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*Proposed Attorneys for the Debtors and
 Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re:

LEFEVER MATTSON, a California
 corporation, *et al.*,¹

Debtors.

Lead Case No. 24-____ (CN)

(Joint Administration Requested)

Chapter 11

**MOTION OF DEBTORS FOR INTERIM
 AND FINAL ORDERS AUTHORIZING
 THE DEBTORS TO MAINTAIN
 INSURANCE PROGRAMS AND PAY
 OBLIGATIONS WITH RESPECT
 THERETO**

Date: TBD

Time: TBD

Place: United States Bankruptcy Court
 1300 Clay Street, Courtroom 215
 Oakland, CA 94612

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.



LeFever Mattson, a California corporation (“LeFever Mattson”), and certain of its affiliates that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby move (the “Motion”) this Court, pursuant to sections 105(a), 362(d), 363(b), and 503(b) of title 11 of the United States Code (the “Bankruptcy Code”), and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for entry of interim and final orders in substantially the forms attached hereto as **Exhibit A** and **Exhibit B**, authorizing the Debtors to (i) maintain the Insurance Programs (as defined herein); (ii) pay the Insurance Obligations (as defined herein); and (iii) modify the automatic stay imposed by section 362 of the Bankruptcy Code to permit employees to proceed with their claims under Debtors’ programs established in compliance with applicable workers’ compensation requirements (the “Workers’ Compensation Program”).

The facts and circumstances supporting this Motion are set forth in the *Declaration of Bradley D. Sharp in Support of Chapter 11 Petitions and First Day Motions* (the “Sharp Declaration”), filed contemporaneously herewith and incorporated by reference herein. Capitalized terms used but not defined herein have the meanings given to them in the Sharp Declaration.

MEMORANDUM OF POINTS AND AUTHORITIES

I. JURISDICTION AND VENUE

This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

II. BACKGROUND

A. General Background

On the date hereof (the “Petition Date”), LeFever Mattson and the other Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections

1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committee of unsecured creditors has been appointed in any case of the Debtors.

B. LeFever Mattson

LeFever Mattson manages a large real estate portfolio. Timothy LeFever and Kenneth W. Mattson each own 50% of the equity in LeFever Mattson.

LeFever Mattson directly or indirectly controls or has ownership interests in 50 limited partnerships (collectively, the “LPs”) and eight limited liability companies (collectively, the “LLCs”), almost all of which are Debtors.² LeFever Mattson invests in real estate primarily through the LLCs and the LPs. LeFever Mattson also owns a small number of properties directly. This structure has allowed LeFever Mattson to pool capital by selling limited partnership or membership interests to outside investors, while typically reserving an ownership interest for itself as general partner or managing member.

LeFever Mattson also has ownership interests in four California corporations: Debtor Home Tax Service of America, Inc., dba LeFever Mattson Property Management (the “Property Manager”), which provides property management services, including to those properties owned by the LPs and the LLCs; Debtor California Investment Properties, a California corporation (a real estate brokerage), and non-debtors Pineapple Bear, a California corporation (which offers hospitality and catering services), and Harrow Cellars, a California corporation (which operates a winery and related businesses).

As of the Petition Date, Bradley D. Sharp has been appointed the Chief Restructuring Officer of the Debtors. Since Mr. Sharp’s engagement on July 18, 2024, he has worked closely with the Debtors in their efforts to maximize enterprise value in the wake of what, in retrospect and on information and belief, was a decade or more of financial misconduct by Mr. Mattson.

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² Two LPs have not yet filed chapter 11 petitions.

C. The Insurance Programs

In connection with the operation of their businesses, the Debtors maintain numerous property and liability insurance programs that provide the Debtors with insurance coverage for claims relating to, among other things, workers' compensation, property liability, and employee health³ (collectively, the "Insurance Programs") through different insurance carriers (the "Insurance Carriers"). The Debtors maintain numerous Insurance Programs to cover their Properties in the ordinary course of their business.

