

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	
)	Chapter 11
)	
VILLAGE ROADSHOW ENTERTAINMENT)	Case No. 25-10475
GROUP USA INC., <i>et al.</i> , ¹)	
)	(Joint Administration Requested)
Debtors.)	
)	

**DEBTORS' MOTION FOR ENTRY OF
INTERIM AND FINAL ORDERS (I) AUTHORIZING THE
DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, OTHER
COMPENSATION, AND REIMBURSABLE EXPENSES AND (B) CONTINUE
EMPLOYEE BENEFITS PROGRAMS; AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the "Debtors"), respectfully represent as follows in support of this motion (this "Motion"): ²

RELIEF REQUESTED

1. By this Motion, the Debtors respectfully request the entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the "Interim Order" and the "Final Order"): (a) authorizing, but not directing, the Debtors to (i) pay prepetition wages, salaries, other compensation, and reimbursable expenses on account of the Employee Compensation and Benefits (as defined below) and (ii) continue to administer the Employee Compensation and Benefits programs in the ordinary course, including payment of certain related prepetition obligations; and (b) granting related relief. In addition, the Debtors

¹ The last four digits of Village Roadshow Entertainment Group USA Inc.'s federal tax identification number are 0343. The mailing address for Village Roadshow Entertainment Group USA Inc. is 750 N. San Vicente Blvd., Suite 800 West, West Hollywood, CA 90069. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors and the last four digits of their federal tax identification is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/vreg>.

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



request that the Court schedule a final hearing within twenty-five days of the commencement of these chapter 11 cases to consider approval of this Motion on a final basis.

JURISDICTION AND VENUE

2. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter 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 matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors confirm their consent, 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”), to the entry of a final order by the Court in connection with this Motion to the extent that it is later 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.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory bases for the relief requested herein are found in sections 105(a), 362(d), 363(b), 507(a), and 541 of Title 11 of the United States Code (the “Bankruptcy Code”), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rules 2002-1 and 9013-1.

BACKGROUND

5. On March 17, 2025 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are managing their properties and operating their businesses as debtors in possession pursuant to sections 1107(a) and

1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no official committees have been appointed or designated.

6. Additional information regarding the Debtors, their business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Keith Maib in Support of First day Relief* filed contemporaneously herewith (the “First Day Declaration”), which is fully incorporated herein by reference.

THE DEBTORS’ WORKFORCE

7. As of the Petition Date, the Debtors employ eleven individuals (collectively, the “Employees”). Of the Employees, five are employed in the United States (the “U.S. Employees”) and six are employed in Australia (the “Australia Employees”). All of the Employees are salaried and employed on a full-time basis. The Employees perform a variety of critical functions, including technical, production, public relations, management, and back office roles. The Employees’ skills, experience, relationships with industry partners, and knowledge of and familiarity with the Debtors’ business and assets are essential to the Debtors’ operations and ability to maximize the value of their estates through these chapter 11 cases. Failure to maintain the continued, uninterrupted services of the Employees could detrimentally affect the stability of the Debtors’ operations and jeopardize the success of these chapter 11 cases.

8. Additionally, the Debtors utilize the services of independent contractors to support IT-related functions (the “Independent IT Contractors” and together with the Employees, the “Workforce”) through a services agreement (the “IT Services Agreement”) with DivergeIT, Inc. (“DivergeIT”), an IT management and support services provider. The Independent IT Contractors are a critical part of the Workforce and their services are important supplements to the efforts of the Employees.

EMPLOYEE COMPENSATION AND BENEFITS PROGRAMS

9. In the ordinary course of business, the Debtors maintain, and incur obligations on account of, a variety of compensation and benefits programs related to their Employees (collectively, the “Employee Compensation and Benefits”). To minimize both disruptions to the Debtors’ operations and the personal hardship that the Employees will suffer if prepetition Employee Compensation and Benefits are not paid when due or as otherwise expected—as well as to maintain Employee morale and a focused workforce during this critical time—the Debtors seek authority, but not direction, to pay and honor certain prepetition claims relating to, or on account of, the Employee Compensation and Benefits. The Debtors’ Employee Compensation and Benefits programs and the estimated outstanding prepetition amounts owed as of the Petition Date on account of each are set forth in the following table:

