

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re

Sticky’s Holdings LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10856 (JKS)

Jointly Administered

Re. D.I. 5, 47 and 52

Obj. Deadline: May 13, 2024 at 4:00 p.m. (ET)

Hearing Date: May 20, 2024 at 1:00 p.m. (ET)

**NOTICE OF HEARING REGARDING
DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO PAY CERTAIN TAXES**

PLEASE TAKE NOTICE that on April 25, 2024, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Entry of Interim and Final Orders Authorizing, But Not Directing, the Debtor to Pay Certain Taxes* [D.I. 5] (the “Motion”), attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that, on April 26, 2024, the Bankruptcy Court entered the *Interim Order Authorizing, But Not Directing, the Debtors to Pay Certain Taxes* [D.I. 52] (the “Interim Order”), attached hereto as **Exhibit B**.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the final approval of the Motion must (a) be in writing, (b) be filed with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, on or before **May 13, 2024 at 4:00 p.m. (ET)** (the “Objection Deadline”), and (c) served as to be received on or before the Objection Deadline upon (a) the Debtors, (b) proposed counsel to the Debtors, Pashman Stein Walder Hayden, P.C., 1007 North Orange Street, 4th Floor, Suite 183, Wilmington, Delaware, 19899-1347, Attn: John W. Weiss (jweiss@pashmanstein.com), Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard C. Solow (rsolow@pashmanstein.com) and Katherin R. Beilin (kbeilin@pashmanstein.com), (c) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801, Attn: Joseph F. Cudia (joseph.cudia@usdoj.gov) and Jonathan W. Lipshie (Jon.Lipshie@usdoj.gov), and (d) the Subchapter V Trustee, Natasha Songonuga, VTrustee LLC, P.O. Box 841, Wilmington, DE 19899 (Nsongonuga@VTrusteellc.com).

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number are as follows: Sticky’s Holdings LLC (3586); Sticky Fingers LLC (3212); Sticky Fingers II LLC (7125); Sticky Fingers III LLC (3914); Sticky Fingers IV LLC (9412); Sticky Fingers V LLC (1465); Sticky Fingers VI LLC (0578); Sticky’s BK I LLC (0423); Sticky’s NJ I LLC (5162); Sticky Fingers VII LLC (1491); Sticky’s NJ II LLC (6642); Sticky Fingers IX LLC (5036); Sticky’s NJ III LLC (7036); Sticky Fingers VIII LLC (0080); Sticky NJ IV LLC (6341); Sticky’s WC I LLC (0427); Sticky’s Franchise LLC (5232); Sticky’s PA GK I LLC (7496); Stickys Corporate LLC (5719); and Sticky’s IP LLC (4569). The Debtors’ mailing address is 24 E. 23rd Street, New York, NY 10010.



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PLEASE TAKE FURTHER NOTICE that only objections made in writing and timely filed and received, in accordance with the procedures above, will be considered by the Bankruptcy Court at such hearing.

PLEASE TAKE FURTHER NOTICE THAT A FINAL HEARING ON THE MOTION WILL BE HELD ON MAY 20, 2024 AT 1:00 P.M. (ET) BEFORE THE HONORABLE J. KATE STICKLES, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5TH FLOOR, COURTROOM 6, WILMINGTON, DELAWARE 19801.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: April 29, 2024
Wilmington, Delaware

**PASHMAN STEIN WALDER
HAYDEN, P.C.**

/s/ John W. Weiss

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*Proposed Counsel to the Debtors and
Debtors in Possession*

Exhibit A

Motion

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

In re

Sticky's Holdings LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10856

Joint Administration Requested

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO PAY CERTAIN TAXES**

The above-captioned debtors and debtors in possession (collectively, the "Debtors"), by and through their undersigned proposed counsel, hereby move (the "Motion") the United States Bankruptcy Court for the District of Delaware (the "Court") for entry of interim and final orders pursuant to sections 105(a), 363, 507, 541, 1107 and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") and rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing, but not directing, the Debtors to pay certain prepetition taxes, assessments, fees, and other charges in the ordinary course of business (the "Taxes and Fees") and (ii) granting related relief. In support of this Motion, the Debtors incorporate by reference the *Declaration of Jamie Greer in Support of First Day Relief* (the "First Day Declaration")² filed contemporaneously herewith and respectfully represent as follows:

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number are as follows: Sticky's Holdings LLC (3586); Sticky Fingers LLC (3212); Sticky Fingers II LLC (7125); Sticky Fingers III LLC (3914); Sticky Fingers IV LLC (9412); Sticky Fingers V LLC (1465); Sticky Fingers VI LLC (0578); Sticky's BK 1 LLC (0423); Sticky's NJ 1 LLC (5162); Sticky Fingers VII LLC (1491); Sticky's NJ II LLC (6642); Sticky Fingers IX LLC (5036); Sticky's NJ III LLC (7036); Sticky Fingers VIII LLC (0080); Sticky NJ IV LLC (6341); Sticky's WC 1 LLC (0427); Sticky's Franchise LLC (5232); Sticky's PA GK I LLC (7496); Stickys Corporate LLC (5719); and Sticky's IP LLC (4569). The Debtors' mailing address is 24 E. 23rd Street, New York, NY 10010.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

JURISDICTION

1. The Court has jurisdiction over the Motion 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. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and the Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 105, 363(b), 507(a)(8) and 541(d) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, 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”).

3. Pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order by the Court if it is 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.

BACKGROUND

4. On April 25, 2024 (the “Petition Date”), the Debtors each commenced a voluntary case under chapter 11 of the Bankruptcy Code as a debtor defined in Bankruptcy Code section 1182(1) and the Debtors elected to proceed under Subchapter V of chapter 11 of the Bankruptcy Code pursuant to the Small Business Debtor Reorganization Act, as amended.

5. The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee, examiner, or official committee has been appointed in this case.

6. Additional detail regarding the Debtors, their businesses, the events leading to commencement of these cases, and the facts and circumstances supporting the relief requested herein is set forth in the First Day Declaration and is incorporated herein by reference.

TAXES AND FEES

7. In the ordinary course of business, the Debtors collect, withhold, and incur an assortment of Taxes and Fees that they remit periodically to various federal, state, and local taxing, licensing, regulatory, and other governmental authorities (collectively, the “Authorities”). The Taxes and Fees include Sales and Use Taxes (as defined and described below).

8. The Debtors believe that they are current on all Taxes and Fees that were due and owing prior to the Petition Date. To the extent, however, that the Debtors have inadvertently failed to timely pay any Taxes and Fees which became due and owing prior to the Petition Date, the Debtors are not, by this Motion, seeking authority to remit any “catch-up” payments, late penalties or similar fees to any of the Authorities.

9. The Debtors estimate that as of the Petition Date, they have accrued approximately \$300,000 of Taxes and Fees, all of which will become due and payable in the ordinary course of business within the first twenty-one (21) days of this chapter 11 case (the “Interim Period”).

Sales and Use Taxes

10. The Debtors incur various sales, gross receipts, and other similar taxes and use taxes in the ordinary course of business (collectively, the “Sales and Use Taxes”). Specifically, the Debtors collect and remit sales and use taxes to certain Authorities in connection with the operation of their businesses and the sale and distribution of their products. In addition, the Debtors incur use taxes on account of the purchase of various materials and services from vendors

who are not registered to collect sales taxes for the state where the property is delivered or the services are provided, or who otherwise fail to collect such taxes. The Debtors estimate that, as of the Petition Date, they have accrued no more than \$300,000 in unpaid Sales and Use Taxes, all of which will become due and payable during the Interim Period.

RELIEF REQUESTED

11. By this Motion, pursuant to sections 363(b), 507(a)(8), and 541 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004(h), the Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (the “Proposed Interim Order” and the “Proposed Final Order,” respectively), (a) authorizing, but not directing, the Debtors to pay outstanding Taxes and Fees and (b) scheduling a final hearing (the “Final Hearing”) to consider entry of the Proposed Final Order.

12. For the avoidance of doubt, the authority requested pursuant to this Motion would be completely discretionary and without prejudice to the Debtors’ rights to contest the amounts of any Taxes and Fees on any grounds they deem appropriate.

BASIS FOR RELIEF

A. The Taxes Likely Are Not Property of the Debtors’ Estates

13. The Debtors’ payment of the Taxes and Fees, though arguably payment of a prepetition claim, is justified in large part because certain of these amounts are not property of the Debtors’ estates pursuant to section 541(d) of the Bankruptcy Code.

14. Specifically, section 541(d) provides, in relevant part, that “property in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest . . . becomes property of the estate under subsection (a)(1) or (2) of this section *only* to the extent of the debtor’s legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold.” 11 U.S.C. § 541(d) (emphasis added).

15. Consistent with this section of the Bankruptcy Code, courts have held that certain types of taxes are not part of a debtor's estate. *See, e.g., Begier v. Internal Revenue Serv.*, 496 U.S. 53, 57-60 (1990) (holding that any prepetition payment of trust fund taxes is not a transfer subject to avoidance because such funds are not the debtor's property); *DuCharmes & Co., Inc. v. Mich. (In re DuCharmes & Co.)*, 852 F.2d 194, 195-96 (6th Cir. 1988); *Shank v. Wash. State Dep't of Revenue (In re Shank)*, 792 F.2d 829, 832-33 (9th Cir. 1986) (sales tax required by state law to be collected by sellers from its customers is a "trust fund" tax and not released by bankruptcy discharge); *DeChiaro v. N.Y. State Tax Comm'n*, 760 F.2d 432, 435-36 (2d Cir. 1985) (same); *W. Surety Co. v. Waite (In re Waite)*, 698 F.2d 1177, 1179 (11th Cir. 1983) (same).

16. Here, certain of the Taxes and Fees may well constitute amounts held in trust, which the Debtors are required to collect and/or hold in trust for payment to the Authorities. Accordingly, to the extent that certain of the Taxes and Fees constitute "trust fund" taxes, they are not property of the Debtors' estates under section 541(d) of the Bankruptcy Code. *See In re Am. Int'l Airways, Inc.*, 70 B.R. 102, 104-05 (Bankr. E.D. Pa. 1987); *Old Republic Nat'l Title Ins. Co. v. Tyler (In re Dameron)*, 155 F.3d 718, 721-23 (4th Cir. 1998) (funds from various lenders held by closing agent in trust for designated third parties not property of debtor's estate). Accordingly, because the Debtors do not have an equitable interest in certain of the Taxes and Fees, the Debtors should be permitted to remit the Taxes and Fees to the Authorities as they become due, irrespective of the chapter 11 filings.

B. Payment of the Taxes and Fees Will Avoid Unnecessary Distractions in the Chapter 11 Cases

17. Any regulatory dispute or delinquency that impacts the Debtors' ability to conduct business in a particular jurisdiction could have a wide-ranging and adverse effect on the Debtors' operations as a whole. Specifically, the Debtors' failure to pay the Taxes and Fees could

adversely affect the Debtors' business operations because, among other things, (a) the Authorities could initiate audits of the Debtors or prevent the Debtors from continuing their businesses, which, even if unsuccessful, would unnecessarily divert the Debtors' attention away from the reorganization process, and (b) the Authorities could attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay, and pursue other remedies that will harm the estate. In many instances, the Authorities may take such actions regardless of the chapter 11 filings. *See, e.g.*, 11 U.S.C. §§ 362(b)(9) (permitting tax audits and assessments) and 362(b)(18) (allowing creation or perfection of liens for property taxes). Accordingly, the Debtors must continue to pay such amounts as they become due to ensure that they remain focused on operating the businesses and implementing a successful restructuring.

C. Certain Taxes and Fees May Constitute Secured or Priority Claims Entitled to Special Treatment Under the Bankruptcy Code

18. Claims for the Taxes and Fees are or may be priority claims entitled to payment before general unsecured creditors. *See* 11 U.S.C. § 507(a)(8). Moreover, to the extent that such amounts are entitled to priority treatment under Bankruptcy Code section 507(a)(8)(B), the governmental units also may attempt to assess interest and penalties. *See* 11 U.S.C. § 507(a)(8)(G) (granting eighth priority status to “a penalty related to a claim of a kind specified in this paragraph and in compensation for actual pecuniary loss”). Thus, the payment of the Taxes and Fees at this time affects only the timing of the payment for the vast majority of the amounts at issue and therefore should not unduly prejudice the rights of other creditors.

D. Payment of the Taxes and Fees is Warranted Under the Doctrine of Necessity and Authorized Under the Bankruptcy Code

19. When authorizing payments of certain prepetition obligations, courts in this jurisdiction and others have relied upon several legal theories rooted in Bankruptcy Code sections 1107(a), 1108, 363(b), and 105(a). For example, courts have authorized payment of prepetition

obligations under Bankruptcy Code section 363(b) where a sound business purpose exists for doing so. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 825 (D. Del. 1999) (“The Supreme Court, the Third Circuit, and the District of Delaware all recognize the court’s power to authorize payment of pre-petition claims when such payment is necessary for the debtor’s survival during chapter 11.”); *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 939 (Bankr. D. Del. 1992) (recognizing that “[i]f payment of a pre-petition claim ‘is essential to the continued operation of [the debtor], payment may be authorize”) (citing *In re Lehigh & N. Eng. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981)); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (finding sound business justification for payment of certain pre-petition claims); *In re Tropical Sportswear Int’l Corp.*, 320 B.R. 15, 20 (Bankr. M.D. Fla. 2005) (holding that “section 363 is a source for authority to make critical vendor payments, and section 105 is used to fill in the blanks”).

20. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, debtors in possession are fiduciaries charged with “act[ing] in the best interest of the estate as a whole, including its creditors, equity interest holders, and other parties in interest.” *LaSalle Nat. Bank v. Perelman*, 82 F. Supp. 279, 292 (D. Del. 2000). These fiduciary duties required “the debtor [to] maximize the value of the assets for payment of unsecured creditors.” *In re High Strength Steel, Inc.*, 269 B.R. 560, 569 (Bankr. D. Del. 2001). Courts have noted that there are instances in which a debtor in possession can fulfill its fiduciary duty “only . . . by the preplan satisfaction of a pre-petition claim.” *In re CoServ*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *see also In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007) (allowing Debtor to continue their respective business). Indeed, the *CoServ* court specifically noted that the preplan satisfaction of prepetition claims would be a valid exercise of the debtor’s fiduciary duty when the payment “is

the only means to effect a substantial enhancement of the estate” *In re Coserv*, 273 B.R. at 497.

21. In addition to the authority granted a debtor in possession under Bankruptcy Code sections 1107(a), 1108, 363(b), and 105(a), courts have developed the “doctrine of necessity” or the “necessity of payment” rule, which originated in the landmark case of *Miltenberger v. Logansport, C. & S.W.R. Co.*, 106 U.S. 286 (1882). Since *Miltenberger*, courts have expanded their application of the doctrine of necessity to cover instances of a debtor’s reorganization. See *Dudley v. Mealey*, 147 F.2d 268, 271 (2d Cir. 1945) (holding, in a hotel reorganization matter, that the court was not “helpless” to apply the rule to supply creditors where the alternative was the cessation of operations). The United States Court of Appeals for the Third Circuit recognized the doctrine in *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981).

22. In *Lehigh*, 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 that a court may authorize payment of pre-petition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”); see also *In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (noting that the necessity of payment doctrine permits “immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid”); *Just for Feet*, 242 B.R. at 824-26 (noting that Debtor may pay pre-petition claims that are essential to continued operation of business); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (same).

23. Today, the rationale for the necessity of payment rule—the rehabilitation of a debtor in reorganization cases—is “the paramount policy and goal of Chapter 11.” *In re*

Ionosphere Clubs, Inc., 98 B.R. at 176; *Just for Feet*, 242 B.R. at 826 (finding that payment of pre-petition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization”); *see also In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“[P]ayment by a debtor-in-possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code,” but “[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.”); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of pre-petition unsecured claims of tool makers as “necessary to avert a serious threat to the Chapter 11 process”); *Burchinal v. Cent. Wash. Bank (In re Adams Apple, Inc.)*, 829 F.2d 1484, 1490 (9th Cir. 1987) (noting that courts have found it appropriate to provide for the “unequal treatment of pre-petition debts when [such treatment is] necessary for rehabilitation”); 2 COLLIER ON BANKRUPTCY ¶ 105.04[4][a] (16th ed. rev. 2011) (discussing cases in which courts have relied upon the doctrine of necessity or the necessity of payment rule to pay pre-petition claims immediately).

24. Here, the Debtors’ payment of the Taxes and Fees is an exercise of their sound business judgment and is necessary to permit a successful reorganization. As discussed above, the Debtors must continue to pay these amounts to continue operating in certain jurisdictions and to avoid costly distractions during these Chapter 11 Cases. Indeed, it is possible that the Authorities would seek to interfere with the Debtors’ businesses if the Taxes and Fees were not paid on a timely basis. Additionally, to the extent that failure to pay taxes would result in the Debtors incurring priority status claims, the relief requested herein merely expedites the

treatment and distribution to the Authorities that would otherwise be made at a later date. *See* 11 U.S.C. § 507(a)(8).

THE REQUIREMENTS OF BANKRUPTCY RULE 6003 ARE SATISFIED

25. In order for a debtor to obtain relief to make payments within 21 days of the petition date, it must establish that making such payments satisfies the requirements mandated by Bankruptcy Rule 6003—namely, the relief requested is necessary to avoid “immediate and irreparable harm.” If a debtor’s prospect of reorganizing is threatened, or swift diminution in value of the debtor’s estate is likely, absent the granting of the requested relief, immediate and irreparable harm likely exists. *See In re WorldSpace, Inc.*, No. 08-12412, 2008 WL 8153639, at *2 (Bankr. D. Del. Oct. 20, 2008) (granting emergency motions for post-petition financing, adequate protection, and modification of the stay where the court found that the relief was necessary to avoid irreparable harm to the Debtor and their estates because such relief was essential for the continued operations of the Debtor’s businesses); *In re New World Pasta Co.*, No. 04-02817, 2004 WL 5651052, at *5 (Bankr. M.D. Pa. July 9, 2004) (same); *see also In re Ames Dep’t Stores, Inc.*, 115 B.R. 34, 36 n.2 (Bankr. S.D.N.Y. 1990) (finding that “immediate and irreparable harm” exists where loss of the business threatens ability to reorganize).

26. Here, immediate and irreparable harm would result if the relief requested herein is not granted. As discussed above, the Authorities may take action—in the form of liens or other relief—that will be detrimental to the Debtors, their estates and their creditors. It is imperative that the Debtors maintain the value of their businesses while the reorganization of such businesses is being completed. Accordingly, the Debtors respectfully submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 for the prepetition amount of Sales and Use Taxes that the Debtors seek authority to pay pursuant to the Interim Order.

WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)

27. Given the nature of the relief requested herein, the Debtors respectfully request a waiver of (i) the notice requirements under Bankruptcy Rule 6004(a) and (ii) the 14-day stay under Bankruptcy Rule 6004(h), to the extent that either rule is applicable.

DEBTORS' RESERVATION OF RIGHTS

28. Nothing contained in this Motion or any actions taken by the Debtors pursuant to relief granted in the Proposed Interim Order and the Proposed Final Order is intended or should be construed as: (a) an admission as to the validity of any particular claim against the Debtors; (b) a waiver of any of the Debtors' 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' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or 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 of any particular claim or a waiver of any Debtors' rights to subsequently dispute such claim.

NOTICE

29. Notice of this Motion will be provided to: (i) the Office of the United States Trustee; (ii) the Subchapter V trustee appointed in these cases (the "Subchapter V Trustee"); (iii) the Internal Revenue Service; (iv) the Securities and Exchange Commission; (v) the Delaware Secretary of State; (vi) the Delaware Secretary of the Treasury; (vii) each of the Debtors'

consolidated twenty (20) largest unsecured creditors; (viii) the Debtors' secured creditors; (ix) the Authorities; and (x) all parties requesting notice pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

CONCLUSION

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (a) enter the Proposed Interim Order substantially in the form annexed hereto as **Exhibit A** granting the relief requested in the Motion and such other and further relief as may be just and proper and (b) schedule a Final Hearing on the Motion as soon as is otherwise practicable thereafter to consider entry of the Final Order substantially in the form annexed hereto as **Exhibit B**.

[Reminder of This Page Intentionally Left Blank]

Dated: April 25, 2024
Wilmington, Delaware

**PASHMAN STEIN WALDER
HAYDEN, P.C.**

/s/ John W. Weiss

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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

Sticky’s Holdings LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10856

Joint Administration Requested

Re. D.I. __

**INTERIM ORDER AUTHORIZING, BUT NOT
DIRECTING, THE DEBTORS TO PAY CERTAIN TAXES**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of an interim (this “Interim Order”) and final order pursuant to Bankruptcy Code sections 363(b), 507(a)(8), and 541(d), and Bankruptcy Rules 6003, 6004(a), and 6004(h): (a) authorizing, but not directing, the Debtors to remit and pay certain Taxes and Fees, regardless of whether they accrued or arose before the Petition Date, in the ordinary course of business, to the extent necessary to prevent immediate and irreparable harm to the Debtors and their estates and (b) scheduling a Final Hearing to the extent that a hearing is necessary, all as further described in the Motion; and the Court having jurisdiction to consider this Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b)(1); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being adequate and appropriate under the

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

particular circumstances; and a hearing having been held to consider the relief requested in the Motion; and upon the First Day Declaration; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; 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 Debtors are authorized, but not directed, to remit and pay to the Authorities up to a total of \$300,000 in Taxes and Fees that accrued before the Petition Date, in a reasonable exercise of the Debtors' business judgment.
3. For the avoidance of doubt, nothing in this Interim Order authorizes the Debtors to pay any amounts on account of past-due taxes.
4. The Debtors are authorized, but not directed, to continue remitting, in their sole discretion, the Taxes and Fees in the ordinary course of business on a post-petition basis.
5. The Debtors are authorized, but not directed, to issue post-petition checks or to affect post-petition fund transfer requests in replacement of any checks or fund transfer requests that are dishonored as a consequence of the Chapter 11 Cases with respect to prepetition amounts authorized to be paid herein.
6. 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 being approved by this Interim Order.

7. 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 of any prepetition claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition 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 prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable law.

8. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

9. Responses or objections to the Motion and entry of a final order with respect to the Motion must: (i) be made in writing; (ii) state with particularity the grounds therefor; (iii) conform to the Bankruptcy Rules and the Local Rules; and (iv) be served upon (a) proposed counsel to the Debtors, Pashman Stein Walder Hayden, P.C., 1007 North Orange Street, 4th Floor, Suite #183, Wilmington, Delaware, 19899-1347, Attn: John W. Weiss (jweiss@pashmanstein.com); Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard C. Solow (rsolow@pashmanstein.com) and Katherine R. Beilin (kbeilin@pashmanstein.com), (b) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801, Attn: Joseph F. Cudia (joseph.cudia@usdoj.gov) and Jonathan W. Lipshie (Jon.Lipshie@usdoj.gov), and (c) the Subchapter V Trustee, [●]. The deadline by which objections to the Motion and the final order

must be filed and received by proposed counsel to the Debtors is _____, 2024 at 4:00 p.m. (Eastern Time). A final hearing, if required, on the Motion will be held on _____, 2024 at ___:___m. (Eastern Time). If no objections are filed to the Motion and entry of this Interim Order on a final basis, the Court may enter a final order without the need for the Final Hearing.

10. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Interim Order is hereby waived, and the terms and conditions of this Interim Order shall be effective and enforceable immediately upon its entry.

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

12. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Date: _____, 2024
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Proposed Final Order

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

In re

Sticky's Holdings LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10856

Joint Administration Requested

Re. D.I. __

**FINAL ORDER AUTHORIZING, BUT NOT
DIRECTING, THE DEBTORS TO PAY CERTAIN TAXES**

Upon the motion (the "Motion")² of the above captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an interim (the "Interim Order") and final order (this "Final Order") pursuant to sections 363(b), 507(a)(8), and 541(d) of the Bankruptcy Code and Bankruptcy Rules 6003, 6004(a), and 6004(h) authorizing, but not directing, the Debtors to remit and pay certain Taxes and Fees, regardless of whether they accrued or arose before the Petition Date in the ordinary course of business, all as more fully set forth in the Motion; and the Court having entered the Interim Order; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b)(1); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being adequate and appropriate under the circumstances; and the Court having held a hearing, if any (the "Final Hearing") to consider the relief requested in the

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number are as follows: Sticky's Holdings LLC (3586); Sticky Fingers LLC (3212); Sticky Fingers II LLC (7125); Sticky Fingers III LLC (3914); Sticky Fingers IV LLC (9412); Sticky Fingers V LLC (1465); Sticky Fingers VI LLC (0578); Sticky's BK 1 LLC (0423); Sticky's NJ 1 LLC (5162); Sticky Fingers VII LLC (1491); Sticky's NJ II LLC (6642); Sticky Fingers IX LLC (5036); Sticky's NJ III LLC (7036); Sticky Fingers VIII LLC (0080); Sticky NJ IV LLC (6341); Sticky's WC 1 LLC (0427); Sticky's Franchise LLC (5232); Sticky's PA GK I LLC (7496); Stickys Corporate LLC (5719); and Sticky's IP LLC (4569). The Debtors' mailing address is 24 E. 23rd Street, New York, NY 10010.

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

Motion; and upon the First Day Declaration, the record of the Final Hearing, and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis as set forth herein.
2. The Debtors are authorized, but not directed, to pay and remit Taxes and Fees to the Authorities in the ordinary course of business and in a reasonable exercise of the Debtors' business judgment, without regard to whether such amounts accrued or arose before or after the Petition Date.
3. For the avoidance of doubt, nothing in this Final Order authorizes the Debtors to pay any amounts on account of past-due taxes.
4. The Debtors are authorized, but not directed, to continue remitting, in their sole discretion, the Taxes and Fees in the ordinary course of business on a post-petition basis.
5. 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 of any prepetition claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition 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 prepetition agreement,

contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable law.

6. 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 being approved by this Final Order.

7. Notice of the Motion as provided therein is deemed good and sufficient, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

8. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Final Order is hereby waived, and the terms and conditions of this Final Order shall be effective and enforceable immediately upon its entry.

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

10. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Final Order.

Date: _____, 2024
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Interim Order

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

In re

Sticky's Holdings LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10856 (JKS)

Joint Administration Requested

Re. D.I. 5

**INTERIM ORDER AUTHORIZING, BUT NOT
DIRECTING, THE DEBTORS TO PAY CERTAIN TAXES**

Upon the motion (the "Motion")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an interim (this "Interim Order") and final order pursuant to Bankruptcy Code sections 363(b), 507(a)(8), and 541(d), and Bankruptcy Rules 6003, 6004(a), and 6004(h): (a) authorizing, but not directing, the Debtors to remit and pay certain Taxes and Fees, regardless of whether they accrued or arose before the Petition Date, in the ordinary course of business, to the extent necessary to prevent immediate and irreparable harm to the Debtors and their estates and (b) scheduling a Final Hearing to the extent that a hearing is necessary, all as further described in the Motion; and the Court having jurisdiction to consider this Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b)(1); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number are as follows: Sticky's Holdings LLC (3586); Sticky Fingers LLC (3212); Sticky Fingers II LLC (7125); Sticky Fingers III LLC (3914); Sticky Fingers IV LLC (9412); Sticky Fingers V LLC (1465); Sticky Fingers VI LLC (0578); Sticky's BK 1 LLC (0423); Sticky's NJ 1 LLC (5162); Sticky Fingers VII LLC (1491); Sticky's NJ II LLC (6642); Sticky Fingers IX LLC (5036); Sticky's NJ III LLC (7036); Sticky Fingers VIII LLC (0080); Sticky NJ IV LLC (6341); Sticky's WC 1 LLC (0427); Sticky's Franchise LLC (5232); Sticky's PA GK I LLC (7496); Stickys Corporate LLC (5719); and Sticky's IP LLC (4569). The Debtors' mailing address is 24 E. 23rd Street, New York, NY 10010.

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

and 1409; and due and proper notice of the Motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Motion; and upon the First Day Declaration; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; 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 Debtors are authorized, but not directed, to remit and pay to the Authorities up to a total of \$300,000 in Taxes and Fees that accrued before the Petition Date, in a reasonable exercise of the Debtors' business judgment.
3. For the avoidance of doubt, nothing in this Interim Order authorizes the Debtors to pay any amounts on account of past-due taxes.
4. The Debtors are authorized, but not directed, to continue remitting, in their sole discretion, the Taxes and Fees in the ordinary course of business on a post-petition basis.
5. The Debtors are authorized, but not directed, to issue post-petition checks or to affect post-petition fund transfer requests in replacement of any checks or fund transfer requests that are dishonored as a consequence of the Chapter 11 Cases with respect to prepetition amounts authorized to be paid herein.
6. 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 being approved by this Interim Order.

7. 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 of any prepetition claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition 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 prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable law.

8. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

9. Responses or objections to the Motion and entry of a final order with respect to the Motion must: (i) be made in writing; (ii) state with particularity the grounds therefor; (iii) conform to the Bankruptcy Rules and the Local Rules; and (iv) be served upon (a) proposed counsel to the Debtors, Pashman Stein Walder Hayden, P.C., 1007 North Orange Street, 4th Floor, Suite #183, Wilmington, Delaware, 19899-1347, Attn: John W. Weiss (jweiss@pashmanstein.com); Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard C. Solow (rsolow@pashmanstein.com) and Katherine R. Beilin (kbeilin@pashmanstein.com), (b) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801, Attn: Joseph F. Cudia (joseph.cudia@usdoj.gov) and Jonathan W. Lipshie (Jon.Lipshie@usdoj.gov), and (c) the

Subchapter V Trustee, Natasha Songonuga, VTrustee LLC, P.O. Box 841, Wilmington, DE 19899 (Nsongonuga@VTrusteelc.com). The deadline by which objections to the Motion and the final order must be filed and received by proposed counsel to the Debtors is May 13, 2024, at 4:00 p.m. (Eastern Time). A final hearing, if required, on the Motion will be held on May 20, 2024, at 1:00 p.m. (Eastern Time). If no objections are filed to the Motion and entry of this Interim Order on a final basis, the Court may enter a final order without the need for the Final Hearing.

10. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Interim Order is hereby waived, and the terms and conditions of this Interim Order shall be effective and enforceable immediately upon its entry.

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

12. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Dated: April 26th, 2024
Wilmington, Delaware


J. KATE STICKLES
UNITED STATES BANKRUPTCY JUDGE