The Debtors are required to pay, either directly or through the Debtors' insurance brokers, premiums and other sums for coverage under the Insurance Programs (collectively, the "Insurance Obligations"). The Insurance Obligations are based upon a fixed rate established and billed by each Insurance Carrier. The premiums for most of the Insurance Programs are determined annually and are paid at the inception of each policy, on a monthly basis, or pursuant to the terms of the applicable insurance premium financing agreement.

One of the Insurance Programs is the Debtors' policy of directors' and officers' liability insurance ("D&O Insurance"), which was purchased prior to the Petition Date and for which payments will be due post-petition, pursuant to a financing agreement with the Insurance Carrier.

The Debtors owe approximately \$60,000 in Insurance Obligations due as of the Petition Date or coming due in the period thirty days after the Petition Date, but are unaware of any other outstanding amounts owed with respect to any Insurance Program (the "Interim Insurance Obligations"). However, it is possible that Debtors may identify outstanding Interim Insurance Obligations as of the Petition Date.

More critically, certain of the Insurance Programs will expire imminently (the "Expiring Programs"). The renewal and continuation of the Expiring Programs is critical to a successful administration of these Chapter 11 Cases and required of chapter 11 debtors, as discussed below. Failure to maintain the Insurance Programs would pose a risk to the estates or to the public.

³ The Debtors provide their employees with various health-related benefits. They offer medical insurance through Kaiser Foundation Health Plan. They offer dental and vision coverage through Humana Inc. and life and accidental death and dismemberment through The Guardian Life Insurance Company of America. These programs and policies are referenced in the motion of the Debtors to pay prepetition wages and employee benefits, filed concurrently herewith.

Therefore, the Debtors request authority to renew the Expiring Programs and pay the premiums associated with the Expiring Programs when they become owing and due.

D. Banking and Implementation

As part of their cash management system, the Debtors maintain disbursement accounts at certain banks and other financial institutions (the “Banks”). The Debtors draw upon funds in their disbursement accounts to satisfy their obligations arising from the Insurance Programs.

III. RELIEF REQUESTED

The Debtors request authority to pay all Insurance Obligations, including Interim Insurance Obligations, if and to the extent necessary to continue operations.

The Debtors also request authority to renew the Expiring Policies and pay the premiums associated with the Expiring Policies when they become owing and due.

The Debtors also request that the Court modify the automatic stay as it relates to the Workers’ Compensation Claims to allow, in the Debtors’ sole discretion, any such claims to proceed to resolution.

The Debtors further request that the Court authorize the Banks to receive, honor, process, and pay any and all checks drawn, or electronic fund transfers requested or to be requested, on the disbursement accounts to the extent that such checks or electronic fund transfers relate to any Interim Insurance Obligations.

IV. AUTHORITY FOR RELIEF REQUESTED

A. The Debtors Are Required to Maintain the Insurance Programs Under the Bankruptcy Code, the U.S. Trustee Operating Guidelines, and Other Applicable Law

Under section 1112(b)(4)(C) of the Bankruptcy Code, “failure to maintain appropriate insurance that poses a risk to the estate or to the public” is “cause” for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). In addition, in many instances, the coverage provided under the Insurance Programs is required by the regulations, laws, and contracts that govern the Debtors’ commercial activities, including the operating guidelines issued by the Office of the United States Trustee for Region 17, which includes the Northern District of California (the “U.S. Trustee Guidelines”). Moreover, California state law requires the Debtors to

maintain the Workers' Compensation Program. Given this backdrop, it is essential to the Debtors' estates and consistent with the Bankruptcy Code, the U.S. Trustee Guidelines, and applicable state law that the Debtors be permitted to maintain and continue making all payments required with respect to their Insurance Programs and Workers' Compensation Program. It is similarly critical that the Debtors have the authority to supplement, amend, extend, renew, or replace their Insurance Programs as needed, in their business judgment, without further order of the Court.

B. Payments Made in Connection with the Insurance Programs are Authorized Pursuant to Sections 363 of the Bankruptcy Code

The Debtors believe that payments made in connection with the Insurance Programs and any fees associated therefrom (including brokers fees), fall within the ordinary course of business and are therefore authorized pursuant to section 363(c)(1) of the Bankruptcy Code. Additionally, with respect to the Workers' Compensation Program, to the extent cash or other collateral is required, authority to provide the same is authorized and appropriate pursuant to section 363(c) of the Bankruptcy Code.

Here, maintaining the Insurance Programs and honoring obligations with respect thereto, including undertaking renewals of the Expiring Programs set forth above, not only are essential to ongoing operations, but also are the type of ordinary course transactions contemplated by section 363(c)(1) of the Bankruptcy Code.

C. Continuation of Payments with Respect to the Insurance Programs and Payment of Any Related Obligations is Necessary to Protect and Preserve the Debtors' Estates

As set forth above, the Debtors believe that maintenance and continuation of the Insurance Programs, as well as payment of any Insurance Obligations, Workers' Compensation Claims, and associated fees in connection therewith, are largely ordinary course of business matters and transactions and, therefore, are authorized pursuant to section 363(c)(1) of the Bankruptcy Code. To the extent any of the foregoing do not constitute ordinary course transactions, however, the Debtors request that the Court authorize the Debtors to continue to make payments with respect to the Insurance Programs, as well as pay any prepetition amounts with respect thereto, pursuant to sections 105(a), and 363(b) of the Bankruptcy Code.

Section 363(b) 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 of the Bankruptcy Code, a court may authorize a debtor to pay certain prepetition claims where a sound business purpose exists for doing so. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). The business judgment rule is satisfied where a company’s directors acted on an informed basis, in good faith, with the honest belief that the actions taken were in the best interests of the company. *See, e.g., F.D.I.C. v. Castetter*, 184 F.3d 1040, 1043 (9th Cir. 1999) (the business judgment rule “requires directors to perform their duties in good faith and as an ordinarily prudent person in a like circumstance would”). “Where 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.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Courts construing California law have consistently declined to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence, and have upheld a board’s decisions as long as such decisions were made in good faith. *Scouler & Co., LLC v. Schwartz*, No. 11-CV-06377 NC, 2012 WL 1502762, at *4 (N.D. Cal. Apr. 23, 2012); *Berg & Berg Enterprises, LLC v. Boyle*, 178 Cal. App. 4th 1020, 1046 (2009).

Several courts within this Circuit have granted relief substantially similar to that sought herein. *See, e.g., In re Solid Landing Behavioral Health, Inc.*, Case No. 17-12213 (Bankr. C.D. Cal. June 30, 2017) (approving motion for authority to maintain pre-petition insurance programs and pay related premiums and broker’s fees); *In re NTD Architects, Inc.*, Case No. 16883-BR (Bankr. C.D. Cal. May 8, 2014) (same); *In re All American Home Center, Inc.*, Case No. 11-52283-ER (Bankr. C.D. Cal. October 24, 2011) (approving motion for authority to maintain pre-petition insurance programs and pay related premiums); *but cf. In Matter of B & W Enterprises, Inc.*, 713 F.2d 534, 535 (9th Cir. 1983) (denying prepetition payments because they were made by the debtor without notice, hearing, or authorization from the bankruptcy court).

Based on the foregoing, the Court should authorize the Debtors, as a prudent and sound

exercise of the Debtors' business judgment, to (a) maintain their Insurance Programs and (b) pay all Insurance Obligations and Workers' Compensation Claims in the ordinary course.

