

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

_____	)	
In re:	)	Chapter 11
	)	
AMERICAN SIGNATURE, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 25-12105 (JKS)
	)	
Debtors.	)	(Jointly Administered)
	)	
_____	)	Re: Docket Nos. 7, 73

Objection Deadline: December 29, 2025 at 4:00 p.m. (ET)  
Hearing Date: January 5, 2026 at 1:00 p.m. (ET)

**NOTICE OF ENTRY OF INTERIM ORDER AND FINAL HEARING REGARDING  
DEBTORS' MOTION SEEKING ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION EMPLOYEE  
WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE  
EMPLOYEE EXPENSES AND (B) CONTINUE EMPLOYEE  
BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF**

**PLEASE TAKE NOTICE** that on November 24, 2025, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed the *Debtors' Motion Seeking Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* (the "Motion") [Docket No. 7] with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). A copy of the Motion is attached hereto as **Exhibit 1**.

**PLEASE TAKE FURTHER NOTICE** that the Debtors presented certain first-day motions at a hearing before the Honorable J. Kate Stickles at the Bankruptcy Court on November 25, 2025. The Bankruptcy Court granted the relief requested by the Motion on an interim basis

<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: American Signature, Inc. (6162); American Signature Home Inc. (8573); American Signature USA Inc. (6162); ASI Pure Promise Insurance LLC (6162); ASI Elston LLC (7520); ASI – Laporte LLC (6162); ASI Polaris LLC (6162); ASI Thomasville LLC (6162); and American Signature Woodbridge LLC (6162). The Debtors' business address is 4300 E. 5th Avenue, Columbus, OH 43235.



and entered the *Interim Order (I) Authorizing, But Not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* (the “Interim Order”) [Docket No. 73]. A copy of the Interim Order is attached hereto as **Exhibit 2**.

**PLEASE TAKE FURTHER NOTICE** that any response or objection to the entry of a final order with respect to the relief sought in the Motion must be filed with the Bankruptcy Court on or before **December 29, 2025 at 4:00 p.m. prevailing Eastern Time**.

**PLEASE TAKE FURTHER NOTICE** that at the same time, you must also serve a copy of the response or objection upon: (i) proposed counsel to the Debtors: Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, DE 19899-8705 (Courier 19801), Attn: Laura Davis Jones, Esq. (ljones@pszjlaw.com) and David M. Bertenthal, Esq. (dbertenthal@pszjlaw.com); (ii) proposed counsel to the Conflicts Committee: (a) Goodwin Procter LLP, 620 Eighth Avenue, New York, NY 10018, Attn: Kizzy L. Jarashow, Esq. (kjarashow@goodwinlaw.com) and Stacy Dasaro, Esq. (sdasaro@goodwinlaw.com) and (b) Potter Anderson & Corroon LLP, 1313 North Market Street, 6th Floor, Wilmington, DE 19801, Attn: L. Katherine Good, Esq. (kgood@potteranderson.com); (iii) counsel to the DIP Agent and Prepetition ABL Agent: (a) Choate, Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola, Esq. (jventola@choate.com), Jonathan D. Marshall, Esq. (jmarshall@choate.com), and Lucas B. Barrett, Esq. (lbarrett@choate.com) and (b) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn: Daniel J. DeFranceschi, Esq. (defranceschi@rlf.com), John H. Knight, Esq. (knight@rlf.com), and Matthew P. Milana, Esq. (milana@rlf.com); (iv) counsel to the Prepetition Term Loan Agent: (a) Goldberg Kohn, 55 East Monroe Street, Chicago, IL 60603-

5792, Attn: Randall L. Klein, Esq. (randall.klein@goldbergkohn.com) and Zachary J. Garrett, Esq. (zachary.garrett@goldbergkohn.com) and (b) Blank Rome LLP, 1201 North Market Street, Suite 800, Wilmington, DE 19801, Attn: Stanley B. Tarr, Esq. (stanley.tarr@blankrome.com); (v) the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Malcolm M. Bates, Esq. (malcolm.m.bates@usdoj.gov); and (vi) any statutory committee appointed in these chapter 11 cases.

**PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE FINAL RELIEF REQUESTED BY THE MOTION WITHOUT FURTHER NOTICE OR HEARING.**

**PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE FINAL RELIEF SOUGHT IN THE MOTION WILL BE HELD ON **JANUARY 5, 2026 AT 1:00 P.M. PREVAILING EASTERN TIME** BEFORE THE HONORABLE J. KATE STICKLES, UNITED STATES BANKRUPTCY COURT JUDGE, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5TH FLOOR, COURTROOM NO. 6, WILMINGTON, DELAWARE 19801.**

*[Remainder of page intentionally left blank]*

Dated: November 26, 2025

**PACHULSKI STANG ZIEHL & JONES LLP**

/s/ Laura Davis Jones

Laura Davis Jones (DE Bar No. 2436)  
David M. Bertenthal (CA Bar No. 167624)  
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*Proposed Counsel to the Debtors and Debtors in Possession*

**Exhibit 1**

**Motion**

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

In re:	)	Chapter 11
AMERICAN SIGNATURE, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 25-12105 (JKS)
Debtors.	)	(Joint Administration Requested)

**DEBTORS’ MOTION SEEKING ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION EMPLOYEE  
WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE EMPLOYEE  
EXPENSES AND (B) CONTINUE EMPLOYEE BENEFITS PROGRAMS  
AND (II) GRANTING RELATED RELIEF**

American Signature, Inc. and its affiliated debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors”) in the above-captioned chapter 11 cases, by and through their undersigned proposed counsel, submit this motion (this “Motion”) for 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, but not directing, the Debtors to (i) pay prepetition wages, salaries, other compensation, and reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto, in an aggregate amount not to exceed \$5,546,000 pursuant to the Interim Order and \$10,846,000 pursuant to the Final Order; and (b) granting related relief. In addition, the Debtors request that the Court schedule a final hearing approximately twenty-one days after the commencement of these chapter 11 cases to consider entry of the Final Order. In

<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: American Signature, Inc. (6162); American Signature Home Inc. (8573); American Signature USA Inc. (6162); ASI Pure Promise Insurance LLC (6162); ASI Elston LLC (7520); ASI – Laporte LLC (6162); ASI Polaris LLC (6162); ASI Thomasville LLC (6162); and American Signature Woodbridge LLC (6162). The Debtors’ business address is 4300 E. 5th Avenue, Columbus, OH 43235.

support hereof, the Debtors represent as follows:

### **Jurisdiction and Venue**

1. 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 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and 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.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105(a), 362(d), 363(b), 507(a), and 541(b)(1) of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1(m).

### **Background**

4. On November 22, 2025 (the “Petition Date”), each Debtor filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties 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 committee of unsecured creditors has been appointed in these chapter 11 cases.

5. Debtor American Signature, Inc., together with its subsidiaries (“ASI” or the “Company”) is a residential furniture company operating across its Value City Furniture (“VCF”) and American Signature Furniture (“ASF”) brands and serving as a furniture destination consumers can rely on for style, quality, and value. Headquartered in Columbus, Ohio, the Company operates more than 120 stores across 17 states, with the largest concentrations in Ohio (20), Michigan (16), and Illinois (11). The Company employs approximately 3,000 team members.

6. Additional factual background regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the filing of these chapter 11 cases, is set forth in detail in the *Declaration of Rudolph Morando in Support of the Debtors’ Chapter 11 Petitions and First Day Relief* (the “First Day Declaration”), filed concurrently herewith and incorporated herein by reference.

