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*Proposed Attorneys for the Debtors and
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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.

Case No. _____ (CN) (Lead Case)

Chapter 11

(Joint Administration Requested)

**MOTION OF DEBTORS FOR
 INTERIM AND FINAL ORDERS
 AUTHORIZING THE DEBTORS TO
 (A) PAY PREPETITION EMPLOYEE
 WAGES, BENEFITS, AND RELATED
 ITEMS; AND (B) CONTINUE
 CERTAIN EMPLOYEE
 COMPENSATION AND BENEFIT
 PROGRAMS IN THE ORDINARY
 COURSE**

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), 363, 507(a), 541(b)(7), and 541(d) 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 the entry of interim and final orders, in substantially the forms attached hereto as **Exhibit A** and **Exhibit B**, authorizing the Debtors (A) to pay: (i) prepetition wages, salaries, overtime pay, accrued vacation benefits, and other accrued compensation, including any Prepetition Deductions (as defined below) (collectively, the "Prepetition Compensation"); (ii) premium payments owed for prepetition coverage under the Debtors' health benefits plan and other prepetition contributions to employee benefit plans and programs (collectively, the "Prepetition Benefits"); (iii) Payroll Tax Obligations (as defined below); and (iv) the Reimbursable Expenses (as defined below); (B) to honor the Debtors' Vacation Benefits (as defined below) in the ordinary course of business; and (C) to continue the Employee Compensation and Benefit Programs (as defined below, and together with the Prepetition Compensation, the Prepetition Benefits, the Vacation Benefits, the Payroll Tax Obligations, and the Reimbursable Expenses, the "Prepetition Employee Obligations") in the ordinary course.

Additionally, the Debtors request that the Court authorize the financial institutions that participate in the Debtors' cash management system (collectively, the "Banks"), as described in the *Motion of Debtors for Order (I) Approving Continued Use of the Debtors' Cash Management System and Bank Accounts; (II) Authorizing the Debtors to Open and Close Bank Accounts; and (III) Authorizing Banks to Honor Certain Prepetition Transfers*, when requested by the Debtors, in the Debtors' discretion, to honor and process checks or electronic fund transfers drawn on the Debtors' bank accounts to pay prepetition obligations described herein, whether such checks or other requests were submitted prior to or after the Petition Date, provided that sufficient funds are available in the applicable bank accounts to make such payments. The Debtors further request that all of the Banks be authorized to rely on the Debtors' designation of a check or electronic payment request as approved pursuant to this Motion.

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.

² Two LPs have not yet filed chapter 11 petitions.

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.

C. Employee Wages and Benefits

1. Prepetition Compensation

As of the Petition Date, the Debtors have 45 employees, all of whom are employed by the Property Manager. The Debtors could not operate without these employees. They are critical to maximizing the value of the Debtors’ estates for the benefit of their creditors. The employees’ skills, knowledge, and understanding of the Debtors’ infrastructure, operations, and real property assets are essential to the value of the Debtors’ business. They also maintain the Properties in good and habitable condition under the terms of their various leases. These employees manage the Debtors’ rental properties and have relationships with the Debtors’ tenants that are critical to, among other things, effective communication with tenants as the Debtors transition into the Chapter 11 Cases. Furthermore, the employees have the knowledge of the Properties needed to sell them at the highest possible price. Without them, the Debtors would have difficulty realizing, let alone maximizing, the value of their substantial real estate portfolio.

The Debtors' employees receive their paychecks twice a month, in arrears. They receive checks on the third day of a month for work done from the 15th through the 28th of the prior month, and they receive checks on the 18th day of a month for work done from the 29th day of the prior month through the 14th day of the month (the "Wages"). Anticipating the filing of the bankruptcy petitions, the Debtors prepaid their employees on September 11, 2024, for work performed through and including September 13, 2024. The next regularly scheduled payroll is on October 3, 2024, for entirely postpetition work performed from September 14th through September 27th. As a result, the Debtors believe that all prepetition wages have been paid. However, in an abundance of caution, the Debtors seek authority to pay any unpaid prepetition wages not to exceed \$15,150 to any applicable employee (the maximum priority claim under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, hereafter the "Section 507 Cap").

