

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

In re:

PROSOMNUS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-10972 (JTD)

(Joint Administration Requested)

Re: Docket No. 7

**INTERIM ORDER (I) AUTHORIZING CONTINUATION OF, AND PAYMENT OF
PREPETITION OBLIGATIONS INCURRED IN THE ORDINARY COURSE OF
BUSINESS IN CONNECTION WITH, VARIOUS INSURANCE POLICIES, (II)
AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND ELECTRONIC
TRANSFER REQUESTS RELATED THERETO, (III) PREVENTING INSURANCE
COMPANIES FROM GIVING ANY NOTICE OF TERMINATION OR OTHERWISE
MODIFYING ANY INSURANCE POLICY WITHOUT OBTAINING RELIEF FROM
THE AUTOMATIC STAY, AND (IV) AUTHORIZING THE DEBTORS TO CONTINUE
INSTALLMENT PAYMENTS AND BROKERAGE OBLIGATIONS**

Upon the motion (the “**Motion**”)² of the Debtors for an interim order (this “**Interim Order**”), pursuant to sections 105(a), 362, and 363(b) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 6003(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), (i) authorizing continuation of, and payment of prepetition obligations incurred in the ordinary course of business in connection with, various Insurance Policies; (ii) authorizing Banks to honor and process checks and electronic transfer requests related thereto; (iii) preventing Insurers giving

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: ProSomnus, Inc. (8216), ProSomnus Holdings, Inc. (3855), and ProSomnus Sleep Technologies, Inc. (0766). The location of the Debtors’ principal place of business and the Debtors’ mailing address is 5675 Gibraltar Dr., Pleasanton, California 94588.

² All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Motion or First Day Declaration, as applicable.



any notice of termination or otherwise modifying or cancelling any Insurance Policies, as applicable, without first obtaining relief from the automatic stay; and (iv) authorizing the Debtors to continue to honor Installment Payments and brokerage obligations; and the Court having reviewed the Motion and the First Day Declaration; and the Court having jurisdiction over this matter under 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 the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that the Debtors consent to entry of a final order under Article III of the United States Constitution; and the 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 it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED on an interim basis, as set forth herein.
2. All objections to the entry of this Interim Order, to the extent not withdrawn or settled, are overruled.
3. The Debtors are authorized, but not directed, without interruption and in accordance with the same practices and procedures as were in effect before the Petition Date, to maintain and honor all of their prepetition Insurance Obligations under or in connection with the Insurance Policies provided, however, that Installment Payments and payments for broker services shall not exceed \$13,600 and \$1,400, respectively, per month.
4. The Debtors are authorized to renew or to obtain new insurance policies or to execute other agreements in connection with the Insurance Policies, provided, however, that the

Debtors shall provide notice, within ten (10) days of the effective date of any action under this paragraph, to the Office of the U.S. Trustee and any official committee appointed in these cases.

5. Each of the Banks is authorized to honor checks presented for payment and all fund transfer requests made by the Debtors, to the extent that sufficient funds are on deposit in the applicable accounts, in accordance with this Interim Order.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in connection with any Insurance Obligations that are dishonored or rejected and are authorized to be paid by this Interim Order.

7. Subject to the payment limitations set forth in paragraph 3 of this Interim Order, the Debtors are authorized to continue making all Installment Payments.

8. Subject to the payment limitations set forth in paragraph 3 of this Interim Order, the Debtors are authorized to continue honoring all obligations to USI, including the payment of any fees for current or future Insurance Policies.

9. Nothing in the Motion or this Interim Order, or the Debtors' payment of any claims pursuant to this Interim Order, shall be deemed or construed as: (i) an admission as to the validity of any claim or lien against the Debtors or their estates, (ii) a waiver of the Debtors' right to dispute any claim or lien, (iii) an admission of the priority status of any claim, whether under Bankruptcy Code section 503(b)(9) or otherwise, (iv) to the extent that an Insurance Policy is deemed an executory contract within the meaning of Bankruptcy Code section 365, an assumption or adoption of the policy or agreement as an executory contract, or (v) a modification of the Debtors' rights to seek relief under any section of the Bankruptcy Code on account of any amounts owed or paid on account of any Insurance Policies.

10. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

11. Notice of the Motion as provided therein satisfies the requirements of the Bankruptcy Rules and the Local Rules.

12. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Interim Order shall be effective and enforceable immediately upon entry hereof.

13. 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 Interim Order.

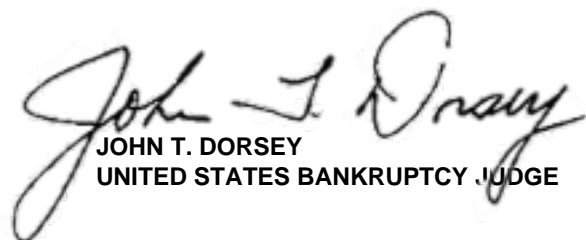
14. The final hearing (the “**Final Hearing**”) to consider the entry of a final order granting the relief requested in the Motion shall be held on **June 5, 2024, at 10:00 a.m. Prevailing Eastern Time.**

15. Any objection to the entry of a final order granting the relief requested in the Motion shall be filed with the Court and served on the following parties **no later than 4:00 p.m. Prevailing Eastern Time on May 29, 2024**, (a) the Debtors, c/o ProSomnus, Inc., 5675 Gibraltar Dr., Pleasanton, California 94588; (b) proposed counsel to the Debtors, Polsinelli PC, 222 Delaware Avenue, Suite 1101, Wilmington, Delaware 19801, Attn: Shanti M. Katona (skatona@polsinelli.com) and Katherine M. Devanney (kdevanney@polsinelli.com); (c) counsel to the Sponsoring Noteholders and proposed DIP Lenders, Kilpatrick Townsend & Stockton LLP, 1114 Avenue of the Americas, New York, New York 10036, Attn: David M. Posner (dposner@ktslaw.com) and Gianfranco Finizio (gfinizio@ktslaw.com) and Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, Delaware 19801, Attn: Eric J. Monzo (emonzo@morrisjames.com) and Brya M. Keilson (bkeilson@morrisjames.com); (d) counsel to the Prepetition Agents, Pryor Cashman LLP, 7 Times Square, 40th Floor, New York, New York 10036, Attn: Seth H. Lieberman (slieberman@pryorcashman.com); (e) counsel to the proposed

DIP Agent, Seward & Kissel LLP, One Battery Park Plaza, New York, NY 10004, Attn: Gregg Bateman (bateman@sewkis.com); and (f) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Jon Lipshie (jon.lipshie@usdoj.gov).

16. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Interim Order.

Dated: May 9th, 2024
Wilmington, Delaware


JOHN T. DORSEY
UNITED STATES BANKRUPTCY JUDGE