### **The Debtors’ Workforce**

7. As of the Petition Date, the Debtors employ approximately 2600 full-time employees and 400 part-time employees (the “Employees”). 2300 Employees are paid on an hourly or per service basis, and 700 Employees are salaried. No Employees are party to collective bargaining agreements or other similar labor agreements, and no Employees are members of labor unions.

8. In addition to the Employees, the Debtors also utilize the services of approximately 80 independent contractors and temporary workers sourced from various staffing agencies to provide critical temporary support services (the “Supplemental Workforce” and, with Employees,



the “Workforce”). The Supplemental Workforce is an important complement to the efforts of the Employees.

9. The Workforce performs a variety of functions critical to the preservation of value and the administration of the Debtors’ estates. In many instances, the Workforce includes personnel who are intimately familiar with the Debtors’ businesses, processes, and systems, and who cannot be easily replaced. Without the continued, uninterrupted services of the Workforce, the Debtors simply could not run their business and preserve value for the benefit of all stakeholders. Many of the Employees rely on their compensation and benefits to pay their daily living expenses. Thus, the Workforce will be exposed to significant financial constraints if the Debtors are not permitted to continue paying compensation to the Workforce and providing the Employees with health and other benefits. Without the continued, uninterrupted services of Workforce, the Debtors’ continued operations will be threatened. Consequently, the Debtors respectfully submit that the relief requested herein is necessary and appropriate under the facts and circumstances of these chapter 11 cases.

### **Employee Compensation and Benefits**

10. To minimize the personal hardship the Employees could suffer if prepetition Employee-related obligations are not paid when due or as expected and to maintain stability in the Debtors’ workforce during the administration of the Debtors’ chapter 11 cases, the Debtors, by this motion, seek authority, but not direction, to: (a) pay and honor certain prepetition claims relating to, among other things, wages, salaries, commissions, federal and state withholding taxes, other amounts withheld (including garnishments, Employees’ share of insurance premiums, and taxes), reimbursable expenses, health insurance, workers’ compensation benefits, life insurance, short-term and long-term disability coverage, and certain other benefits that the Debtors have historically provided in the ordinary course (collectively, the “Employee Compensation and

Benefits”); and (b) pay all costs incident to the Employee Compensation and Benefits, collectively in an aggregate amount not to exceed \$5,546,000 pursuant to the Interim Order and \$10,846,000 pursuant to the Final Order.

11. Subject to approval from the Court, the Debtors intend to continue their applicable prepetition Employee Compensation and Benefits in the ordinary course. Out of an abundance of caution, the Debtors further request authority to modify, change, and discontinue any of their Employee Compensation and Benefits and to implement new programs, policies, and benefits in the ordinary course during these chapter 11 cases without the need for further Court approval, subject to the Bankruptcy Code and any other provisions of applicable law.

12. By this Motion, the Debtors seek authority to make the following payments related to prepetition amounts owed on account of the Employee Compensation and Benefits:

<b>Employee Obligation</b>	<b>Interim Amount</b>	<b>Final Amount</b>
Unpaid Employee Compensation	\$2,550,000	\$2,550,000
Paid Time Off	\$0	\$5,300,000
Commissions	\$1,800,000	\$1,800,000
Supplemental Workforce Compensation	\$95,000	\$95,000
Withholding Obligations	\$580,000	\$580,000
Reimbursable Expenses	\$25,000	\$25,000
<b>Employee Compensation</b>	<b>\$5,050,000</b>	<b>\$10,350,000</b>
Health Benefit Plans	\$336,000	\$336,000
Stop Loss Premiums	\$10,000	\$10,000
Non-Insider Employee Incentive Program	\$150,000	\$150,000
<b>Employee Benefits Programs</b>	<b>\$496,000</b>	<b>\$496,000</b>
<b>Total</b>	<b>\$5,546,000</b>	<b>\$10,846,000</b>

## **I. Compensation and Withholding Obligations.**

### **A. Unpaid Employee Compensation.**

13. In the ordinary course, the Debtors incur obligations to their Employees for, among other things, wages, salaries, overtime, and other obligations described herein (collectively, the “Employee Compensation”). The Debtors pay Employee Compensation weekly, through direct deposits or checks issued on scheduled pay dates. The Debtors’ next payroll processing date is November 28, 2025 for wages earned for the period between November 16, 2025 to November 22, 2025. Because most Employee Compensation is paid in arrears, the Debtors will owe certain Employees accrued but unpaid Compensation as of the Petition Date. Compensation also may be due as of the Petition Date for a variety of other reasons, such as Employees holding issued but uncashed paychecks as of the Petition Date. The Debtors do not seek to pay unpaid Compensation to any Employee in excess of the \$17,150 priority wage cap imposed by section 507(a)(4) of the Bankruptcy Code. On average, the Debtors incur approximately \$2,550,000 each week in Employee Compensation to all Employees. As of the Petition Date, the Debtors estimate that they owe approximately \$2,550,000 on account of accrued and unpaid Employee Compensation earned by Employees prior to the Petition Date (the “Unpaid Employee Compensation”), all of which will come due within the first twenty-one days of these chapter 11 cases (the “Interim Period”). As described above, if the Employees lose the Unpaid Employee Compensation that they are owed, it could cause Employees to experience financial hardship. In light of the substantial benefit the Employees will continue to provide to the Debtors’ estates, the Debtors wish to avoid imposing such a hardship.<sup>2</sup>

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<sup>2</sup> Through a consolidated payroll system established among the Debtors and their affiliates, the Debtors issue direct deposits and checks to pay compensation earned by employees of certain non-debtor affiliates. Specifically, on a weekly basis, the Debtors’ payroll account transfers funds to pay wages earned by approximately 430 employees of

**B. Commissions.**

14. The Debtors also pay sales-based commissions to many of their Employees. These Employees market the Debtors' products and services and generally receive commission payments on a monthly basis based on the sales tied to their individual efforts (the "Commissions"). The Debtors generally pay Commissions in arrears based on the Employees' sales performance in the prior month. The Commissions are an important part of such Employees' overall compensation packages and motivate the Employees to maximize their sales performance. Many of the Employees rely on the Commissions for their daily living expenses such that the failure to pay such Commissions would impose undue hardship. On average, the Debtors spend approximately net \$1,900,000 per month on Commissions. As of the Petition Date, the Debtors believe they owe Employees approximately \$1,800,000 for Commissions earned prior to the Petition Date. The Debtors do not seek to pay unpaid Commissions to any single Employee in excess of the \$17,150 priority wage cap imposed by section 507(a)(4) of the Bankruptcy Code.

**C. Supplemental Workforce Compensation.**

15. To compensate the Supplemental Workforce, the Debtors either pay members of the Supplemental Workforce directly or pay staffing agencies, which then make payments to the Supplemental Workforce on the Debtors' behalf (the "Supplemental Workforce Compensation"). It is critical that the Debtors be able to continue honoring their obligations with respect to the Supplemental Workforce Compensation. Failure to make timely payments on account of the

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Kroehler Furniture Mfg. Co. Inc. (212), Luxury Delivery Services Inc. (72), OO Management LLC (12), Schottenstein Stores Corp. (40), T&T Associates Inc. (12), and Schottenstein Property Group (83) (the "Non-Debtor Affiliates"). Each of the Non-Debtor Affiliates, through routine intercompany transfers, pre-funds the Debtors payroll account prior to payment of their respective employees' wages. As provided in the *Debtors' Motion For Entry Of Interim And Final Orders Authorizing The Debtors To (A) Continue Operating Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, (D) Perform Intercompany Transactions, And (E) Granting Related Relief* filed concurrently herewith, the Debtors will maintain records of these intercompany transfers consistent with previous practice.