Employee Compensation and Benefits	Interim Amount	Final Amount³
Employee Compensation		
PEO Services	\$0	\$0
Employee Wages	\$8,600	\$8,600
IT Contractor Fees	\$0	\$0
Withholding Obligations	\$1,250	\$1,250
Reimbursable Expenses	\$0	\$0
Employee Benefits		
Employee Leave Benefits	\$93,000	\$93,000
Health and Welfare Benefits	\$0	\$0
Retirement Savings Plans	\$50	\$50
Australia Employee Termination Pay	\$178,000	\$178,000
Other Voluntary Benefits	\$0	\$0
Total:	\$280,900	\$280,900

³ For the avoidance of doubt, the amounts listed in the “Final Amounts” column are inclusive of the amounts listed in the “Interim Amounts” column.

10. Subject to the Court's approval, the Debtors intend to continue their prepetition Employee Compensation and Benefits in the ordinary course of business. Out of an abundance of caution, the Debtors request confirmation of their right to modify, change, and/or discontinue any of their Employee Compensation and Benefits and/or to implement new programs, policies, and benefits in the Debtors' sole discretion and in the ordinary course of business during these chapter 11 cases (subject in all respects to the terms of the Interim Order and Final Order as applicable), and without the need for further Court approval, subject to applicable law.

11. Each of the Debtors' Employee Compensation and Benefits programs is described in further detail below. For the avoidance of doubt, to the extent the Debtors seek to pay outstanding prepetition amounts on account of the Employee Compensation and Benefits programs in excess of the priority amount of \$15,150 imposed by sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, the Debtors request such relief solely pursuant to the Final Order.

I. Employee Compensation.

A. PEO Services

12. As is common with many similarly situated companies, the Debtors outsource certain responsibilities related to human resources, payroll, and employee benefits to a third-party professional employer organization, also known as a "PEO." Because a PEO provides benefits for numerous employers, it can use the combined size of all employers in the PEO to obtain volume discounts normally reserved for very large employers. This allows smaller employers, such as the Debtors, to provide their employees with better compensation and benefits services than the company would otherwise be able to afford.

13. The Debtors utilize ADP TotalSource, Inc. ("ADPTS") to provide such services for the U.S. Employees and ADP Data Processing Limited ("ADPL" and, together with ADPTS,

“ADP”) to provide such services for the Australia Employees. ADP is responsible for administering the Debtors’ payroll for all Employees, and ADPTS is further responsible for sponsoring and administering certain of the Debtors’ Employee Benefits (as defined below), administering workers’ compensation claims, and performing other related human resources functions for the U.S. Employees (collectively, the “PEO Services”).

14. In its role as payroll processor, ADP efficiently manages the processing and payment of the various obligations described in this Motion by providing services relating to payroll processing, tax computation and withholding, payment preparation, and payroll transfer administration. Specifically, ADP is responsible for ensuring that (i) Employees are paid on time, (ii) appropriate deductions are made, (iii) payroll reporting is accurate, and (iv) appropriate amounts are remitted to the applicable taxing authorities and other payees. Accordingly, the services that ADP provides are critical to the effective operation of the Debtors’ payroll system.

15. In addition to its role as payroll processor, for U.S. Employees, ADPTS also sponsors the Debtors’ various Employee Benefits programs and makes the Employee Benefits available to qualifying Employees. The services ADPTS provides to the Debtors in this capacity include (i) managing Employee enrollment in Employee Benefits via its online portal, (ii) acting as the single employer sponsor of the Debtors’ Employee Benefits plans, and (iii) transferring payments to the Employee Benefits providers as such payments come due.

16. The Debtors pay ADP approximately \$1,350 in administrative fees and other contractual charges per month to provide the PEO Services described herein. The Debtors last made a payment to ADP on account of the PEO Services on or around March 10, 2025, which covered the entire month of March. Accordingly, As of the Petition Date, the Debtors estimate that they do not owe any prepetition amounts to ADP on account of prepetition PEO Services. Out

of an abundance of caution, the Debtors seek authority to pay all outstanding prepetition amounts owing on account of the PEO Services and to continue payment postpetition in the ordinary course of business and consistent with prepetition practices.

B. Employee Wages

17. In the ordinary course of business, the Debtors incur obligations to their Employees for wages, salaries, and related obligations (the “Employee Wages”). The Debtors’ U.S. Employees are paid on a semi-monthly basis and Australia Employees are paid on a monthly basis. On average, the Debtors pay approximately \$188,000 per month on account of Employees’ net salaries.⁴ Rather than paying their Employees directly, the Debtors remit to ADP the applicable amount owed in Employee Wages for each payroll cycle. For U.S. Employees, the Debtors remit payment to ADPTS at least 48 hours in advance of each regularly scheduled payroll date, and for Australia Employees, the Debtors remit payment to ADPL promptly after each payroll cycle is processed. The Debtors last ran a payroll cycle on March 14, 2025.

18. As of the Petition Date, the Debtors estimate that they owe approximately \$8,600 on account of accrued but unpaid Employee Wages, approximately all of which is currently or will become payable within the first twenty-five days of these chapter 11 cases. Accordingly, the Debtors seek authority, but not direction, to pay all outstanding prepetition amounts on account of the Employee Wages and to continue paying the Employee Wages on a postpetition basis in the ordinary course of business and consistent with past practices.

⁴ This figure represents Employees’ net pay and excludes all applicable taxes and deductions withheld from Employees’ gross pay, which are discussed separately below. *See infra* section IV.

C. IT Contractor Fees

19. The Debtors make payments on account of services provided by Independent IT Contractors (the “IT Contractor Fees”) to DivergeIT on a monthly basis pursuant to the terms of the IT Services Agreement. The Debtors’ ability to continue paying the Independent IT Contractor Fees in the ordinary course of business is critical to minimizing any disruptions in the Debtors’ operations postpetition. Over the past year, the Debtors paid approximately \$14,400 per month on account of the IT Contractor Fees. The current term is set to expire at the end of March, 2025, at which time the Debtors’ intend to renew the IT Services Agreement, but with a reduction of the existing user commitment, which will lower the estimated cost on account of the IT Contractor Fees to approximately \$6,600 per month.

20. As of the Petition Date, Debtors estimate that they do not owe any prepetition amounts on account of the IT Contractor Fees. Accordingly, the Debtors seek authority, but not direction, to pay all outstanding prepetition amounts on account of the IT Contractor Fees and to continue paying the IT Contractor Fees on a postpetition basis in the ordinary course of business and consistent with past practices.

D. Withholding Obligations

21. In the ordinary course of business, the Debtors incur obligations on account of Payroll Deductions and Payroll Taxes (each as defined below and collectively, the “Withholding Obligations”). As of the Petition Date, the Debtors believe that they owe approximately \$1,250 on account of Withholding Obligations, approximately all of which is currently or will become payable within the first twenty-five days of these chapter 11 cases. Accordingly, the Debtors request authority, but not direction, to continue to honor their Withholding Obligations and to pay,

or to direct ADP to pay, any prepetition claims with respect thereto in the ordinary course of business and consistent with past practices.

i. Payroll Deductions

22. Each pay period, the Debtors, through ADP, routinely deduct certain amounts from each Employee's gross payroll, including retirement savings plan contributions, health care benefits and insurance premiums, contributions under flexible spending plans, and certain other deductions pursuant to the applicable Employee's enrollments under the Employee Benefits programs discussed herein (collectively, the "Payroll Deductions"). Because ADP administers the Payroll Deductions directly, the Debtors do not incur out-of-pocket obligations on account of the Payroll Deductions in the ordinary course of business. Accordingly, the Debtors estimate that they do not owe any prepetition amounts on account of Payroll Deductions as of the Petition Date.

ii. Payroll Taxes

23. In addition to the Payroll Deductions, applicable laws require the Debtors to withhold amounts from each Employee's gross pay related to federal, state, local, and foreign income taxes, including Social Security and Medicare taxes, for remittance to the appropriate taxing authorities (collectively, the "Withheld Amounts"). ADP collects the Withheld Amounts from the Debtors' gross payroll on the Debtors' behalf. The Debtors must then match, from their own funds, amounts for Social Security and Medicare taxes and additional amounts for federal and state unemployment insurance based on a percentage of gross payroll (collectively, the "Payroll Taxes"). For U.S. Employees, ADP administers and remits all Payroll Taxes to the relevant government authorities. For Australia Employees, the Debtors remit Payroll Taxes directly to the relevant government authorities. In the aggregate, the Payroll Taxes, including both the employee and employer portions, total approximately \$10,000 per month. As of the Petition Date, the

Debtors estimate that they owe approximately \$1,250 on account of accrued Payroll Taxes, approximately all of which is currently or will become payable within the first twenty-five days of these chapter 11 cases.

E. Reimbursable Expenses

24. In the ordinary course of business, the Debtors reimburse Employees or pay credit card invoices on their behalf for ordinary, necessary, and reasonable business expenses incurred in connection with their employment duties (collectively, the “Reimbursable Expenses”). Reimbursable Expenses typically include expenses related to transportation, lodging, meals, and other costs incurred in connection with business travel, miscellaneous office supplies and equipment, business development efforts, and certain other employment-related expenses. Such expenses are incurred with the applicable Employee’s understanding that he or she will be reimbursed by the Debtors in accordance with the Debtors’ reimbursement policies. In order to obtain reimbursement, Employees must submit detailed reports regarding the expenses for which reimbursement is sought, which are then reviewed by management. In all cases, reimbursement is contingent on the Debtors’ determination that the charges are for legitimate, reimbursable business expenses.

25. While some Employees incur Reimbursable Expenses personally on an out-of-pocket basis, certain other Employees incur Reimbursable Expenses on corporate credit cards (the “Corporate Cards”) issued by American Express (“AmEx”). Although the Debtors pay the invoices for the Corporate Cards directly, the accounts are held in the names of certain individual Employees. Therefore, to the extent that the Debtors fail to remit payment to AmEx for valid and legitimate charges, the Employees may be personally liable for the same. These expenses are

ordinary course expenses that the Employees incur in performing their job functions and are subject to the same review and approval process as all other Reimbursable Expenses.

26. It is difficult for the Debtors to determine the exact amount of Reimbursable Expenses outstanding as of the Petition Date due to their irregular nature and because Employees may have expenses that they have yet to submit to the Debtors for reimbursement. The Debtors estimate that, as of the Petition Date, they owe approximately \$1,000 in prepetition Reimbursable Expenses, approximately all of which is currently or will become payable within the first twenty-five days of these chapter 11 cases. Accordingly, the Debtors seek authority, but not direction, to pay all outstanding prepetition amounts on account of the Reimbursable Expenses and to continue paying the Reimbursable Expenses on a postpetition basis in the ordinary course of business and consistent with past practices.

II. Employee Benefits

27. In the ordinary course of business, the Debtors make various benefits programs available to the Employees and their dependents, including Employee Leave Benefits, Health and Welfare Benefits, the Retirement Savings Plans, Australia Employee Termination Pay, and Other Voluntary Benefits (each as defined below and, collectively, the “Employee Benefits”).⁵ By this Motion, the Debtors seek authority to pay any prepetition amounts owed on account of the Employee Benefits and to continue the Employee Benefits on a postpetition basis in the ordinary course and consistent with prepetition practice.

⁵ The descriptions of the Employee Benefits programs contained in this Motion are provided for convenience only and are qualified in all respects by the actual terms of such programs. Nothing contained in this Motion shall have the effect of modifying the terms of the Employee Benefits programs or altering any party’s rights and obligations thereunder.

28. As detailed above, ADPTS serves as the Debtors' benefits administrator for U.S. Employees. Accordingly, each payroll cycle, the Debtors remit to ADPTS the amounts necessary to satisfy obligations related to certain of the Employee Benefits. Thereafter, ADPTS transfers the requisite amounts to the applicable third parties on account of the Employee Benefits. Most of the amounts constituting Employee Benefits obligations are amounts that the Debtors seek authority to transfer to ADPTS or, if already transferred to ADPTS, amounts that ADPTS should be authorized to transfer to the applicable third party recipients.

A. Employee Leave Benefits

29. The Debtors offer Employees certain paid and unpaid leave related benefits (collectively, the "Employee Leave Benefits"), including, among other things, paid time off ("PTO"), the specific terms of which vary for the U.S. Employees and Australia Employees. As of the Petition Date, the Debtors estimate that they owe approximately \$93,000 in prepetition Employee Leave Benefits obligations, approximately all of which is on account of accrued and unused PTO. This amount, however, is not a current cash payment obligation as Employees are only entitled to cash payments for accrued and unused PTO upon the occurrence of specific circumstances. Moreover, the Debtors anticipate that the Employees will utilize any accrued PTO in the ordinary course of business, which will not create any material cash flow burdens beyond the Debtors' normal payroll obligations. Accordingly, the Debtors request authority, but not direction, to continue to honor and pay amounts on account of the Employee Leave Benefits in the ordinary course on a postpetition basis, including making any cash-out payments of accrued PTO with respect to Employees terminated after the Petition Date, subject to any limitations under section 503(c)(2) of the Bankruptcy Code.

i. U.S. Employee Leave Benefits

30. In the ordinary course of business, the Debtors provide PTO to eligible U.S. Employees as a paid leave benefit that may be used for vacations or other personal business. Eligible Employees receive 10 days of PTO per calendar year if they have been employed for 5 years or less, 15 days of PTO per calendar year if they have been employed between 6 and 10 years, and 20 days of PTO per calendar year if they have been employed for more than 10 years. Unused PTO may be carried over to a subsequent benefit year, subject to a cap of 20 days for Employees employed for 5 years or less, 25 days for Employees employed between 6 and 10 years, and 30 days for Employees employed more than 10 years. Each of the U.S. Employees is employed in the State of California, and pursuant to the requirements of California law, the Debtors pay the U.S. Employees their accrued, unused PTO upon termination.

31. In addition to PTO, the Debtors provide eligible U.S. Employees with certain other paid and unpaid Employee Leave Benefits, including: (i) paid holidays throughout the year, during which eligible Employees are not required to work and are paid their base rate of pay; (ii) leave under the Family and Medical Leave Act for birth, adoption, foster care, family care, medical emergencies, military exigencies, and military caregiving needs; and (iii) other leaves of absence for personal reasons or as required by law, including statutory sick leave, bereavement leave, and jury duty. These other forms of Employee Leave Benefits do not involve incremental cash outlays beyond standard payroll obligations.

ii. Australia Employee Leave Benefits

32. As required by Australian law, the Debtors provide eligible Australia Employees with annual paid leave in the form of 20 days of PTO per year (the “Annual Paid Leave”). In addition, as required by Australian law, the Debtors provide eligible Australia Employees with

long-service leave benefits in recognition of extended periods of continuous employment with the Debtors (the “Long-Service Leave”). Australia Employees accrue 13 weeks of Long-Service Leave per 15 years of continuous employment, which begins accruing from the commencement of employment. However, the Australia Employees are not eligible to use accrued Long-Service Leave until they have reached 7 years of continuous employment. Australia Employees may elect to receive payment in lieu of using accrued Annual Leave or Long-Service Leave, though the Debtors may limit the amount or timeframe in which such Employees may cash out their accrued and unused Annual Leave or Long-Service Leave.

B. Health and Welfare Benefits

33. The Debtors offer certain health and welfare benefits programs to eligible Employees, including, for U.S. Employees, the Medical Benefits, the Life Insurance and Disability Benefits, the Employee Assistance Program, and the Workers’ Compensation Program, and for Australia Employees, the Salary Continuation Plan (each as defined below and, collectively, the “Health and Welfare Benefits”). All of the Health and Welfare Benefits for U.S. Employees are sponsored by ADPTS through a variety of carriers.

34. The Debtors’ make payments directly to ADPTS on account of the Health and Welfare Benefits in advance at the beginning of each month. Accordingly, the debtors estimate that they do not owe any prepetition amounts on account of the Health and Welfare Benefits as of the Petition Date. Out of an abundance of caution, the Debtors seek authority to pay all outstanding prepetition amounts owing on account of the Health and Welfare Benefits and to continue payment postpetition in the ordinary course of business and consistent with prepetition practices. The Health and Welfare Benefits and related obligations are detailed further below.

i. Medical Benefits

35. The Debtors, through ADPTS, offer various medical benefit plans through various insurers to U.S. Employees and their families, including the Medical Plans, the Dental Plan, the Vision Plan, the FSA Program, and COBRA (each as defined below and, collectively, the “Medical Benefits”).

36. Medical Plans. Through ADPTS, the Debtors offer U.S. Employees and their families the option to receive medical care and prescription drug insurance coverage by enrolling in either a PPO or HMO plan, both of which are provided by Anthem BlueCross (the “Medical Plans”). The Debtors, through ADPTS, pay a portion of participating U.S. Employees’ premiums under the Medical Plans. The coverage and associated costs under the Medical Plans differ depending on the applicable Employee’s elections, as well as whether the Employee has any covered dependents. On average, the Debtors pay approximately \$5,000 per month to ADPTS on account of the Medical Plans. As of the Petition Date, the Debtors estimate that they do not owe any amounts on account of prepetition obligations under the Medical Plans.

37. Dental Plan. Through ADPTS, the Debtors offer U.S. Employees and their families the option to receive dental insurance coverage by enrolling in a plan offered by Delta Dental Insurance Company (the “Dental Plan”). The Debtors pay a portion of participating Employees’ premiums under the Dental Plan. The coverage and associated costs under the Dental Plan differ depending on the applicable Employee’s elections, as well as whether the Employee has any covered dependents. On average, the Debtors pay approximately \$300 per month to ADPTS on account of the Dental Plan. As of the Petition Date, the Debtors estimate that they do not owe any amounts on account of prepetition obligations under the Dental Plan.

38. Vision Plan. Through ADPTS, the Debtors offer U.S. Employees and their families the option to receive vision insurance coverage by enrolling in a plan offered by VSP Vision Care (the “Vision Plan”). The Debtors pay a portion of participating Employees’ premiums under the Vision Plan. The coverage and associated costs under the Vision Plan differ depending on the applicable Employee’s elections, as well as whether the Employee has any covered dependents. On average, the Debtors pay approximately \$50 per month to ADPTS on account of the Vision Plan. As of the Petition Date, the Debtors estimate that they do not owe any amounts on account of prepetition obligations under the Vision Plan.

39. FSA Program. The Debtors offer the U.S. Employees the option to contribute a portion of their pre-tax compensation to pay for certain health care or dependent care expenses through flexible spending accounts, which are sponsored and administered by ADPTS (the “FSA Program”). The Debtors do not contribute funds to the FSA Program. Rather, pursuant to the FSA Program, eligible Employees contribute pre-tax dollars, which ADP withholds from participants’ pre-tax payroll and are included in the estimated amount of Payroll Deductions, discussed above.

40. COBRA. Pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), employers are obligated to provide employees who have their employment terminated the option to continue health coverage under the employer’s health benefits plans post-termination, at the employee’s cost, for a limited period of time and under certain circumstances. Accordingly, COBRA benefits are provided by the Debtors through ADPTS to exiting U.S. Employees as required by law. As of the Petition Date, the Debtors estimate that they do not have any accrued prepetition obligations under the COBRA program. However, out of an abundance of caution, the Debtors seek authority to pay any outstanding prepetition amounts and any

postpetition obligations relating to COBRA in the ordinary course of business and consistent with prepetition practices.

ii. Life Insurance and Disability Benefits

41. The Debtors, through ADPTS, offer certain types of life insurance, disability, and similar benefit plans to the Employees, in some cases automatically and in others upon an Employee's election (collectively, the "Life Insurance and Disability Benefits").

42. Life and AD&D Insurance Programs. Through ADPTS, the Debtors provide the U.S. Employees with basic life insurance and basic accidental death and dismemberment ("AD&D") coverage equal to 2.5 times annual basic earnings⁶ up to \$750,000 through a plan (the "Basic Life & AD&D Insurance Plan") provided by Metropolitan Life Insurance Company ("MetLife"), at no cost to Employees. The Debtors also provide U.S. Employees with the option to obtain certain forms of supplemental life and AD&D insurance coverage (collectively, the "Supplemental Life and AD&D Insurance Plans"). The policies available to Employees pursuant to the Supplemental Life and AD&D Insurance Plans are entirely elective and funded exclusively by Employee contributions each pay period.

43. The Basic Life and AD&D Insurance Plan and the Supplemental Life and AD&D Insurance Plans are sponsored by ADPTS. The Debtors' costs under the Basic Life and AD&D Insurance Plan are included within the monthly fee charged by ADPTS. Accordingly, the Debtors estimate that they do not owe any prepetition amounts on account of the Basic Life and AD&D Insurance Plan beyond the PEO Services obligations detailed above. However, out of an abundance of caution, the Debtors seek authority to pay any outstanding amounts in the ordinary

⁶ Coverage automatically reduces at ages 65, 70, 75, 80, 85, and 90.

course and continue the Basic Life & AD&D Insurance Plan and the Supplemental Life & AD&D Insurance Plans in the ordinary course of business and consistent with prepetition practices.

44. Disability Plans. Through ADPTS, the Debtors also provide U.S. Employees the option to receive disability insurance by enrolling in a short-term disability plan (the “Short-Term Disability Plan”) and/or a long-term disability plan (the “Long-Term Disability Plan” and, together with the Short-Term Disability Plan, the “Disability Plans”) provided by MetLife. The Debtors pay 100% of the premiums associated with the Disability Plans. Pursuant to the Short-Term Disability Plan, Employees who meet the definition of disabled are eligible to receive a weekly benefit of up to 60% of the first \$1,666.67 of their pre-disability earnings, up to a maximum benefit of \$1,000 per week. Benefits under the Short-Term Disability Plan are provided for up to 26 weeks. Employees who meet the definition of disabled under the Long-Term Disability Plan are eligible to receive a benefit equal to 50% or 60% of their pre-disability earnings, depending on a calculation of actual hours worked prior to disability, up to a maximum benefit of \$1,000 or \$2,500 per week, depending on the plan chosen.

45. The Disability Plans are sponsored by ADPTS. The Debtors’ costs under the Disability Plans are included within the monthly fee charged by ADPTS. Accordingly, the Debtors estimate that they do not owe any prepetition amounts on account of the Disability Plans beyond the PEO Services obligations detailed above. However, out of an abundance of caution, the Debtors seek authority to pay any outstanding amounts in the ordinary course and continue the Disability Plans in the ordinary course of business and consistent with prepetition practices.

iii. Employee Assistance Program

46. The Debtors, through ADPTS, provide the U.S. Employees and their families with access to a work-life employee assistance program (the “Employee Assistance Program”), which

is managed by LifeCare, Inc. (“LifeCare”), an affiliate of ADP. The Employee Assistance Program provides Employees with on-demand guidance and resources to help address and solve emotional and mental health, parenting and child care, senior care, legal, financial, and other everyday issues through consultations, counseling, referrals, and online resources.

47. The Employee Assistance Program is sponsored by ADPTS. The Debtors’ costs under the Employee Assistance Program are included within the monthly fee charged by ADPTS. Accordingly, the Debtors estimate that they do not owe any prepetition amounts on account of the Employee Assistance Program beyond the PEO Services obligations detailed above. However, out of an abundance of caution, the Debtors seek authority to pay any outstanding amounts in the ordinary course and continue the Employee Assistance Program in the ordinary course of business and consistent with prepetition practices.

iv. Workers’ Compensation Program

48. The Debtors maintain coverage for workers’ compensation insurance coverage for the U.S. Employees (the “Workers’ Compensation Program”). The Debtors maintain such coverage primarily through ADPTS (the “ADPTS WC Policy”). The cost of the ADPTS WC Policy is included within the monthly fee charged by ADPTS. The Debtors have no deductible under the ADPTS WC Policy, and there are currently no claims open thereunder. In addition, the Debtors also maintain supplemental coverage through a policy with OBI National Insurance Company (the “OBI WC Policy”). The Debtors pay fixed annual premiums and fees in the amount of approximately \$1,211, regardless of the number of claims asserted through the OBI WC Policy, which amount has been fully paid for the current plan year. The current OBI WC Policy provides coverage through June 30, 2025.

49. The Debtors must continue the claim assessment, determination, adjudication, and payment process pursuant to the Workers' Compensation Program without regard to whether such liabilities arose before the Petition Date to ensure that the Debtors comply with applicable workers' compensation laws and requirements during the pendency of these chapter 11 cases. As of the Petition Date, there are no open claims under the Workers' Compensation Program, and no liquidated claims are due and payable.

50. Because the Debtors are statutorily and/or contractually obligated to maintain the Workers' Compensation Program, their inability to do so may result in adverse legal consequences that materially disrupt the Debtors' restructuring process. As such, the Debtors seek (a) authority to continue and renew the Workers' Compensation Program in the ordinary course of business on a postpetition basis⁷ and (b) a modification of the automatic stay solely to allow U.S. Employees to assert claims under the Workers' Compensation Program. In connection with this relief, the Debtors will continue contesting in good faith, as appropriate in the Debtors' business judgment, disputed claims and amounts related to the Workers' Compensation Program, if any.

v. Salary Continuation Plan

51. The Debtors provide the Australia Employees with salary continuation insurance provided by MetLife (the "Salary Continuation Plan"). The Salary Continuation Plan provides the Australia Employees with coverage for up to 75% of their fixed salary package (including salary, fixed allowances, and superannuation, but excluding any non-case benefits) in the event they are unable to work due to injury or illness. The Debtors pay approximately \$1,100 per month in

⁷ The Debtors' Workers' Compensation Program may change postpetition in the ordinary course of business due to changes in applicable laws and regulations, and the Debtors' ability to meet requirements thereunder. By this Motion, the Debtors also request authority to make any changes to current policy and practices that become necessary, subject to applicable law.

premium costs on account of the Salary Continuation Plan, which amount the Debtors have already paid for the current month. Accordingly, the debtors estimate that they do not owe any prepetition amounts on account of the Salary Continuation Plan. Out of an abundance of caution, the Debtors seek authority to pay all outstanding prepetition amounts owing on account of the Salary Continuation Plan and to continue payment postpetition in the ordinary course of business and consistent with prepetition practices.

C. Retirement Savings Plans

52. The Debtors provide certain eligible Employees with retirement benefits as described below. These retirement benefits are provided through the 401(k) Savings Plan and the Superannuation Plan (each as defined below and, collectively, the “Retirement Savings Plans”) for U.S. Employees and Australia Employees, respectively. As of the Petition Date, the Debtors estimate that they owe approximately \$50 on account of the Retirement Savings Plans.

i. 401(k) Savings Plan

53. The Debtors maintain a defined contribution plan for the benefit of certain U.S. Employees meeting the requirements of section 401(k) of the Internal Revenue Code (the “401(k) Savings Plan”), which is sponsored by ADPTS and managed by Merrill Lynch Pierce, Fenner & Smith Incorporated (“Merrill Lynch”). U.S. Employees that are 18 years of age or older are eligible to enroll in the 401(k) Savings Plan. Each eligible Employee’s contributions to his or her 401(k) Savings Plan is deducted automatically from his or her paycheck by ADPTS each payroll cycle. Historically, the Debtors have offered a matching program pursuant to which they match 50% of the first 6% of each eligible Employee’s salary that the Employee contributes per pay period, up to a maximum annual amount of \$3,000 per Employee (the “401(k) Match”). The Debtors accrue 401(k) Match obligations at various times throughout the year depending on

Employee elections for particular payroll cycles. When 401(k) Match obligations arise, the Debtors' contributions are transferred to ADPTS in advance of the applicable payroll and then from ADPTS to Merrill Lynch.

54. The Debtors contribute approximately \$550 per month through ADPTS on account of the 401(k) Match. As of the Petition Date, the Debtors estimate that they owe approximately \$50 on account of prepetition obligations under the 401(k) Match. Accordingly, the Debtors seek authority to pay all prepetition amounts owed on account of outstanding 401(k) