

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

In re:	Chapter 11
Supply Source Enterprises, Inc., <i>et al.</i> , <sup>1</sup>	Case No. 24- 11054 (___)
Debtors.	(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY  
OF INTERIM AND FINAL ORDERS (I) AUTHORIZING  
THE DEBTORS TO (A) HONOR CERTAIN PREPETITION  
OBLIGATIONS TO CUSTOMERS AND (B) OTHERWISE CONTINUE  
CERTAIN CUSTOMER PROGRAMS IN THE ORDINARY COURSE  
OF BUSINESS; (II) AUTHORIZING BANKS TO HONOR PAYMENTS  
ON ACCOUNT OF SUCH CERTAIN PREPETITION OBLIGATIONS RELATED  
TO CUSTOMER PROGRAMS; AND (III) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, 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), (i) authorizing, but not directing, the Debtors, in their sole discretion, to honor certain prepetition and postpetition obligations owed to customers under the Customer Programs (as defined herein) and to otherwise continue, renew, replace, modify, implement, revise, and/or terminate Customer Programs in the ordinary course of business and consistent with past practice, (ii) authorizing and directing applicable banks and financial institutions to honor and process checks and transfers related to such prepetition obligations related to Customer Programs and (iii) granting related relief. In support of this motion (this “Motion”), the Debtors respectfully state as follows:

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<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Supply Source Enterprises, Inc. (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Impact Products, LLC (7450); and The Safety Zone, LLC (4597). The Debtors’ headquarters are located at 385 Long Hill Road, Guilford, Connecticut 06437.



### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the District of Delaware (this “Court”) has jurisdiction over the above-captioned chapter 11 cases (these “Chapter 11 Cases”), the Debtors, property of the Debtors’ estates, and these matters 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. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A).

2. Pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that this Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

3. Venue of these Chapter 11 Cases in this district is proper under 28 U.S.C. §§ 1408 and 1409.

4. The statutory bases for the relief requested herein are sections 105(a) and 363(b) 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”).

### **GENERAL BACKGROUND**

5. On the date hereof (the “Petition Date”), each of the Debtors filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors have also filed a motion requesting joint administration of these Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). The Debtors are operating their business and managing their properties, as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No request for the

appointment of a trustee or examiner has been made, and no official committees have been appointed in these Chapter 11 Cases.

6. The Debtors are leading distributors of branded and private label personal protective equipment and janitorial, safety, hygiene, and sanitation products. The Debtors' key products fall into the categories of gloves, core cleaning, safety, and food service. Working directly with suppliers and vendors in the United States and Asia, the Debtors source, supply, and ship their products to a diverse customer base, including janitorial and sanitation providers, supply distributors, safety products resellers and wholesalers, and food service and food processing distributors and retailers. Additionally, the Debtors offer advanced customization capabilities, hot stamping, pad printing, and silk-screening labeling services for unique design, logo, or packaging specification requested by customers.

7. Additional factual background regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Thomas Studebaker in Support of Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"), which is incorporated herein by reference.<sup>2</sup>

### **RELIEF REQUESTED**

8. The Debtors seek entry of the Proposed Interim Order and the Proposed Final Order (i) authorizing, but not directing, the Debtors, in their sole discretion, to (a) honor certain prepetition and postpetition obligations owed to customers under the Customer Programs (as defined below), (b) otherwise continue, renew, replace, modify, implement, revise, and/or terminate Customer Programs in the ordinary course of business and consistent with past

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

practice; (ii) authorizing and directing applicable banks and financial institutions to honor and process checks and transfers related to such prepetition obligations owed to customers under the Customer Programs; and (iii) granting related relief.

9. The Customer Programs allow the Debtors to meet competitive pressures, ensure customer satisfaction, and generate customer goodwill, thereby enhancing revenue. For the reasons set forth herein, the Debtors submit that the relief requested is in the best interests of the Debtors, their estates, their creditors, and other parties in interest, and should, therefore, be granted.