Supplemental Workforce Compensation could hamper the Debtors' efforts to deliver quality healthcare services to the patients. As of the Petition Date, the Debtors estimate that they owe approximately \$95,000 in Supplemental Workforce Compensation, all of which will become due to be remitted during the Interim Period.

16. Accordingly, by this motion the Debtors seek authority, but not direction, to pay their Workforce any Unpaid Employee Compensation, Commissions, and Supplemental Workforce Compensation earned prior to the Petition Date consistent with past practice. The Debtors further seek authority to continue to pay Employee Compensation, Commissions, and Supplemental Workforce Compensation earned by the Workforce in the ordinary course during the course of these Chapter 11 Cases.

**D. Withholding Obligations.**

17. During each applicable payroll period, the Debtors routinely deduct certain amounts from Employees' paychecks, including garnishments, child support, and similar deductions, legally ordered deductions, and miscellaneous deductions (collectively, the "Deductions"), and forward such amounts to various third-party recipients.

18. In addition to the Deductions, certain federal and state laws require that the Debtors withhold certain amounts from Employees' gross pay related to federal, state, and local income taxes, as well as Social Security and Medicare taxes (collectively, the "Employee Payroll Taxes") for remittance to the appropriate federal, state, or local taxing authorities. The Debtors must then match the Employee Payroll Taxes from their own funds and pay, based upon a percentage of gross payroll, additional amounts for federal and state unemployment insurance and Social Security and Medicare taxes (together with the Employee Payroll Taxes, the "Payroll Taxes"). The Payroll Taxes are generally processed and forwarded to the appropriate federal, state, and local taxing authorities at the same time the Employees' payroll checks are disbursed.

19. As of the Petition Date, the Debtors estimate that they will have approximately \$580,000 in unpaid Deductions and Payroll Taxes (together, the “Withholding Obligations”) outstanding, all of which will come due within the first twenty-one days of these chapter 11 cases. By this motion, the Debtors seek authority, but not direction, to pay in a manner consistent with historical practice any unpaid Withholding Obligations and to continue to honor the Withholding Obligations in the ordinary course during the administration of these chapter 11 cases.

**E. Reimbursable Expenses.**

20. Prior to the Petition Date and in the ordinary course, the Debtors reimbursed Employees or paid credit card invoices of certain Employees for approved expenses incurred on behalf of the Debtors in the scope of their employment (the “Reimbursable Expenses”). The Reimbursable Expenses are largely on account of costs incurred related to employee travel and other business-related purposes. Employees who pay up front for Reimbursable Expenses apply for reimbursement by submitting an expense report to the Debtors. Once they have determined that the charges are for legitimate reimbursable business expenses, the Debtors reimburse Employees for these expenses. The Debtors’ inability to reimburse such expenses could impose hardship on such individuals, where such individuals otherwise incurred obligations for the Debtors’ benefit.

21. Historically, the Debtors pay Reimbursable Expenses of approximately \$100,000 per month in the aggregate. As of the Petition Date, the Debtors estimate that they owe approximately \$25,000 in aggregate Reimbursable Expenses.

22. Although the Debtors ask that reimbursement requests be submitted promptly, sometimes submission delays occur and Employees may submit reimbursement requests for prepetition expenses after the Petition Date. Employees incurred the Reimbursable Expenses as business expenses on the Debtors’ behalf and with the understanding that such expenses would be

reimbursed fully. Accordingly, to avoid harming Employees who incurred the Reimbursable Expenses and who may become personally liable for such expenses, the Debtors request authority, but not direction, to pay the Reimbursable Expenses and to continue to pay the Reimbursable Expenses in the ordinary course.

## **II. Employee Benefits Programs.**

23. The Debtors offer certain of their Employees the ability to participate in a number of insurance and benefits programs, including, among other programs, medical, vision and dental plans, life insurance, accidental death and dismemberment insurance, disability benefits, workers' compensation, retirement plans, incentive programs, paid time off, and other employee benefit plans (collectively, the "Employee Benefits Programs").

24. As described above, failure to continue the Employee Benefits Programs could cause Employees to experience severe hardship. In light of the substantial benefit the Employees have provided and will continue to provide to the Debtors' estates, the Debtors wish to avoid imposing such a hardship. Accordingly, by this motion, the Debtors seek authority, but not direction, to: (a) pay any unpaid amounts due with respect to the Employee Benefits Programs; and (b) continue to provide Employee Benefits Programs in the ordinary course during the administration of these chapter 11 cases. As of the Petition Date, the Debtors estimate that they owe approximately \$336,000 (excluding Paid Time Off) on account of the Employee Benefits Programs, \$336,000 of which will come due within the first twenty-one days of these chapter 11 cases. The Employee Benefits Programs are described in greater detail below.

### **A. Health Benefit Plans.**

25. The Debtors offer full-time Employees, part-time Employees working a minimum of 28 hours per week, and certain family members of Employees the opportunity to participate in a number of health benefit plans, including medical, vision, and dental plans

(collectively, the “Health Benefit Plans”). The Debtors fund and manage their Health Benefit Plans through a voluntary employees’ beneficiary association trust (the “VEBA Trust”) sponsored by their parent, Schottenstein Stores Corporation. The VEBA Trust is a tax-exempt trust established under Internal Revenue Code Section 501(c)(9) that (a) accepts contributions from both the Debtors, the Non-Debtor Affiliates, the Employees, and employees of the Non-Debtor Affiliates (the “Affiliate Employees”), and (b) covers eligible medical expenses for contributing employees and their dependents. Funds in the VEBA Trust grow tax-free, and employees don't face tax penalties when taking distributions for qualified expenses, including co-pays, co-insurance, deductibles, dental, and vision payments. The VEBA Trust is managed independently by its trustee, PNC Bank, and exist solely to provide to provide health care benefits to the Employees and Affiliate Employees.

26. The Debtors fund the Health Benefits Plans through a combination of regular deductions from Employee wages and Debtor contributions. Both the employee and Employer contributions are passed along to the VEBA Trust on a monthly basis. Specifically, the Debtors provide the following effective on the first of the month following 30 days of full-time employment:

- Medical Plan: Through the VEBA Trust, the Debtors provide a healthcare plan to the Employees and their families (the “Medical Plan”) that is administered by Anthem Blue Cross and Blue Shield (“Anthem”). The Debtors fund the Medical Plan with their own contributions and regular deductions from Employee wages. While the Medical Plan is self-insured by the VEBA Trust, the costs to the Debtors and Employees are limited to these premium contributions. As of the Petition Date, the Debtors estimate that they do not have any contributions or premiums due to the VEBA Trust for the Medical Plan.
- Dental Plan: Additionally, the Debtors offer their Employees the option of participating in a fully-insured dental plan (the “Dental Plan”) provided through the VEBA Trust and administered by Cigna



Health and Life Insurance Company (“Cigna”). The Employees pay all premiums related to the Dental Plan through wage deductions. As of the Petition Date, the Debtors do not believe they have any premiums due under the Dental Plan.

