVICE	INCOME TAX	P.O. BOX 7704 SAN FRANCISCO, CA 94120-7704
UTAH COUNTY, UTAH TREASURER	PROPERTY TAX	100 EAST CENTER STREET SUITE 1200 PROVO, UT 84606
UTAH DEPARTMENT OF BUSINESS LICENSING, CITY OF WEST VALLEY	BUSINESS LICENSE	3600 S CONSTITUTION BOULEVARD WEST VALLEY CITY, UT 84119
UTAH DEPARTMENT OF COMMERCE	BUSINESS LICENSE	SM BOX 146701 SALT LAKE CITY, UT 84114-6701
UTAH DIVISION OF CONSUMER PROTECTION	BUSINESS LICENSE	PO BOX 146704 SALT LAKE CITY, UT 84114-6704
UTAH DIVISION OF CORPORATIONS & COMMERCIAL CODE	ANNUAL REPORT	BOX 146705 SALT LAKE CITY, UT 84114-6705

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
UTAH STATE TAX COMMISSION	INCOME TAX	210 NORTH 1950 WEST SALT LAKE CITY, UT 84134-0260
UTAH STATE TAX COMMISSION	SALES & USE TAX	210 NORTH 1950 WEST SALT LAKE CITY, UT 84134-0260
VERMONT DEPARTMENT OF TAXES	INCOME TAX	PO BOX 1881 MONTPELIER, VT 05601
VERMONT SECRETARY OF STATE	ANNUAL REPORT	128 STATE STREET MONTPELIER, VT 05633
VIRGINIA DEPARMENT OF AGRICULTURE & CONSUMER SERVICES	BUSINESS LICENSE	P.O. BOX 1163 RICHMOND, VA 23218
VIRGINIA TAX	INCOME TAX	P.O. BOX 1115 RICHMOND, VA 23218-1115
WASHINGTON LEGISLATIVE BUILDING	BUSINESS LICENSE	416 SID SNYDER AVE SW OLYMPIA, WA 98504
WASHINGTON SECRETARY OF STATE	ANNUAL REPORT	PO BOX 40220 OLYMPIA, WA 98504-0220
WASHINGTON STATE DEPARTMENT OF REVENUE	SALES & USE TAX	2101 4TH AVE SUITE 1400 SEATTLE, WA 98121
WEST VIRGINIA DEPARTMENT OF REVENUE	INCOME TAX SALES & USE TAX	1001 LEE STREET EAST CHARLESTON , WV 25311
WEST VIRGINIA SECRETARY OF STATE	ANNUAL REPORT	STATE CAPITOL BUILDING CHARLESTON , WV 25305
WEST VIRGINIA TAX DIVISION	BUSINESS LICENSE	1001 LEE STREET EAST CHARLESTON , WV 25311

<u>TAXING AUTHORITY NAME</u>	<u>TYPE</u>	<u>ADDRESS</u>
WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS	BUSINESS LICENSE	4822 MADISON YARDS WAY, NORTH TOWER MADISON, WI 53705
WISCONSIN DEPARTMENT OF REVENUE	INCOME TAX	PO BOX 930208 MILWAUKEE, WI 53293-0208
WISCONSIN SECRETARY OF STATE	ANNUAL REPORT	P.O. BOX 7848 MADISON, WI 53707-7848