2. Vacation Benefits

The Debtors offer vacation benefits (the "Vacation Benefits") to their full-time employees. Employees accrue vacation time each pay period. As of the Petition Date, the Debtors do not believe that any employees are owed compensation for Vacation Benefits; however, to the extent they are, the Debtors seek authority to pay the Vacation Benefits up to the amount of the Section 507 Cap, per employee. The Debtors further seek authority to honor accrued vacation pay in the ordinary course of business.

3. Prepetition Deductions

The Debtors take deductions from their employees' paychecks to make payments on behalf of the employees for or with respect to, among other things, the Debtors' Prepetition Benefits (defined below), amounts due to federal, state and local taxing authorities for the Employee Taxes (defined below), and garnishments under court order. As of the Petition Date, the Debtors' payroll processor, OnePoint Human Capital Management ("OnePoint"), may be holding amounts deducted from their employees' Prepetition Compensation that have not yet been remitted to the taxing authorities, benefits providers, or courts (collectively, the "Prepetition Obligations"). Such withheld funds, to the extent that they remain in the Debtors' or OnePoint's possession, constitute moneys held in trust and, therefore, are not property of the Debtors' estates. Thus, directing such

funds to the appropriate parties should not require Court approval. Nevertheless, the Debtors seek authority to direct that any Prepetition Obligations withheld from the employees' paychecks and owed to third party taxing authorities, benefits providers, or courts, including those incurred prior to the Petition Date, be delivered as required.

D. Employee Compensation and Benefit Programs

In the ordinary course of business, the Debtors maintain certain benefits for their employees including the following: (a) health-related benefits, such as medical, dental, vision; and insurance benefits such as life insurance and accidental death and dismemberment insurance (collectively, the "Health Benefits")³ and (b) provide access to a 401(k) plan (the "Voluntary Benefits," and jointly with the Health Benefits, the "Employee Compensation and Benefit Programs").

1. Health-Related Benefits

The Debtors provide their employees with various health-related benefits. They offer medical insurance through Kaiser Foundation Health Plan ("Kaiser"). Employees may choose from one of three plans with varying deductible amounts. Employees receive credit for reimbursements in the amount set by their chosen plan at the start of the calendar year unless they have chosen the full reimbursement plan in which case their reimbursements are not capped. The Debtors pay for the Kaiser premium and, depending on the plan chosen by the employee, part or all of the deductible. The employees use health care debit cards to pay for treatment so that funds are drawn directly from the Debtors' bank accounts. However, if the employee does not use the debit card for a service and instead pays out of pocket, they must submit a request for reimbursement from the Debtors. The Debtors seek authority to honor any prepetition reimbursement requests for services incurred but not paid prior to the Petition Date.

The Debtors offer dental and vision coverage through Humana Inc. ("Humana") and life, accidental death and dismemberment insurance through The Guardian Life Insurance Company of

³ The Debtors maintain workers' compensation insurance for their employees. Authorization to pay prepetition amounts owed to the workers' compensation plan is requested in the *Motion of Debtors for Interim and Final Orders Authorizing the Payment of Prepetition Insurance Obligations* (the "Insurance Motion") filed concurrently herewith.

America (“Guardian”). Approximately \$18,762 is owed to Kaiser, approximately \$3,017 is owed to Humana, and approximately \$830 is owed to Guardian for the September premium payments. Those payments were sent by check to the respective insurers but may not have cleared the Debtors’ accounts prior to the Petition Date. In the event that those premiums have not been paid, the Debtors seek authority to pay the foregoing, all to the extent that they fall within the Section 507 Cap.

The Debtors believe that they are current on all of their other obligations under the Health Benefits. However, out of an abundance of caution, the Debtors seek authority, without being required, to pay all prepetition amounts under the Health Benefits that are discovered to be outstanding, including any that were incurred but not reported prepetition, in order to ensure that there is no disruption to employees’ health-related coverage, subject only to the Section 507 Cap.