- Vision Plan: The Debtors also offer their Employees the option of participating in a vision plan (the “Vision Plan”) provided through the VEBA Trust and administered by Vision Service Plan (“VSP”). The Employees pay all premiums related to the Vision Plan through wage deductions. As of the Petition Date, the Debtors do not believe they have any premiums due under the Vision Plan.

27. The VEBA Trust’s costs are subject to expected fluctuations dependent upon the number and amount of claims filed by Employees and Affiliate Employees and in any given month. The VEBA Trust maintains an aggregate stop loss policy with Anthem related to the self-insured Medical Plan (the “Stop Loss Policy”), which provides a stop loss limits of up to \$750,000 annually for individual claims and no aggregate deductible. The premiums for the Stop Loss Policy are paid by the Debtors and the Non-Debtor Affiliates on a pro-rata basis based upon the number of employees who receive medical benefits from the VEBA Trust. The Debtors pay approximately \$40,000 per month in Stop Loss Policy premiums. As of the Petition Date, the Debtors believe they owe approximately \$10,000 on account of premiums for the Stop Loss Policy, all of which will become due in the Interim Period.. By this motion, the Debtors seek authority, but not direction, to pay in a manner consistent with historical practice any unpaid Stop Loss Policy premiums and to continue to honor their obligations related to the Stop Loss Policy in the ordinary course during the administration of these chapter 11 cases.

28. As required by law, the Debtors also offer coverage under certain of the Health Benefit Plans to their former employees who have elected COBRA coverage. In the case of the former employees who have elected COBRA coverage, the Debtors do not pay any premiums on behalf of the Employees. Instead, such former employees pay the full amount of the premiums directly to the Debtors. As part of the relief requested hereunder, the Debtors request authority to

pay any prepetition premium payments relating to COBRA coverage (which are fully paid by the former employees) and to continue to make such payments in the ordinary course of business.

**B. Other Insurance, Disability Benefits, and Employee Assistance Programs.**

**1. Life and AD&D Insurance Programs.**

29. The Debtors provide life and accidental death and dismemberment insurance (the “Basic Life Insurance”) to Employees through MetLife. The Basic Life Insurance provides full-time eligible Employees a death benefit in the amount of their annual salary (minimum of \$30,000) up to a maximum of \$500,000. As of the Petition Date, the Debtors do not believe they owe any amounts on account of the Basic Life Insurance.

30. Employees may choose to purchase voluntary supplemental life insurance (for themselves and/or their dependents) and accidental death and dismemberment insurance (the “Supplemental Life Insurance”) through MetLife. The Debtors’ Supplemental Life Insurance is an optional benefit for Employees that wish to supplement the Basic Life Insurance. The Supplemental Life Insurance is completely funded by participating Employees but administered by the Debtors. Because Employees pay for all costs of Supplemental Life Insurance, the Debtors do not believe that they owe any amounts with respect to the Supplemental Life Insurance as of the Petition Date. Nevertheless, out of an abundance of caution, they seek authority to continue to offer this benefit in the ordinary course.

**2. Disability Benefits.**

31. The Debtors provide Employees the option of purchasing short-term and long-term disability benefits (the “Disability Benefits”) through MetLife.

32. The short-term disability benefit is a voluntary, Employee-funded program administered by the Debtors. For full-time Employees, the short-term disability benefit replaces a portion of the Employee’s income on the fourteenth consecutive day after the Employee is unable

to work due to injury or sickness. The short-term disability benefit lasts for 26 weeks at which time an Employee may begin receiving a long-term disability benefit.

33. The long-term disability benefit is also a voluntary, Employee-funded program administered by the Debtors. Once an Employee has exhausted their short-term disability coverage and are still unable to return to work, Employees are eligible for long-term disability coverage. The long-term disability benefit replaces a portion of the Employee's income (50% of base salary with a maximum cap of \$3,000 per month). Eligibility begins after a 90-day waiting period.

34. Because Employees pay for all costs of Disability Benefits, the Debtors do not believe that they owe any amounts with respect to the Disability Benefits as of the Petition Date. Nevertheless, out of an abundance of caution, they seek authority to continue to offer this benefit in the ordinary course.

### **C. Workers' Compensation Program.**

35. The Debtors maintain workers' compensation insurance for their Employees (or are otherwise self-insured) at the statutorily required level for each state in which the Debtors have Employees (collectively, the "Workers' Compensation Program"). The Debtors maintain coverage for the Workers' Compensation Program. The Workers' Compensation Program is provided on a guaranteed cost basis with no deductible nor self-insured retention. The Debtors pay a fixed premium, regardless of the number or the amount of workers' compensation claims.<sup>3</sup>

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<sup>3</sup> The Debtors request payment of premiums due for the Workers' Compensation Program through the *Motion of Debtors Seeking Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Existing Insurance, Surety Coverage and Letters of Credit Entered Into Prepetition and Satisfy Prepetition Obligations Related Thereto, (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies, Surety Bonds, and Letters of Credit, (C) Continue to Pay Broker Fees, and (D) Honor and Renew their Premium Financing Agreements, and (II) Granting Related Relief* concurrently filed herewith.

36. The Debtors must continue the claim assessment, determination, adjudication, and payment process pursuant to the Workers' Compensation Program without regard to whether such liabilities are outstanding before the Petition Date to ensure that the Debtors comply with applicable workers' compensation laws and requirements. There are approximately 50 open claims under the Workers' Compensation Program.

37. Because the Debtors are statutorily and/or contractually obligated to maintain the Workers' Compensation Program, their inability to do so may result in adverse legal consequences that disrupt the restructuring process. The Debtors seek authority, but not direction, to (a) continue the Workers' Compensation Program in the ordinary course of business on a postpetition basis<sup>4</sup> and (b) modify the automatic stay solely to allow Employees to assert claims under the Workers' Compensation Program.

**D. 401(k) Plan.**

38. The Debtors offer eligible Employees the opportunity to participate in a 401(k) plan (the "401(k) Plan"). The 401(k) Plan generally provides for salary deductions of compensation up to limits set by the Internal Revenue Code. The Debtors have the discretion to match an Employee's 401(k) Plan contributions, and have historically matched 50% of individual Employee's contributions to the 401(k) Plan up to 1.5% of Employee contributions (a maximum 1.5% match) (the "401(k) Contributions"). The 401(k) Plan is administered by Fidelity Brokerage Services LLC ("Fidelity") and allows for automatic wage deductions of eligible compensation up to the limits set forth by the Internal Revenue Code.

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<sup>4</sup> The Debtors' Workers' Compensation Program may change postpetition in the ordinary course of business due to changes in applicable laws and regulations and the Debtors' ability to meet requirements thereunder. By this Motion, the Debtors request authority to continue the Workers' Compensation Program postpetition, including making any changes to current policy and practices that become necessary, subject to applicable law.

39. Each pay period, the Debtors deduct the Employees' 401(k) Plan contributions from the Employees' paychecks (the "401(k) Deductions") and holds such amounts in trust until they are forwarded to Fidelity. The Debtors deduct approximately \$850,000 in the aggregate each month from Employees' paychecks. As of the Petition Date, the Debtors do not believe they owe any amounts on account of the amount of 401(k) Deductions withheld from Employee paychecks or owe any 401(k) Contributions as matching funds.

40. The Debtors retain Fidelity to act as a 401(k) administrator and record keeper and Baker Tilly LLP ("Baker Tilly") to act as auditor of the 401(k) Plan. The costs to pay for these services are deducted directly from the 401(k) assets. As of the Petition Date, the Debtors do not believe they own any amounts for administrative fees, advisor fees, or auditing costs. Nevertheless, the Debtors seek authority to honor their commitments to Fidelity as 401(k) administrator and Baker Tilly as 401(k) auditor (whether due prepetition or arising postpetition), in the ordinary course on a postpetition basis.

41. Many Employees' retirement savings solely consist of the 401(k) Plan. Thus, the Debtors believe that continuing the 401(k) Plan is essential to maintaining Employee morale and protecting Employee expectations. In addition, the Debtors believe that the 401(k) Deductions are generally held in trust by the Debtors and are not property of their estates.

42. Accordingly, pursuant to the Interim Order and the Final Order, the Debtors seek the authority, but not direction, to (a) continue the 401(k) Plan in the ordinary course of business on a postpetition basis, (b) remit all 401(k) Deductions collected in the ordinary course of business, and (c) pay Fidelity and Baker Tilly for prepetition services. As of the Petition Date, the Debtors do not believe they own any amounts to Fidelity or Baker Tilly on account of the 401(k) Plan.

**E. Paid Time Off**

43. In the ordinary course of business, the Debtors provide paid time off to their Employees (the “Paid Time Off”). Paid Time Off generally accrues at specified rates up to a maximum amount based on applicable state limits, if any. The Paid Time Off that a given Employee accrues varies based on time spent with the company. The minimum, annual Paid Time Off for Employees ranges from 1 to 4 weeks, based on years of completed service with the company.

44. Accruals of Paid Time Off, however, are not a current cash payment obligation. By this Motion, the Debtors seek authority, but not direction, to pay any “cash out” amounts required under applicable law with respect to earned but unused Paid Time Off and to continue the Paid Time Off policy in the ordinary course. For the avoidance of doubt, the Debtors seek authority to pay any “cash out” amounts required under applicable law with respect to earned but unused Paid Time Off in excess of \$17,150 solely pursuant to the Final Order.

45. In addition, the Debtors provide certain other forms of paid and unpaid leave, including, for example, (a) paid holidays, (b) leave under the Family and Medical Leave Act, and (c) other paid and unpaid leaves of absence for personal reasons, including those required by law. Importantly, these other forms of paid and unpaid leave do not involve incremental cash outlays beyond standard payroll obligations.

46. The Debtors believe that the continuation of Paid Time Off is essential to maintaining Employee morale during these chapter 11 cases. Further, the policies are broad-based programs upon which all Employees have come to depend. The Debtors anticipate that their Employees will utilize any accrued paid leave in the ordinary course of business, which will not create any material cash flow requirements beyond the Debtors’ regular payroll obligations.

**F. Non-Insider Employee Incentive Program**

47. In the ordinary course of business, to encourage and reward outstanding performance, the Debtors incur obligations to certain rank and file Employees under a bonus program (the “Non-Insider Employee Incentive Program”). The Non-Insider Employee Incentive Program is based on metrics that are set by the Debtors depending on, for example, such Employee’s market’s performance. Through the Non-Insider Employee Incentive Program approximately 100 Employees are provided with a bonus. Only Employees that meet or exceed performance targets and remain employed through the end of the performance period will be eligible for bonus payments under the Non-Insider Employee Incentive Program. As of the Petition Date, the Debtors believe they owe Employees approximately \$150,000 for bonuses accrued under the Non-Insider Employee Incentive Program.

48. The Debtors seek authority to continue honoring their obligations under the Non-Insider Employee Incentive Program as they come due in the ordinary course. For the avoidance of doubt, the Debtors are not seeking relief to pay any Employee that is an insider, as such term is defined in section 101(31) of the Bankruptcy Code, under the Non-Insider Employee Incentive Program.

**G. Additional Benefit Programs**

49. In addition to the foregoing, the Debtors offer Employees the opportunity to participate in a range of general, ancillary benefits, including, among other things: (a) voluntary supplemental insurance offered by MetLife including critical illness insurance, accident insurance, and hospital indemnity insurance; (b) identity theft protection; (c) health care and dependent care flexible spending accounts; (d) an employee assistance program, whereby Employees may seek, *inter alia*, counseling sessions, legal referrals, and financial coaching; and (f) employee discounts at the Debtors retail stores (collectively, the “Additional Benefit”).

Programs”). As of the Petition Date, the Debtors do not believe any amounts are due or accrued under the Additional Benefit Programs.

### **Basis for Relief**

#### **I. A Sufficient Cause Exists to Authorize the Debtors to Honor the Employee Compensation and Benefits.**

##### **A. Certain Employee Compensation and Benefits Are Entitled to Priority Treatment.**

47. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code entitle priority treatment to certain of the Employee Compensation and Benefits owed to the Employees. The Debtors are required to pay such priority claims in full to confirm a chapter 11 plan. *See* 11 U.S.C. § 1129(a)(9)(b) (requiring payment of certain allowed unsecured claims for (a) wages, salaries, or sick leave pay earned by an individual and (b) contributions to an employee benefit plan). Thus, granting the relief sought herein should only affect the timing of certain payments to the Employees and should not negatively affect recoveries for general unsecured creditors. Indeed, the Debtors submit that payment of the Employee Compensation and Benefits at this time enhances value for the benefit of all interested parties.

##### **B. Payment of Certain Employee Compensation and Benefits Is Required by Law.**

48. The Debtors seek authority to pay the applicable Withholding Obligations to the appropriate third-party entities. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from the Employees’ paychecks. Indeed, certain Withholding Obligations are not property of the Debtors’ estates because the Debtors have withheld such amounts from the Employees’ paychecks on another party’s behalf. *See* 11 U.S.C. §§ 541(b)(1), (d). Further, federal and state laws require the Debtors to withhold certain tax payments from the Employees’ paychecks and to pay such amounts



to the appropriate taxing authority. 26 U.S.C. §§ 6672, 7501(a); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–97 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees’ wages created a trust relationship between debtor and the city for payment of withheld income taxes); *In re DuCharmes & Co.*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes). Because the Withholding Obligations may not be property of the Debtors’ estates, the Debtors request that the Court authorize them to transmit the Withholding Obligations on account of the Employees to the proper parties in the ordinary course of business.

49. Similarly, state laws require the Debtors to maintain the Workers’ Compensation Program. If the Debtors fail to maintain the Workers’ Compensation Program, state laws may prohibit the Debtors from operating in those states. Payment of all workers’ compensation amounts is therefore crucial to the Debtors’ continued operations and the success of the Debtors’ ongoing chapter 11 process.

## **II. Payment of the Employee Compensation and Benefits Is Proper Pursuant to Section 363(b) of the Bankruptcy Code and the Doctrine of Necessity.**

50. Section 363(c)(1) of the Bankruptcy Code expressly grants the Debtors the authority to “enter into transactions . . . in the ordinary course of business” and “use property of the estate in the ordinary course of business without notice or a hearing.” Therefore, the Debtors believe they are permitted to pay all postpetition amounts due pursuant to the Employee Compensation and Benefits as such actions are in the ordinary course of the Debtors’ business. Out of an abundance of caution, however, the Debtors seek entry of an order granting the relief requested herein to avoid any disruptions to their business operations.

51. The relief requested herein may be granted by the Court pursuant to sections 363(b) and 105(a) of the Bankruptcy Code. Section 363 of the Bankruptcy Code provides, in relevant

part, that “[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Under section 363(b), courts require only that the debtor “show that a sound business purpose justifies such actions.” *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (internal citations omitted) (requiring that the debtor show a “sound business purpose” to justify its actions under section 363 of the Bankruptcy Code); *see also In re Phoenix Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987). 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) (citation omitted); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) (stating that “[o]vercoming the presumptions of the business judgment rule on the merits is a near-Herculean task”).

52. In addition, the Court may authorize payment of prepetition claims in appropriate circumstances under section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of a bankruptcy court, empowers bankruptcy courts to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” The Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of the Employee Compensation and Benefits under the “necessity of payment” rule (also referred to as the “doctrine of necessity”).

53. The United States Court of Appeals for the Third Circuit recognized the “necessity of payment” doctrine in *In re Lehigh & New England Ry. Co.* 657 F.2d 570, 581 (3d Cir. 1981). The Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. *Id.* (stating a court may authorize

payment of prepetition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”).

54. The necessity of payment doctrine is designed to foster a debtor’s rehabilitation, which courts have recognized is “the paramount policy and goal of Chapter 11.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (finding that payment of prepetition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization”); *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”).

55. Payment of the Employee Compensation and Benefits is warranted under this authority and the facts of these chapter 11 cases. The majority of the Employees rely exclusively on the Employee Compensation and Benefits to satisfy their daily living expenses. Consequently, Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor obligations for unpaid Employee Compensation and Benefits. Additionally, continuing ordinary course benefits will help maintain Employee morale and minimize the adverse effect of the commencement of these chapter 11 cases on the Debtors’ ongoing business operations.

56. Moreover, Employees provide the Debtors with services necessary to conduct the Debtors’ business, and the Debtors believe that absent the payment of the Employee Compensation

and Benefits, the Debtors may experience turnover and instability at this critical time in these chapter 11 cases. The Debtors believe that without these payments, the Employees may become demoralized and unproductive because of the potential significant financial strain and other hardships these Employees may face. Such Employees may then elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtors' business is tied to their workforce, which cannot be replaced without significant efforts—efforts that might not be successful given the overhang of these chapter 11 cases. Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario. The Debtors therefore believe that payment of the prepetition obligations with respect to the Employee Compensation and Benefits is a necessary and critical element of the Debtors' efforts to preserve value and will give the Debtors the greatest likelihood of retention of their Employees as the Debtors seek to operate their business in these chapter 11 cases.

57. Indeed, courts in this district have recognized the importance of satisfying employee obligations in cases requesting relief similar to that requested here. *See, e.g., In re Clover Techs. Grp., LLC*, No. 19-12690 (KBO) (Bankr. D. Del. Jan. 21, 2020) (authorizing Debtors to pay prepetition wages, salaries, other compensation, and reimbursable expenses and to continue employee benefits programs on a final basis); *In re Anna Holdings, Inc.*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019) (authorizing debtors to satisfy prepetition wages, compensation, and benefit obligations to their employees and continue employee compensation and benefits programs in the ordinary course on an interim basis); *In re Destination Maternity Corp., et al.*, No. 19-12256 (BLS) (Bankr. D. Del. Nov. 12, 2019) (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on a postpetition basis on a final basis); *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr.

D. Del. Oct. 28, 2019) (same); *In re PES Holdings, LLC*, No. 19-11626 (KG) (Bankr. D. Del. July 22, 2019) (same).<sup>5</sup> Accordingly, the Debtors respectfully request that the Court authorize the Debtors to pay and continue the Employee Compensation and Benefits in the ordinary course of business and consistent with past practice.

### **III. A Limited Waiver of the Automatic Stay for Workers' Compensation Claims Is Appropriate Here.**

58. Section 362(a)(1) of the Bankruptcy Code operates to stay:

[T]he commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title . . . .

Section 362 of the Bankruptcy Code, however, permits a debtor or other parties in interest to request a modification or termination of the automatic stay for “cause.” 11 U.S.C. § 362(d)(1).

59. The Debtors seek authorization, under section 362(d) of the Bankruptcy Code, to permit their Employees to proceed with their claims against the Workers' Compensation Program in the appropriate judicial or administrative forum. The Debtors believe that cause exists to modify the automatic stay because staying the Employee's workers' compensation claims could have a detrimental effect on the financial well-being and morale of the Employees and lead to the departure of certain Employees who are critical at this juncture. Such departures could cause a severe disruption in the Debtors' business to the detriment of all stakeholders. In addition, as noted above, if the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit the Debtors from operating in those states. Accordingly, the Debtors request a limited waiver of

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<sup>5</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.

the automatic stay for purposes of allowing the Debtors' Workers' Compensation Program to proceed.

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

60. The Debtors have sufficient funds to pay the amounts described in this motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations, the proposed debtor-in-possession financing, and anticipated access to cash collateral. Under the Debtors' existing cash management system, the Debtors have made arrangements to readily identify checks, wire transfer requests, or automated clearing house transfers with respect to authorized payments related to this motion, as applicable. Accordingly, the Debtors believe that checks, wire transfer requests, or automated clearing house transfers that are not related to authorized payments will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks, wire transfer requests, or automated clearing house transfers in respect of the relief requested in this motion.

**The Requirements of Bankruptcy Rule 6003 Are Satisfied**

61. Bankruptcy Rule 6003 empowers a court to grant relief within the first twenty-one days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. For the reasons discussed above, authorizing the Debtors to (a) pay prepetition wages, salaries, other compensation, and reimbursable employee expenses and (b) continue employee benefits programs in the ordinary course, including prepetition obligations related thereto, and granting the other relief requested herein is integral to the Debtors' ability to transition their operations into these chapter 11 cases and the maintain value of their estate postpetition. Failure to receive such authorization and other relief during the first twenty-one days of these chapter 11 cases would severely disrupt the Debtors' operations at this critical juncture.

For the reasons discussed herein, the relief requested is necessary in order for the Debtors to operate their business in the ordinary course, preserve the going concern value of the Debtors' operations, and maximize the value of their estates for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

### **Reservation of Rights**

62. Nothing contained in this motion or any actions taken by the Debtors pursuant to relief granted in the Interim Order and Final Order is intended or should be construed as: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party-in-interest's rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party-in-interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this motion are valid and the Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens. 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' or any other party-in-interest's rights to subsequently dispute such claim.

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

63. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

**Notice**

64. The Debtors will provide notice of this Motion to: (a) the Office of the United States Trustee; (b) the holders of the thirty (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) United States Attorney’s Office for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) counsel to the DIP Agent and the Prepetition ABL Agent; (h) counsel to the Prepetition Term Agent; and (i) any party that has requested notice pursuant to Bankruptcy Rule 2002 (the “Notice Parties”). As this Motion is seeking “first day” relief, the Debtors will serve copies of the Motion and any order entered in respect to this Motion as required by Local Rule 9013-1(m). In light of the nature of the relief requested, no other or further notice need be given.

**No Prior Request**

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



WHEREFORE, the Debtors respectfully request entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** respectively, (a) granting the relief requested herein and (b) granting such other relief as is just and proper.

Dated: November 24, 2025

**PACHULSKI STANG ZIEHL & JONES LLP**

/s/ Laura Davis Jones

Laura Davis Jones (DE Bar No. 2436)

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*Proposed 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
AMERICAN SIGNATURE, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 25-12105 (JKS)
Debtors.	)	(Joint Administration Requested)

**INTERIM ORDER (I) AUTHORIZING, BUT NOT  
DIRECTING, THE DEBTORS TO (A) PAY PREPETITION  
EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION,  
AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE  
EMPLOYEE BENEFITS PROGRAMS 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 entry of an interim order (this “Interim Order”): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; (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

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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: American Signature, Inc. (6162); American Signature Home Inc. (8573); American Signature USA Inc. (6162); ASI Pure Promise Insurance LLC (6162); ASI Elston LLC (7520); ASI – Laporte LLC (6162); ASI Polaris LLC (6162); ASI Thomasville LLC (6162); and American Signature Woodbridge LLC (6162). The Debtors’ business address is 4300 E. 5th Avenue, Columbus, OH 43235.

<sup>2</sup> Capitalized terms used in this Interim Order but not immediately defined have the meanings given to such terms in the Motion.

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 \_\_\_\_\_, 2025, 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 \_\_\_\_\_, 2025.

(a) proposed counsel to the Debtors, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, Delaware 19801, Attn: Laura Davis Jones ([ljones@pszjlaw.com](mailto:ljones@pszjlaw.com)); (b) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Malcolm M. Bates ([malcolm.m.bates@usdoj.gov](mailto:malcolm.m.bates@usdoj.gov)); (c) counsel to any statutory committee appointed in these chapter 11 cases; (d) counsel to the DIP Agent and Prepetition ABL Agent, Choate, Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola, Esq. ([jventola@choate.com](mailto:jventola@choate.com)), Jonathan D. Marshall, Esq.

([jmarshall@choate.com](mailto:jmarshall@choate.com)), and Lucas B. Barrett, Esq. ([lbarrett@choate.com](mailto:lbarrett@choate.com)), and Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn. Daniel J. DeFranceschi ([defranceschi@RLF.com](mailto:defranceschi@RLF.com)), John H. Knight ([Knight@RLF.com](mailto:Knight@RLF.com)) and Matthew P. Milana ([Milana@RLF.com](mailto:Milana@RLF.com)); and (e) counsel to the Prepetition Term Agent, Goldberg Kohn, 55 East Monroe Street, Chicago, IL 60603-5792, Attn: Randall L. Klein ([randall.klein@goldbergkohn.com](mailto:randall.klein@goldbergkohn.com)) and Zachary J. Garrett ([zachary.garrett@goldbergkohn.com](mailto:zachary.garrett@goldbergkohn.com)) and Blank Rome LLP, 1201 N. Market Street, Suite 800, Wilmington, DE 19801, Attn: Stanley B. Tarr ([stanley.tarr@blankrome.com](mailto:stanley.tarr@blankrome.com)).

3. The Debtors are authorized, but not directed, in their sole discretion, to: (a) continue, modify, change, and discontinue the Employee Compensation and Benefits in the ordinary course of business during these chapter 11 cases and without the need for further Court approval, subject to applicable law, and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits Programs in the ordinary course of business, up to the amounts set forth in paragraph 4 of this Interim Order; *provided* that pending entry of the Final Order, the Debtors shall not honor any Employee Compensation and Benefits obligations that exceed the priority amounts set forth in sections 507(a)(4) or 507(a)(5) of the Bankruptcy Code; provided, further that if the Debtors take any action authorized by this paragraph 3 that is not in accordance with practices and procedures that were in effect before the commencement of these chapter 11 cases, the Debtors shall not take any such action without prior written consent of the DIP Agent. Nothing herein shall be deemed to authorize the payment of any amounts which violate, implicate, or otherwise are subject to 503(c) of the Bankruptcy Code. The Debtors will seek approval of any insider bonus or incentive programs, if any, under separate motion under section 503(c) of the Bankruptcy Code.

4. Notwithstanding anything to the contrary herein, pending entry of the Final Order, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not more than an aggregate amount of \$5,546,000 for the following obligations:

<b>Employee Obligation</b>	<b>Interim Amount</b>
Unpaid Employee Compensation	\$2,550,000
Paid Time Off	\$0
Commissions	\$1,800,000
Supplemental Workforce Compensation	\$95,000
Withholding Obligations	\$580,000
Reimbursable Expenses	\$25,000
<b>Employee Compensation</b>	<b>\$5,050,000</b>
Health Benefit Plans	\$336,000
Stop Loss Premiums	\$10,000
Non-Insider Employee Incentive Program	\$150,000
<b>Employee Benefits Programs</b>	<b>\$496,000</b>
<b>Total</b>	<b>\$5,546,000</b>

5. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers' Compensation Program in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

6. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

7. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

8. Nothing herein shall be deemed to authorize the payment of any amounts which violates or implicates section 503(c) of the Bankruptcy Code; *provided* that nothing herein shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

9. Nothing herein shall be deemed to authorize the Debtors to cash out unpaid Paid Time Off, except where applicable nonbankruptcy law requires such payment.

10. Notwithstanding anything to the contrary in the Motion or this Interim Order, any payment made by the Debtors pursuant to the authority granted in this Interim Order must be in compliance with and any authorization of the Debtors contained herein is subject to: (a) any interim or final orders entered by the Court approving the Debtors' entry into any postpetition debtor-in-possession financing facility and/or authorizing the use of cash collateral; (b) the documentation in respect of any such debtor-in-possession financing or use of cash collateral; and (c) any budget or cash flow forecasts in connection therewith (in each case, the "DIP Order"). To the extent there is any inconsistency between the terms of the DIP Order and this Interim Order, the terms of the DIP Order shall control.

11. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party-in-interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any

particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party-in-interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid and the Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party-in-interest's rights to subsequently dispute such claim.

12. 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 without any duty of further inquiry and without liability for following the Debtors' instructions.

13. The Debtors are authorized 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 any Employee Compensation and Benefits Programs.

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



15. 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.

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

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

18. This Court retains exclusive 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**

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

In re:

Chapter 11

AMERICAN SIGNATURE, INC., *et al.*,<sup>1</sup>

Case No. 25-12105 (JKS)

Debtors.

(Joint Administration Requested)

**FINAL ORDER (I) AUTHORIZING, BUT NOT  
DIRECTING, THE DEBTORS TO (A) PAY PREPETITION  
EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION,  
AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE  
EMPLOYEE BENEFITS PROGRAMS 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 entry of a final order (this “Final Order”): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; 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 is a core proceeding

1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax  
 identification number, are: American Signature, Inc. (6162); American Signature Home Inc. (8573); American  
 Signature USA Inc. (6162); ASI Pure Promise Insurance LLC (6162); ASI Elston LLC (7520); ASI – Laporte LLC  
 (6162); ASI Polaris LLC (6162); ASI Thomasville LLC (6162); and American Signature Woodbridge LLC (6162).  
 The Debtors' business address is 4300 E. 5th Avenue, Columbus, OH 43235.

2 Capitalized terms used in this Final Order but not immediately defined have the meanings given to such terms in the Motion.

pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and 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 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 a final basis as set forth herein.
2. The Debtors are authorized, but not directed, in their sole discretion, to:
  - (a) continue, modify, change, and discontinue the Employee Compensation and Benefits in the ordinary course of business during these chapter 11 cases and without the need for further Court approval, subject to applicable law, and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits Programs in the ordinary course of business, up to the amounts set forth in paragraph 3 of this Final Order, provided, that if the Debtors take any action authorized by this paragraph 2 that is not in accordance with practices and procedures that were in effect before the commencement of these chapter 11 cases, the Debtors shall not take any such action without prior written consent of the DIP Agent. Nothing herein shall be deemed to authorize the payment of any amounts which violate, implicate, or otherwise are

subject to 503(c) of the Bankruptcy Code. The Debtors will seek approval of any insider bonus or incentive programs, if any, under separate motion under section 503(c) of the Bankruptcy Code.

3. Notwithstanding anything to the contrary herein, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not more than an aggregate amount of \$10,846,000 for the following obligations:

<b>Employee Obligation</b>	<b>Final Amount</b>
Unpaid Employee Compensation	\$2,550,000
Paid Time Off	\$5,300,000
Commissions	\$1,800,000
Supplemental Workforce Compensation	\$95,000
Withholding Obligations	\$580,000
Reimbursable Expenses	\$25,000
<b>Employee Compensation</b>	<b>\$10,350,000</b>
Health Benefit Plans	\$336,000
Stop Loss Premiums	\$10,000
Non-Insider Employee Incentive Program	\$150,000
<b>Employee Benefits Programs</b>	<b>\$496,000</b>
<b>Total</b>	<b>\$10,846,000</b>

4. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers' Compensation Program in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

5. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

6. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

7. Nothing herein shall be deemed to authorize the payment of any amounts which violates or implicates section 503(c) of the Bankruptcy Code; provided that nothing herein shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

8. Nothing herein shall be deemed to authorize the Debtors to cash out unpaid Paid Time Off, except where applicable nonbankruptcy law requires such payment.

9. Notwithstanding anything to the contrary in the Motion or this Final Order, any payment made by the Debtors pursuant to the authority granted in this Final Order must be in compliance with and any authorization of the Debtors contained herein is subject to: (a) any interim or final orders entered by the Court approving the Debtors' entry into any postpetition debtor-in-possession financing facility and/or authorizing the use of cash collateral; (b) the documentation in respect of any such debtor-in-possession financing or use of cash collateral; and (c) any budget or cash flow forecasts in connection therewith (in each case, the "DIP Order"). To the extent there is any inconsistency between the terms of the DIP Order and this Final Order, the terms of the DIP Order shall control.

10. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party-in-interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any

particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party-in-interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Final Order are valid and the Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Final Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party-in-interest's rights to subsequently dispute such claim.

11. 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 without any duty of further inquiry and without liability for following the Debtors' instructions.

12. The Debtors are authorized 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 any Employee Compensation and Benefits Programs.

13. 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.

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

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

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



**Exhibit 2**  
**Interim Order**

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

In re:

AMERICAN SIGNATURE, INC., *et al.*,<sup>1</sup>

Debtors.

) Chapter 11

) Case No. 25-12105 (JKS)

) (Joint Administration Requested)

Ref. Docket No. 7

**INTERIM ORDER (I) AUTHORIZING, BUT NOT  
DIRECTING, THE DEBTORS TO (A) PAY PREPETITION  
EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION,  
AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE  
EMPLOYEE BENEFITS PROGRAMS 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 entry of an interim order (this “Interim Order”): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; (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

<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: American Signature, Inc. (6162); American Signature Home Inc. (8573); American Signature USA Inc. (6162); ASI Pure Promise Insurance LLC (6162); ASI Elston LLC (7520); ASI – Laporte LLC (6162); ASI Polaris LLC (6162); ASI Thomasville LLC (6162); and American Signature Woodbridge LLC (6162). The Debtors’ business address is 4300 E. 5th Avenue, Columbus, OH 43235.

<sup>2</sup> Capitalized terms used in this Interim Order but not immediately defined have the meanings given to such terms in the Motion.

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 January 5, 2026, at 1:00 p.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 December 29, 2025.
  - (a) proposed counsel to the Debtors, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, Delaware 19801, Attn: Laura Davis Jones ([ljones@pszjlaw.com](mailto:ljones@pszjlaw.com));
  - (b) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Malcolm M. Bates ([malcolm.m.bates@usdoj.gov](mailto:malcolm.m.bates@usdoj.gov));
  - (c) counsel to any statutory committee appointed in these chapter 11 cases;
  - (d) counsel to the DIP Agent and Prepetition ABL Agent, Choate, Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola, Esq. ([jventola@choate.com](mailto:jventola@choate.com)), Jonathan D. Marshall, Esq.

(jmarshall@choate.com), and Lucas B. Barrett, Esq. (lbarrett@choate.com), and Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn. Daniel J. DeFranceschi (defranceschi@RLF.com), John H. Knight (Knight@RLF.com) and Matthew P. Milana (Milana@RLF.com); and (e) counsel to the Prepetition Term Agent, Goldberg Kohn, 55 East Monroe Street, Chicago, IL 60603-5792, Attn: Randall L. Klein (randall.klein@goldbergkohn.com) and Zachary J. Garrett (zachary.garrett@goldbergkohn.com) and Blank Rome LLP, 1201 N. Market Street, Suite 800, Wilmington, DE 19801, Attn: Stanley B. Tarr (stanley.tarr@blankrome.com).

3. The Debtors are authorized, but not directed, in their sole discretion, to: (a) continue, modify, change, and discontinue the Employee Compensation and Benefits solely to the extent such actions occur in the ordinary course of business during these chapter 11 cases without the need for further Court approval, subject to applicable law, and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits Programs in the ordinary course of business, up to the amounts set forth in paragraph 4 of this Interim Order; *provided* that pending entry of the Final Order, the Debtors shall not make transfers on account of any Employee Compensation and Benefits obligations to or for the benefit of any individual that, when aggregated, exceed the priority amounts set forth in sections 507(a)(4) or 507(a)(5) of the Bankruptcy Code. Nothing herein shall be deemed to authorize the payment of any amounts which violate, implicate, or otherwise are subject to 503(c) of the Bankruptcy Code. The Debtors will seek approval of any insider bonus or incentive programs, if any, under separate motion under section 503(c) of the Bankruptcy Code.

4. Notwithstanding anything to the contrary herein, subject to the restrictions contained in this Interim Order, and pending entry of the Final Order, the Debtors are authorized,

but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not more than an aggregate amount of \$5,336,000 for the following obligations:

<b>Employee Obligation</b>	<b>Interim Amount</b>
Unpaid Employee Compensation	\$2,550,000
Paid Time Off	\$0
Commissions	\$1,600,000
Supplemental Workforce Compensation	\$95,000
Withholding Obligations	\$580,000
Reimbursable Expenses	\$25,000
<b>Employee Compensation</b>	<b>\$4,850,000</b>
Health Benefit Plans	\$336,000
Stop Loss Premiums	\$10,000
Non-Insider Employee Incentive Program	\$140,000
<b>Employee Benefits Programs</b>	<b>\$486,000</b>
<b>Total</b>	<b>\$5,336,000</b>

5. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers' Compensation Program in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

6. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

7. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

8. Nothing herein shall be deemed to authorize the payment of any amounts which violates or implicates section 503(c) of the Bankruptcy Code; *provided* that nothing herein shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

9. Nothing herein shall be deemed to authorize the Debtors to cash out unpaid Paid Time Off, except where applicable nonbankruptcy law requires such payment.

10. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party-in-interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party-in-interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid and the Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party-in-interest's rights to subsequently dispute such claim.

11. 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 without any duty of further inquiry and without liability for following the Debtors' instructions.

12. The Debtors are authorized 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 authorized to be paid in connection with any Employee Compensation and Benefits Programs.

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

14. 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.

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

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

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

November 25, 2025

*Kate Skidler*  
USBJ