D. The Automatic Stay Should be Modified for Workers' Compensation Claims

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

the 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

11 U.S.C. § 362(d). Section 362(d), however, permits a debtor or other party in interest to request a modification or termination of the automatic stay for "cause." To the extent the Debtors' employees hold claims under the Workers' Compensation Program, the Debtors seek authority under section 362(d) to permit, in the Debtors' sole discretion, those employees to proceed with their claims, in the appropriate judicial or administrative forum, and to receive any payments to which they are entitled under the Workers' Compensation Program. Modification of the automatic stay as requested is consistent with the continuation of the Workers' Compensation Program and necessary for the covered employees to pursue claims, if any. Accordingly, the Court should (a) modify the automatic stay as it relates to the Workers' Compensation Claims to allow, in the Debtors' sole discretion, any such claims to proceed to resolution and (b) waive corresponding notice requirements under Bankruptcy Rule 4001.

The Court should also authorize the Debtors, to the extent required by law or under the Workers' Compensation Program, to pay all or part of a claim related thereto directly to an employee, any of his or her medical providers, or any of his or her heirs or legal representatives, as set forth in the applicable law or policy.

E. Applicable Banks Should Be Authorized to Receive, Process, Honor, and Pay Checks Issued and Transfers Requested on Account of the Insurance Obligations and the Workers' Compensation Claims

The Debtors further request that the Court authorize, but not direct, the Banks to receive, process, honor, and pay, to the extent of funds on deposit, any and all checks issued or to be issued and electronic fund transfers requested or to be requested by the Debtors relating to the Insurance Obligations, the Workers' Compensation Claims, and any and all associated fees thereto. The

Debtors also seek authority, but not direction, to issue new postpetition checks or effect new postpetition electronic fund transfers in replacement of any checks or transfer requests on account of any Interim Insurance Obligations, prepetition Workers' Compensation Claims, or associated fees, dishonored or rejected as a result of these Chapter 11 Cases.

V. RESERVATION OF RIGHTS

Nothing contained herein is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

VI. REQUEST FOR IMMEDIATE RELIEF AND WAIVER OF STAY

By this Motion, the Debtors request authority to make payments relating to their Insurance Programs and, after a final hearing on the Motion, authority to pay all Insurance Obligations. The Debtors hereby request that the Court set interim and final hearings on the Motion to address the foregoing.

Bankruptcy Rule 6003 provides that, to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may issue an order granting "a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition" before twenty-one (21) days after filing of the petition. As described herein and in the Sharp Declaration, failure to maintain the Insurance Programs prior to a final hearing on the Motion could result in immediate and irreparable harm to the Debtors' estates. Accordingly, the Motion satisfies the requirements for immediate entry of an order granting the relief requested herein pursuant to Bankruptcy Rule 6003.

Similarly, the Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and any stay of the order granting the relief requested herein pursuant to Bankruptcy Rule 6004(h). As explained above, the relief requested herein is necessary to avoid immediate and

irreparable harm to the Debtors. Accordingly, cause exists to justify the waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and stay apply.

VII. NOTICE

Notice of this Motion will be provided to (i) the United States Trustee; (ii) the Secured Lenders; (iii) the parties listed on the Debtors' consolidated *List of Creditors Who Have the 30 Largest Unsecured Claims and Are Not Insiders*; (iv) the Insurance Carriers; (v) the Banks; and (vi) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002. Based on the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

WHEREFORE, the Debtors respectfully request that the Court enter interim and final orders, substantially in the form attached hereto as **Exhibit A** and **Exhibit B**, granting the relief requested herein.

Dated: September 12, 2024

KELLER BENVENUTTI KIM LLP

By: /s/ Thomas B. Rupp

Thomas B. Rupp

*Proposed Attorneys for the Debtors and
Debtors in Possession*

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Exhibit A
(Proposed Interim Order)

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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-____ (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] INTERIM ORDER
AUTHORIZING THE DEBTORS TO
MAINTAIN INSURANCE
PROGRAMS AND PAY
OBLIGATIONS WITH RESPECT
THERE TO**

Date: TBD

Time: TBD

Place: United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Upon consideration of the *Motion of Debtors for Interim and Final Orders Authorizing the Debtors to Maintain Insurance Programs and Pay Obligations with Respect Thereto* (the “Motion”),² filed by the above-captioned debtors and debtors in possession (the “Debtors”); the Court having reviewed the Motion and the Sharp Declaration and having considered the statements of counsel and the evidence adduced with respect to the Motion at a hearing before the Court (the “Hearing”); and the Court having found that (i) the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) notice of the Motion and the Hearing was sufficient under the circumstances; and (v) good cause exists to waive the requirements imposed by Bankruptcy Rule 6003 to avoid immediate and irreparable harm to the Debtors and their estates; and after due deliberation the Court having determined that the relief requested in the Motion is (i) in the best interests of the Debtors, their estates, and their creditors and (ii) necessary to prevent immediate and irreparable harm to the Debtors and their estate; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 362 and 363 of the Bankruptcy Code, to continue and maintain all Insurance Programs, and to perform all of their obligations with respect thereto, and to pay any amounts owed with respect to the Insurance Programs, the Workers’ Compensation Claims, and any associated fees therewith; provided, that, the Debtors are authorized to pay only amounts due and payable as of the Petition Date in an amount not to exceed \$60,000 through the hearing to consider this Motion on a final basis.

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

3. Pursuant to section 362(d) of the Bankruptcy Code, to the extent any of the Debtors' employees hold claims under or in connection with the Workers' Compensation Program, in the Debtors' sole discretion, such employees are authorized to proceed with their Workers' Compensation Claims through and including the collection or payment of any judgment or claim in the appropriate judicial or administrative forum under the Workers' Compensation Program; *provided*, that the prosecution of such claims is in accordance with the Workers' Compensation Program and the recoveries are limited to the proceeds available under the Workers' Compensation Program.

4. Applicable banks and financial institutions are authorized, but not directed, at the Debtors' request, to receive, process, honor and pay, to the extent of funds on deposit, any and all checks issued or to be issued or electronic funds transfers requested or to be requested by the Debtors relating to the Insurance Obligations, the Workers' Compensation Claims, and any associated fees.

5. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers on account of the Insurance Obligations, the Workers' Compensation Claims, and any associated fees, to replace any prepetition checks or electronic funds transfer requests that may be lost, dishonored, or rejected as a result of the commencement of these Chapter 11 Cases.

6. Nothing contained in the Motion or this Order is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors; (iii) a waiver of any claims or causes of action that may exist against any creditor or interest holder; or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code.

7. Notwithstanding entry of this Order, nothing herein intended to create, and nothing herein shall create, any rights in favor of or enhance the status of any claim held by, any party.

8. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

1 9. The requirements of Bankruptcy Rules 4001(d) and 6004(a) are waived.

2 10. Notwithstanding the provisions of Bankruptcy Rules 4001(a)(2) and 6004(h), this
3 Order shall be immediately effective and enforceable upon its entry.

4 11. The Debtors are hereby authorized to take such actions and to execute such
5 documents as may be necessary to implement the relief granted by this Order.

6 12. A hearing to consider the relief requested in the Motion on a final basis is set for
7 [____], 2024, at [____] (Pacific Time). Any objections to granting the relief requested on
8 a final basis must be filed with the Court and served on counsel for the Debtor by [____], 2024.

9 13. The Court retains exclusive jurisdiction with respect to all matters arising from or
10 related to the implementation, interpretation, and enforcement of this Interim Order.

11 ** END OF ORDER **

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Exhibit B
(Proposed Final Order)

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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-____ (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] FINAL ORDER
AUTHORIZING THE DEBTORS TO
MAINTAIN INSURANCE
PROGRAMS AND PAY
OBLIGATIONS WITH RESPECT
THERE TO**

Date: TBD

Time: TBD

Place: United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

1 Upon consideration of the *Motion of Debtors for Interim and Final Orders Authorizing the*
2 *Debtors to Maintain Insurance Programs and Pay Obligations with Respect Thereto* (the
3 “Motion”),² filed by the above-captioned debtors and debtors in possession (the “Debtors”); the
4 Court having reviewed the Motion and the Sharp Declaration and having considered the statements
5 of counsel and the evidence adduced with respect to the Motion at a hearing before the Court (the
6 “Hearing”); and the Court having found that (i) the Court has jurisdiction to consider the Motion
7 and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring*
8 *Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a)
9 of the Bankruptcy Local Rules for the United States District Court for the Northern District of
10 California; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is
11 a core proceeding pursuant to 28 U.S.C. § 157(b); and (iv) notice of the Motion and the Hearing
12 was sufficient under the circumstances; and after due deliberation the Court having determined
13 that the relief requested in the Motion is in the best interests of the Debtors, their estates, and their
14 creditors; and good and sufficient cause having been shown;

15 **IT IS HEREBY ORDERED THAT:**

- 16 1. The Motion is granted on a final basis.
- 17 2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 362 and
18 363 of the Bankruptcy Code, to continue and maintain all Insurance Programs and Workers’
19 Compensation Claims, and to perform all of their obligations with respect thereto, and to pay any
20 amounts owed with respect to the Insurance Programs, the Workers’ Compensation Claims, and
21 any associated fees therewith.
- 22 3. Pursuant to section 362(d) of the Bankruptcy Code, to the extent any of the Debtors’
23 employees hold claims under or in connection with the Workers’ Compensation Program, in the
24 Debtors’ sole discretion, such employees are authorized to proceed with their Workers’
25 Compensation Claims through and including the collection or payment of any judgment or claim
26 in the appropriate judicial or administrative forum under the Workers’ Compensation Program;

27 _____
28 ² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

1 *provided*, that the prosecution of such claims is in accordance with the Workers' Compensation
2 Program and the recoveries are limited to the proceeds available under the Workers' Compensation
3 Program.

4 4. Nothing herein alters or amends the terms and conditions of any of the Insurance
5 Programs or relieves the Debtors of any of their obligations under the Insurance Programs.

6 5. Applicable banks and financial institutions are authorized, but not directed, at the
7 Debtors' request, to receive, process, honor and pay, to the extent of funds on deposit, any and all
8 checks issued or to be issued or electronic funds transfers requested or to be requested by the
9 Debtors relating to the Insurance Obligations, the Workers' Compensation Claims, and any
10 associated fees.

11 6. The Debtors are authorized, but not directed, to issue new postpetition checks, or
12 effect new electronic funds transfers on account of the Insurance Obligations, the Workers'
13 Compensation Claims, and any associated fees, to replace any prepetition checks or electronic
14 funds transfer requests that may be lost, dishonored, or rejected as a result of the commencement
15 of these Chapter 11 Cases.

16 7. Nothing contained in the Motion or this Order is intended to be or shall be construed
17 as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors'
18 or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any
19 claim against the Debtors; (iii) a waiver of any claims or causes of action that may exist against
20 any creditor or interest holder; or (iv) an approval, assumption, adoption, or rejection of any
21 agreement, contract, lease, program, or policy between the Debtors and any third party under
22 section 365 of the Bankruptcy Code.

23 8. Notwithstanding entry of this Order, nothing herein is intended to create, and
24 nothing herein shall create, any rights in favor of or enhance the status of any claim held by, any
25 party.

26 9. The requirements of Bankruptcy Rules 4001(d) and 6004(a) have been satisfied.

27 10. Notwithstanding the provisions of Bankruptcy Rules 4001(a)(2) and 6004(h), this
28 Final Order shall be immediately effective and enforceable upon its entry.

1 11. The Debtors are hereby authorized to take such actions and to execute such
2 documents as may be necessary to implement the relief granted by this Order.

3 12. The Court retains exclusive jurisdiction with respect to all matters arising from or
4 related to the implementation, interpretation, and enforcement of this Order.

5 ** END OF ORDER **
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