2. Voluntary Benefits

The Debtors offer employees access to a 401(k) plan (the “401(k) Plan”) where the participants’ portions are funded through deductions from their paychecks. The Debtors match the participants’ contributions up to 4% of that participant’s salary. Empower Annuity Insurance Company of America administers the 401(k) Plan.

The Debtors believe that they are current on all of their other obligations under the 401(k) Plan. However, out of an abundance of caution, the Debtors seek authority, without being required, to pay all prepetition amounts under the 401(k) Plan that may be outstanding, including any that were incurred but not paid prepetition, subject only to the Section 507 Cap.

E. **Payroll Tax Obligations**

The Debtors, as employers, are required by law to withhold federal, state, and local taxes (the “Employee Taxes”) from wages for remittance to appropriate taxing authorities. These withheld funds, to the extent that they are in the Debtors’ possession, constitute monies held in trust and are not property of the Debtors’ bankruptcy estates. In addition to the Employee Taxes, the Debtors are required to pay, from their own funds, social security and Medicare taxes, and to pay, based on a percentage of gross payroll and subject to state-imposed limits, additional amounts for state and federal unemployment insurance (together with the Employee Taxes, the “Payroll

1 Tax Obligations”), and remit the same to the appropriate state and federal taxing authorities. The
2 Debtors should be authorized to pay all Payroll Tax Obligations as they come due, including any
3 obligations arising from payment of the Prepetition Compensation pursuant to the Interim and
4 Final Orders on this Motion.

5 **F. Reimbursable Expenses**

6 The Debtors’ employees pay for certain expenses for which the Debtors reimburse them.
7 The Debtors customarily reimburse their employees for a variety of business expenses incurred in
8 the ordinary course of their business, including milage and cell phone service (the “Reimbursable
9 Expenses”). To obtain reimbursement of business expenses, an employee is required to submit a
10 request, accompanied by itemized receipts or milage report for approval by the employee’s
11 supervisors and/or management. Once approved, reimbursements are paid directly to the
12 employee’s bank account. In a typical month, the Debtors reimburse employees for approximately
13 \$7,100 of expenses in the aggregate.

14 It is likely that certain employees have not been reimbursed for Reimbursable Expenses
15 incurred prior to the Petition Date. It is difficult for the Debtors to determine the exact amount of
16 Reimbursable Expenses that are outstanding because, among other things, employees may not
17 have submitted reimbursement forms for all accrued expenses. The Debtors request that they be
18 authorized to reimburse all such expenses when the reports are submitted, in order to assure such
19 employees that they will be reimbursed for their actual out-of-pocket expenses incurred while
20 acting within the scope of their employment.

21 The Debtors do not expect that their obligations for Reimbursable Expenses as of the
22 Petition Date will exceed \$10,000 in the aggregate.

23 **III. RELIEF REQUESTED**

24 By this Motion, the Debtors seek authority to continue to honor their Prepetition
25 Employee Obligations up to the Section 507 Cap so as to minimize the disruption to their
26 employees. The Debtors further request that the Court authorize the Banks to receive, honor,
27 process, and pay any and all checks drawn, or electronic fund transfers requested or to be
28

requested, on the disbursement accounts to the extent that such checks or electronic fund transfers relate to any Prepetition Employee Obligations.

IV. AUTHORITY FOR RELIEF REQUESTED

It is in the best interests of the Debtors' estates that all prepetition obligations relating to Debtors' workforce be satisfied in full.