### **FACTS RELEVANT TO THIS MOTION**

10. In the ordinary course of business, the Debtors maintain (a) a refund program, (b) individualized incentive programs, and (c) highly specialized sale representative teams (each as more fully described below, and collectively, the “Customer Programs”). The Customer Programs are designed to drive sales, meet competitive pressures, build key relationships, and develop and sustain customer loyalty. The viability and success of the Debtors’ business depends on the patronage and loyalty of their customers. The Debtors believe that honoring the Customer Programs, as described herein, is essential to retaining their customer base and maintaining their reputation in the industry, which, in turn, will help effectuate a successful sale process in the these Chapter 11 Cases. Moreover, the Customer Programs generally represent practices that are common in the Debtors’ industry.

#### **A. Refund Program.**

11. As part of the Debtors’ business, the Debtors maintain a refund policy (the “Refund Program”) whereby the Debtors allow their customers to return merchandise purchased from the Debtors. Some, but not all, of the Debtors’ customers participating in the Refund Program execute the Debtors’ standard terms and conditions, which detail the Debtors’ refund

policy.<sup>3</sup> Generally, when operating under the Debtors' terms and conditions, customers may return items that have been purchased in the prior 6 months, with the exception of latex gloves which must be returned within 90 days of ordering. Certain orders such as "Special Orders" and "Full Container Items" are not eligible for return.

12. All returns require a return authorization and no credit will be issued to purchasers without one. All returns are also subject to approval by the Debtors. Unless an item is returned due to an error on the part of the Debtors, customers may be required to pay a 20% restocking fee plus the cost for the return freight. A credit will be issued based on the lower of (a) the price of the time when it was originally purchased and (b) the current replacement cost.

13. Maintaining the Refund Program is critical to maintaining the goodwill of the Debtors' customer base. The Debtors believe that without the Refund Program, current and potential customers may be reluctant to continue or engage in business with the Debtors, which would threaten the Debtors' business as a going concern, to the ultimate detriment of these Chapter 11 Cases. The Debtors estimate that as of the Petition Date accruals on account of the Refund Program could total up to approximately \$300,000, all of which may come due during the first 30 days of these Chapter 11 Cases (the "Interim Period"). The Debtors seek authority, but not direction, to continue honoring their prepetition and postpetition obligations in connection with the Refund Program in a manner consistent with their past practices in the ordinary course of business.

#### **B. Wholesale Programs.**

14. A substantial portion of the Debtors' sales come from wholesale distribution to (a) certain distributors (the "Distributors"), (b) certain buying groups (the "Buying Groups"), and

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<sup>3</sup> For some participants in the Refund Program, the Debtors agree to abide by that certain customers terms and conditions, which may contain a different refund policy than that of the Debtors' contained in their standard terms and conditions.

(c) individual end-users (the “End-Users,” and together with the Distributors and the Buying Groups, the “Wholesale Customers”). The Debtors maintain Customer Programs consistent with those maintained by their competitors, including Rebate Programs, Locked Dollar Programs, and Prompt Pay Discount Programs (each as defined below, and collectively, the “Wholesale Programs”). The Debtors tailor their Customer Programs to each customer on an individual basis and the Debtors relationships with individual customers are generally made up of different forms of the Wholesale Programs. The Debtors seek authority to maintain the Wholesale Programs and honor obligations related thereto in the ordinary course of business, and pay any obligations that arose prior to the Petition Date.

**i. Rebate Programs.**

15. The Debtors grant volume discounts to certain of their Wholesale Customers in the form of rebates (the “Flat Rebate Programs” and the rebates issued thereunder the “Flat Rebates”). The Flat Rebates are generally set at a percentage of the total purchase amount, with exceptions based on the type of item being purchased. For example, a Wholesale Customer may receive Flat Rebates at different rates for gloves as opposed to other items purchased under the same Flat Rebate Program.

16. In addition to the Flat Rebate Programs, the Debtors also provide additional rebates for customers who exceed certain annual growth thresholds to incentivize their Wholesale Customers to increase their order quantities year-over-year (the “Annual Growth Rebate Programs” and together with the Flat Rebate Programs, the “Rebate Programs,” and the rebates issued under the Annual Growth Rebate Programs, the “Annual Growth Rebates” and together with the Flat Rebates, the “Rebates”).

17. The Annual Growth Rebate Programs generally consist of staggered annual growth goals, measured by percentage increases in purchase amounts, that when met, entitle a

Wholesale Customer to an Annual Growth Rebate, calculated as a percentage of all purchases over the course of a given year. The Annual Growth Rebate percentages increase in accordance with staggered annual growth goals.

18. After the Debtors and the applicable Wholesale Customers agree on their applicable Rebate Programs, the Rebates may be issued in two ways depending on the ultimate recipient of the Rebate. Generally, Rebates are issued in the form of credits to Distributors, who the Debtors deal with directly (the “Credit Rebates”), while Rebates are generally issued via check to Buying Groups and End-Users, as the Rebates will ultimately be distributed to individuals the Debtors do not interface directly with, also known as proof of delivery rebates (the “POD Rebates”). In 2023, the Debtors’ obligations under the Rebate Programs totaled approximately \$16 million.

19. The specific terms of each of the Rebate Programs are tailored to each specific Wholesale Customer, often over a period of several years, to meet the industry goals of the Debtors and needs of their Wholesale Customers and incentivize existing customers to increase their annual demand for the Debtors’ products year-over-year. The failure to honor the Rebate Programs could permanently damage the Debtors’ goodwill and strong relationships with their Wholesale Customers—especially those that have been increasing their engagement with the Debtors in the case of Annual Growth Rebate Programs—which may result in a loss of business and the rapid deterioration in the viability of the Debtors as a going concern. Additionally, the Rebate Programs are consistent with industry practice.

20. Accordingly, the Debtors seek authority, but not direction, to continue honoring all of their obligations in connection with the Credit Rebates. Additionally, the Debtors seek authority, but not direction to continue honoring the POD Rebates in the ordinary course on a

postpetition basis and to pay \$1.5 million on account of accrued prepetition POD Rebates, all of which is payable during the Interim Period.

**ii. Locked Dollar Programs.**

21. In addition to the Rebate Programs, the Debtors pay certain of their Wholesale Customers an annual flat incentive fee to encourage continued engagement with the Debtors on a year-to-year basis (the “Locked Dollar Programs”). Payments on account of the Locked Dollar Programs are generally remitted annually, but in certain cases, on a more frequent basis. Like the Rebate Programs, the Locked Dollar Programs are awarded in the form of credits and checks, depending on the Wholesale Customers and their specific relationships to the Debtors.

22. The Locked Dollar Programs are consistent with industry practice as a form of increasing customer engagement and volume. The Debtors estimate that as of the Petition Date accruals on account of the Locked Dollar Programs could total up to approximately \$200,000, all of which may come due in the ordinary course, during the Interim Period. The Debtors seek authority, but not direction, to continue honoring their prepetition and postpetition obligations in connection with the Locked Dollar Programs in a manner consistent with their past practices and in the ordinary course of business.

**iii. Prompt Pay Discount Programs.**

23. The Debtors also provide prompt pay discounts (“Prompt Pay Discounts”) for products purchased by Wholesale Customers (the “Prompt Pay Discount Program”) through which the Debtors offer Wholesale Customers discounts on sale prices if the Wholesale Customers pay the amounts owed by certain deadlines. Like their other Customer Programs, the Prompt Pay Discount Program is implemented through credits or checks depending on the specific Wholesale Customer.



24. Programs similar to the Prompt Pay Discount Program are standard in the Debtors' industry, as this program incentivizes Wholesale Customers to remit payments promptly. The failure to honor the Prompt Pay Discount Program could permanently damage the Debtors' goodwill with the Wholesale Customers, which could result in a decline in the Debtors' business, endangering the sale process contemplated in these Chapter 11 Cases.

25. The Debtors paid approximately \$2.1 million in Prompt Pay Discounts in 2023. As of the Petition Date, the Debtors estimate that accruals on account of the Prompt Pay Discount Program could total up to approximately \$200,000, all of which may come due in the ordinary course, during the Interim Period.

26. Accordingly, the Debtors seek authority, but not direction, to continue honoring their prepetition and postpetition obligations in connection with the Prompt Pay Discount Program in a manner consistent with their past practices and in the ordinary course of business.

**C. Sale Representative Groups.**

27. In order to compete for new customers and maintain volume and sales with existing customers, the Debtors utilize highly specialized outsourced sales and marketing teams to source and maintain customer partnerships with Wholesale Customers (the "Sales Representative Groups") and the fees paid to the Sales Representative Groups, the "Sales Representative Fees"). The Debtors benefit from this service as their products are marketed and exposed to a broad network of customers across the janitorial and sanitation, food service, and cleaning segments. The Debtors pay a monthly fee with potential incentive bonuses to the Sale Representative Groups. The Debtors seek authority to honor the Sales Representative Fees in the ordinary course of business, including with respect to any obligations that arose prior to the

Petition Date in the amount of \$600,000 during the Interim Period and \$700,000 on a final basis on account of all prepetition Sales Representative Fees.<sup>4</sup>

### **BASIS FOR RELIEF**

#### **I. Maintaining and Honoring Customer Programs Is Warranted Under Section 363(b)(1) of the Bankruptcy Code and the Doctrine of Necessity.**

28. The Court may grant the relief requested herein pursuant to sections 363 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(b) of the Bankruptcy Code, a court may authorize a debtor to pay certain prepetition claims if a sound business purpose exists for doing so. *See In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (internal citations omitted) (requiring that debtor show a “sound business purpose” to justify its actions under section 363 of Bankruptcy Code); *see also In re Phoenix Steel Corp.*, 82 B.R. 334, 335-36 (Bankr. D. Del. 1987). Moreover, if “the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (citation omitted); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) (stating that “[o]vercoming the presumptions of the business judgment rule on the merits is a near-Herculean task”).

29. In addition, the Court has the authority, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, to authorize the relief requested herein, because such

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<sup>4</sup> The relief requested herein is not duplicative of, and is not requested in, the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing, but not Directing, the Debtors to (A) Pay Prepetition Wages, Compensation, Employee Benefits, and Other Employee Obligations and (B) Continue Certain Employee Benefit Programs in the Ordinary Course; (II) Authorizing All Banks to Honor Prepetition Checks for Payment of Prepetition Employee Obligations; and (III) Granting Related Relief* filed concurrently herewith.

relief is necessary for the Debtors to carry out their fiduciary duties under section 1107(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code empowers bankruptcy courts to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a); *see In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (applying section 105(a) to justify an order authorizing the payment of certain prepetition wages, salaries, medical benefits, and business expense claims to debtor’s employees). Section 1107(a) of the Bankruptcy Code “contains an implied duty of the debtor-in-possession” to act as a fiduciary to “protect and preserve the estate, including an operating business’ going-concern value,” on behalf of a debtor’s creditors and other parties in interest. *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)); *see also Unofficial Comm. of Equity Holders v. McManigle (In re Penick Pharm., Inc.)*, 227 B.R. 229, 232-33 (Bankr. S.D.N.Y. 1998) (“[U]pon filing its petition, the Debtor became debtor in possession and, through its management . . . was burdened with the duties and responsibilities of a bankruptcy trustee.”). Courts have consistently permitted payment of prepetition obligations where necessary to preserve or enhance the value of a debtor’s estate for the benefit of all creditors. *See, e.g., In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that “if payment of a claim which arose prior to reorganization is essential to the continued operation of the . . . [business] during reorganization, payment may be authorized even if it is made out of [the] corpus”).

30. The Court may also authorize the payment of prepetition claims in appropriate circumstances under section 105(a) of the Bankruptcy Code and the doctrine of necessity, when such payment is essential to the continued operation of a debtor’s business. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 824-25 (D. Del. 1999) (holding that section 105(a) of the Bankruptcy Code provides a statutory basis for payment of prepetition claims under the doctrine

of necessity and noting that “[t]he 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.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (confirming that the doctrine of necessity is standard in the Third Circuit for enabling a court to authorize payment of prepetition claims prior to confirmation of a plan).

31. Accordingly, the Court has authority to authorize the Debtors to continue the Customer Programs and pay prepetition claims arising thereunder (as applicable), pursuant to sections 363(b) and 105(a) of the Bankruptcy Code.

32. Further, the Customer Programs are standard in the Debtors’ industry. They allow the Debtors to meet competitive pressures, ensure customer satisfaction, and generate customer goodwill, thereby enhancing revenue.

33. The Debtors submit that the substantial benefit conferred on the Debtors’ estates by the Customer Programs substantially outweighs the costs associated therewith. Accordingly, the Debtors respectfully request the authority to continue the Customer Programs and honor prepetition commitments related thereto, all in the Debtors’ sole discretion, in the ordinary course of business, and in a manner consistent with past practice. In addition, the Debtors respectfully request authority to continue, replace, implement, modify, and/or terminate one or more of the Customer Programs, in each case, as the Debtors deem appropriate in their business judgment and in the ordinary course of business, without further Court order.

34. The importance of satisfying obligations related to a debtor’s customers has been repeatedly recognized by courts in this District, and such courts have granted relief similar to the relief requested herein. *See, e.g., In re The Rockport Company, LLC*, No. 23-10774 (KBO) (Bankr. D. Del. July 10, 2023) (authorizing the debtors to honor customer-related obligations in

the ordinary course of business and to honor prepetition obligations related to same); *In re Tritek Int'l Inc.*, No. 23-10520 (TMH) (Bankr. D. Del. May 22, 2023) (same); *In re Clarus Therapeutics Holdings, Inc.* No. 22-10845 (MFW) (Bankr. D. Del. Sept. 29, 2022) (same)<sup>5</sup>

## **II. Authorizing and Directing Banks Is Appropriate.**

35. The vast majority of prepetition obligations outstanding related to the Customer Programs do not require the Debtors to actually make payments to their customers, but instead relate to customer credits or price reductions that the Debtors have agreed to honor prepetition. However, out of an abundance of caution, the Debtors also request that the Court authorize and direct the Debtors' banks and other financial institutions (collectively, the "Banks") to receive, process, honor, and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to Customer Programs, regardless of whether the checks were presented or fund transfer requests were submitted before, on, or after the Petition Date, provided that funds are available in the Debtors' accounts to cover the checks and fund transfers, and that the Banks are authorized to rely on the Debtors' designation of any particular check as approved by the Proposed Interim Order and the Proposed Final Order.

36. The Debtors have sufficient liquidity to pay any such amounts in the ordinary course of business and have implemented controls to ensure that any prepetition amounts will not be paid out except as authorized by the Court. The Debtors therefore submit that the payment-processing procedures described in this Motion are appropriate.

### **IMMEDIATE AND UNSTAYED RELIEF IS NECESSARY**

37. The Court may grant the relief requested in this Motion immediately if the "relief is necessary to avoid immediate and irreparable harm." Fed. R. Bank. P. 6003; *In re First NLC*

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<sup>5</sup> Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request.

*Fin. Servs., LLC*, 382 B.R. 547, 549 (Bankr. S.D. Fla. 2008). The Third Circuit has interpreted the language “immediate and irreparable harm” in the context of preliminary injunctions. In that context, the Third Circuit has instructed that irreparable harm is that which “cannot be redressed by a legal or an equitable remedy following a trial.” *Instant Air Freight Co. v. C.F. Air Freight, Inc.*, 882 F.2d 797, 801 (3d Cir. 1989). The Debtors submit that, for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

38. Accordingly, the Debtors request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which 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.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

### **RESERVATION OF RIGHTS**

39. Nothing contained herein is intended or shall be construed as (a) an admission as to the validity of any claim against the Debtors; (b) 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 or rights of setoff asserted against the Debtors; (c) a waiver of any claims or causes of action that may exist against any creditor or interest holder; or (d) 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. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court’s order is not intended to be and

should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

**NOTICE**

40. Notice of this motion will be provided to the following parties or their respective counsel: (a) the Office of the United States Trustee; (b) the holders of the thirty (30) largest unsecured claims against the Debtors on a consolidated basis; (c) the DIP Lender; (d) the Prepetition Secured Parties; (e) the Internal Revenue Service; (f) the United States Attorney's Office for the District of Delaware; (g) the state attorneys general for all states in which the Debtors conduct business; (h) banks and financial institutions where the Debtors maintain accounts; (i) the Wholesale Customers; and (j) any party that has requested notice pursuant to Bankruptcy Rule 2002. As this Motion is seeking "first day" relief, within forty-eight (48) hours of the entry of an order with respect to this Motion, the Debtors will serve copies of this Motion and any order entered with respect to this Motion as required by Local Rule 9013-1(m). The Debtors respectfully submit that, in light of the nature of the relief requested, no further notice is necessary.

*[Remainder of Page Intentionally Left Blank]*

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that this Court enter the Proposed Interim Order and the Proposed Final Order, substantially in the form annexed hereto as **Exhibit A** and **Exhibit B**, respectively, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: May 21, 2024  
Wilmington, Delaware

Respectfully submitted,

/s/ M. Blake Cleary

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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:

Supply Source Enterprises, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24- 11054 (\_\_\_)

(Joint Administration Requested)

Re: Docket No. \_\_

**INTERIM ORDER (I) AUTHORIZING THE  
DEBTORS TO (A) HONOR CERTAIN PREPETITION  
OBLIGATIONS TO CUSTOMERS AND (B) OTHERWISE CONTINUE  
CERTAIN CUSTOMER PROGRAMS IN THE ORDINARY COURSE OF  
BUSINESS; (II) AUTHORIZING BANKS TO HONOR PAYMENTS ON  
ACCOUNT OF SUCH CERTAIN PREPETITION OBLIGATIONS RELATED  
TO CUSTOMER PROGRAMS; AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”), (i) authorizing, but not directing, the Debtors, in their sole discretion, to honor certain prepetition and postpetition obligations owed to customers under the Customer Programs and to otherwise continue, renew, replace, modify, implement, revise and/or terminate Customer Programs in the ordinary course of business and consistent with past practice, (ii) authorizing Banks to honor payments on account of certain prepetition obligations relating to Customer Programs, and (iii) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and this Court having found that

<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Supply Source Enterprises, Inc. (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Impact Products, LLC (7450); and The Safety Zone, LLC (4597). The Debtors’ headquarters are located at 385 Long Hill Road, Guilford, Connecticut 06437.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of these Chapter 11 Cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein and that such relief is in the best interests of the Debtors, their estates, their creditors and all parties in interest; and upon all of the proceedings had before the Court after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The Motion is **GRANTED** on an interim basis as set forth herein.

2. The final hearing (the "Final Hearing") on the Motion shall be held on \_\_\_\_\_, 2024, at \_\_:\_\_ .m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed with the Court, and served so as to be **received** by the following parties, **by no later than 4:00 p.m., prevailing Eastern Time, on \_\_\_\_\_, 2024:** (i) proposed counsel to the Debtors, Potter Anderson & Corroon LLP, 1313 North Market Street, 6<sup>th</sup> Floor, Wilmington, Delaware 19801 (Attn: M. Blake Cleary (bcleary@potteranderson.com), R. Stephen McNeill (rmcneill@potteranderson.com), and Katelin A. Morales (kmorales@potteranderson.com)); (ii) Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 (Attn: Benjamin A. Hackman (benjamin.a.hackman@usdoj.gov) and Malcolm M. Bates (malcolm.m.bates@usdoj.gov)); (iii) counsel for the DIP Lender and the Prepetition Secured Parties, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153

(Attn: Ray C. Schrock, Esq. (ray.schrock@weil.com) and Kevin Bostel, Esq. (kevin.bostel@weil.com)) and (b) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Zachary I. Shapiro, Esq. (shapiro@rlf.com)); and (iv) if any statutory committee has been appointed in these Chapter 11 Cases, counsel to such committee (collectively, the “Notice Parties”).

3. The Debtors are authorized, but not directed, in their sole discretion, to continue the Customer Programs in the ordinary course of business (and consistent with past practice) and without further order of this Court, to honor all prepetition obligations thereunder that come due, including satisfying all obligations therewith, in each case, in the ordinary course of business and in the same manner and on the same basis as if the Debtors performed and honored such obligations prior to the Petition Date.

4. The Debtors are authorized, but not directed to honor prepetition amounts that are due and payable as of the Petition Date, or may become due and payable prior to entry of a final order on the Motion, relating to the Customer programs, including payment to third parties in connection with administering and maintaining the Customer Programs, in an amount not to exceed \$2,800,000.

5. The Debtors are authorized, but not directed, to continue, renew, replace, modify, implement, revise, and/or terminate their Customer Programs as they deem appropriate, in their sole discretion, and in the ordinary course of business and consistent with past practice, without further application to this Court.

6. All Banks shall be and hereby are authorized and directed to receive, process, honor, and pay all checks and fund transfers on account of prepetition obligations to customers on account of Customer Programs that have not been honored and paid as of the Petition Date,

provided that sufficient funds are on deposit in the applicable accounts to cover such payments. The Banks are authorized to rely on the representations of the Debtors as to which checks and fund transfers are authorized to be honored and paid pursuant to this Interim Order.

7. Any party receiving payment from the Debtors is authorized and directed to rely on the representations of the Debtors as to which payments are authorized by this Interim Order.

8. All payments authorized by this Interim Order may be made solely to the extent in compliance with the Approved DIP Budget (as defined in the interim or final order authorizing the Debtors to obtain postpetition senior secured financing and related relief) then in effect.

9. Nothing contained herein is or should be construed as: (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any other 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, (iv) a promise to pay any claim, (v) a concession by the Debtors that any liens (contractual, common law, statutory or otherwise) satisfied pursuant to the Motion are valid (and all rights to contest the extent, validity or perfection or seek avoidance of all such liens are expressly reserved), (vi) an approval, assumption, adoption, or rejection of any agreement, contract, program, policy, or lease between the Debtors and any third party under section 365 of the Bankruptcy Code, (vii) a waiver of the obligation of any party in interest to file a proof of claim, or (viii) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease. Any payment made pursuant to this Interim Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

10. Nothing in the Motion or this Interim Order, nor as a result of any payment, setoff, deduction or issuance of credit, made pursuant to this Interim Order, shall be deemed or construed as a waiver of the right of the Debtors, or shall impair the ability of the Debtors, to contest the validity and amount of any payment, setoff, deduction or issuance of credit, made pursuant to this Interim Order.

11. This Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the interim relief requested is necessary to avoid immediate and irreparable harm.

12. The notice requirement of Bankruptcy Rule 6004(a) is waived.

13. This Interim Order shall be immediately effective and enforceable upon its entry. The fourteen-day stay imposed by Bankruptcy Rule 6004(h) is hereby waived.

14. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order.

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

**Exhibit B**

**Proposed Final Order**

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

In re:

Supply Source Enterprises, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24- 11054 (\_\_\_)

(Joint Administration Requested)

Re: Docket Nos. \_\_\_

**FINAL ORDER (I) AUTHORIZING THE DEBTORS TO  
(A) HONOR CERTAIN PREPETITION OBLIGATIONS TO  
CUSTOMERS AND (B) OTHERWISE CONTINUE CERTAIN  
CUSTOMER PROGRAMS IN THE ORDINARY COURSE OF BUSINESS;  
(II) AUTHORIZING BANKS TO HONOR PAYMENTS ON ACCOUNT  
OF SUCH CERTAIN PREPETITION OBLIGATIONS RELATED TO  
CUSTOMER PROGRAMS; AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Final Order”), (i) authorizing, but not directing, the Debtors, in their sole discretion, to honor certain prepetition and postpetition obligations owed to customers under the Customer Programs (each as defined herein) and to otherwise continue, renew, replace, modify, implement, revise, and/or terminate Customer Programs in the ordinary course of business and consistent with past practice, (ii) authorizing Banks to honor payments on account of prepetition obligations related to Customer Programs, and (iii) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and this Court

<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Supply Source Enterprises, Inc. (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Impact Products, LLC (7450); and The Safety Zone, LLC (4597). The Debtors’ headquarters are located at 385 Long Hill Road, Guilford, Connecticut 06437.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.



having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of these Chapter 11 Cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein and that such relief is in the best interests of the Debtors, their estates, their creditors and all parties in interest; and upon all of the proceedings had before the Court 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. All objections to entry of this Final Order, to the extent not withdrawn or settled, are overruled.
3. The Debtors are authorized, but not directed, in their sole discretion, to continue the Customer Programs in the ordinary course of business (and consistent with past practice) and without further order of this Court, to honor all prepetition obligations thereunder that come due, including satisfying all obligations therewith, in each case, in the ordinary course of business and in the same manner and on the same basis as if the Debtors performed and honored such obligations prior to the Petition Date.
4. The Debtors are authorized, but not directed to honor prepetition amounts relating to the Customer programs, including payment to third parties in connection with administering and maintaining the Customer Programs, in an amount not to exceed \$2,900,000.

5. The Debtors are authorized, but not directed, to continue, renew, replace, modify, implement, revise, and/or terminate their Customer Programs as they deem appropriate, in their sole discretion, and in the ordinary course of business and consistent with past practice, without further application to this Court.

6. All Banks shall be and hereby are authorized and directed to receive, process, honor, and pay all checks and fund transfers on account of prepetition obligations to customers on account of Customer Programs that have not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments. The Banks are authorized to rely on the representations of the Debtors as to which checks and fund transfers are authorized to be honored and paid pursuant to this Final Order.

7. Any party receiving payment from the Debtors is authorized and directed to rely on the representations of the Debtors as to which payments are authorized by this Final Order.

8. All payments authorized by this Final Order may be made solely to the extent in compliance with the Approved DIP Budget (as defined in the interim or final order authorizing the Debtors to obtain postpetition senior secured financing and related relief) then in effect.

9. Nothing contained herein is or should be construed as: (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any other 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, (iv) a promise to pay any claim, (v) a concession by the Debtors that any liens (contractual, common law, statutory or otherwise) satisfied pursuant to the Motion are valid (and all rights to contest the extent, validity or perfection or seek avoidance of all such liens are expressly reserved), (vi) an approval, assumption, adoption, or rejection of any agreement,

contract, program, policy, or lease between the Debtors and any third party under section 365 of the Bankruptcy Code, (vii) a waiver of the obligation of any party in interest to file a proof of claim, or (viii) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease. Any payment made pursuant to this Final Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

10. Nothing in the Motion or this Final Order, nor as a result of any payment, setoff, deduction or issuance of credit, made pursuant to this Final Order, shall be deemed or construed as a waiver of the right of the Debtors, or shall impair the ability of the Debtors, to contest the validity and amount of any payment, setoff, deduction or issuance of credit, made pursuant to this Final Order.

11. Nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by any party.

12. All objections to entry of this Final Order, to the extent not withdrawn or settled, are overruled.

13. This Final Order shall be immediately effective and enforceable upon its entry. The fourteen-day stay imposed by Bankruptcy Rule 6004(h) is hereby waived.

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

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