A. Employee Wages and Related Costs Are Entitled to Priority Status Under the Bankruptcy Code

A. Pursuant to section 507(a)(4) of the Bankruptcy Code, employees with prepetition claims for "wages, salaries, or commissions, including vacation, severance, and sick leave pay earned" within 180 days before the petition date are entitled to priority claim status up to an allowed amount of \$15,150. Likewise, section 507(a)(5) of the Bankruptcy Code provides that employees are granted a priority claim for "contributions to an employee benefit plan arising from services rendered within 180 days before the" petition date. *See* 11 U.S.C. § 507(a)(5)(A). These claims are collectively subject to the Section 507 Cap, *i.e.*, "(i) the number of employees covered by each such plan multiplied by \$15,150; less (ii) the aggregate amount paid to such employees under section 507(a)(4), plus the aggregate amount paid by the estate on behalf of such employees to any other employee benefit plan." 11 U.S.C. § 507(a)(5)(B); *see also Consol. Freightways Corp. v. Aetna, Inc. (In re Consol. Freightways Corp.)*, 564 F.3d 1161, 1166 (9th Cir. 2009).

To the Debtors' knowledge, no employee is owed Prepetition Compensation (excluding accrued Vacation Benefits⁴) that exceeds the Section 507 Cap. The Prepetition Deductions either constitute "trust funds" or generally give rise to priority claims under section 507(a)(8) of the Bankruptcy Code. As the Debtors' budgets attached to the Sharp Declaration suggest, it appears likely that all priority claims will be paid in full. Accordingly, the relief requested herein likely affects only the timing of the payment of a substantial portion of the Prepetition Employee Obligations and not the rights of general unsecured creditors or other parties in interest. As a

⁴ The Debtors seek authority only to honor the prepetition vacation time, not to pay cash to employees for amounts over the Section 507 Cap.

result, the payment of these amounts should not deplete assets otherwise available to other general creditors.

B. Payment of the Prepetition Employee Obligations Is Warranted Under Sections 363(b) and 105(a) 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 “the directors of a corporation ‘acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.’” *Navellier v. Sletten*, 262 F.3d 923, 946 n.12 (9th Cir. 2001) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)); *see also 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); *see also In re Alecko Healthcare Servs., LLC*, No. 23-10787, 2024 Bankr. LEXIS 670, at *9 (Bankr. D. Del. Mar. 20, 2024). 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); *Lauckhart v. El Macero Homeowners Ass’n*, 92 Cal. App. 5th 889, 906 (2023).

Payment of the Prepetition Employee Obligations is an exercise of sound business judgment and necessary to facilitate the successful administration of these Chapter 11 Cases. The Debtors believe that the majority of the employees rely exclusively on their compensation and, as

applicable, the benefits provided under the Employee Compensation and Benefits Programs to satisfy their daily living expenses and other basic needs such as access to health, dental, and vision care coverage. Consequently, employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor obligations with respect to the Prepetition Employee Obligations.

Payment of the Reimbursable Expenses is also an exercise of sound business judgment and necessary to facilitate a successful reorganization because any other treatment would be highly inequitable. Employees who have incurred Reimbursable Expenses on behalf of the Debtors should not be forced to bear the cost of such expenses personally, especially because the Reimbursable Expenses were incurred for the Debtors' benefit, in the course of their employment or service, and with the understanding that they would be reimbursed.

V. RESERVATION OF RIGHTS

Nothing contained in this Motion 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.

VI. REQUEST FOR IMMEDIATE RELIEF AND WAIVER OF STAY

Pursuant to Bankruptcy Rules 6003(b), 6004(a) and 6004(h), the Debtors seek (i) entry of an Interim Order granting the relief sought herein, (ii) a waiver of the notice requirement of Bankruptcy Rule 6004(a), and (iii) a waiver of any stay of the effectiveness of such orders. Bankruptcy Rule 6003(b) provides, in relevant part, that "[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding . . . a motion to pay all or part of a claim that arose before the filing of the petition." Accordingly, where the failure to grant any such requested relief would result in immediate and irreparable harm to the Debtors' estates, the Court may allow the

Debtors to pay all or part of a claim that arose before the Petition Date prior to the twenty-first day following the Petition Date. Bankruptcy Rule 6004(a) requires a proposed use, sale or lease of property not in the ordinary course of business be noticed pursuant to Bankruptcy Rule 2002, and Bankruptcy Rule 6004(h) provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.”

As set forth above, the payment of the Prepetition Compensation, Prepetition Benefits, Payroll Tax Obligations, and Reimbursable Expenses is necessary to preserve the value of the Debtors’ assets and prevent the immediate and irreparable damage to the Debtors’ ability to operate their businesses that would result from a collapse of employee morale. Accordingly, the Debtors submit that ample cause exists to justify (i) the immediate entry of the Interim Order granting the relief sought herein on an interim basis, (ii) a waiver of the notice requirement of Bankruptcy Rule 6004(a), and (iii) a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

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 Banks; and (v) 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.

VIII. CONCLUSION

The Debtors respectfully request that the Court enter Interim and Final Orders, substantially in the forms attached hereto as Exhibit A and Exhibit B, granting the relief requested herein and for such other and further relief

1
2 Dated: September 12, 2024

KELLER BENVENUTTI KIM LLP

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4 By: /s/ Thomas B. Rupp

5 Thomas B. Rupp

6 *Proposed Attorneys for the Debtors and*
7 *Debtors in Possession*
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Exhibit A
(Proposed Interim Order)

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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

Debtor.

Lead Case No. ____ - ____ (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] INTERIM ORDER
AUTHORIZING THE DEBTORS TO
(A) PAY PREPETITION EMPLOYEE
WAGES, BENEFITS, AND RELATED
ITEMS; AND (B) CONTINUE
CERTAIN EMPLOYEE
COMPENSATION AND BENEFIT
PROGRAMS IN THE ORDINARY
COURSE**

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' 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 (A) Pay Prepetition Employee Wages, Benefits, and Related Items; and (B) Continue Certain Employee Compensation and Benefit Programs in the Ordinary Course* (the “Motion”)¹ 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 the extent it is applicable; and after due deliberation the Court having determined that the relief requested in the Motion is (a) in the best interests of the Debtors, their estates, and their creditors and (b) 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), 363(b), and 507(a) of the Bankruptcy Code, to pay and honor all Prepetition Employee Obligations, that are due and payable and relate to the period prior to the Petition Date, in accordance with the Debtors’ ordinary course of conduct and consistent with the Debtors’ prepetition practices, up to but not exceeding the Section 507 Cap.
3. The Debtors are authorized, but not directed, to continue providing the Prepetition Benefits and the Vacation Benefits in the ordinary course of business.

¹ Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

4. 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 Prepetition Employee Obligations.

5. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of the Prepetition Employee Obligations.

6. Nothing contained in this Interim Order or in the Motion 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 Interim Order, nothing herein is 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 for immediate entry of this Interim Order pursuant to Bankruptcy Rule 6003(b) have been satisfied.

9. The requirements of Bankruptcy Rule 6004(a) are waived.

10. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Interim Order shall be immediately effective and enforceable upon its entry.

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

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

///

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

3 ** 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. ____ - ____ (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] FINAL ORDER
AUTHORIZING THE DEBTORS TO
(A) PAY PREPETITION EMPLOYEE
WAGES, BENEFITS, AND RELATED
ITEMS; AND (B) CONTINUE
CERTAIN EMPLOYEE
COMPENSATION AND BENEFIT
PROGRAMS IN THE ORDINARY
COURSE**

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

16 **IT IS HEREBY ORDERED THAT:**

- 17 1. The Motion is granted on a final basis.
- 18 2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 363(b),
19 and 507(a) of the Bankruptcy Code, to pay and honor all Prepetition Employee Obligations, that
20 are due and payable and relate to the period prior to the Petition Date, in accordance with the
21 Debtors’ ordinary course of conduct and consistent with the Debtors’ prepetition practices, up to
22 but not exceeding the Section 507 Cap.
- 23 3. The Debtors are authorized, but not directed, to continue providing the Prepetition
24 Benefits and the Vacation Benefits in the ordinary course of business.

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

1 4. Banks and financial institutions are authorized, but not directed, at the Debtors'
2 request, to receive, process, honor and pay, to the extent of funds on deposit, any and all checks
3 issued or to be issued or electronic funds transfers requested or to be requested by the Debtors
4 relating to the Prepetition Employee Obligations.

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

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

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

16 ** END OF ORDER **
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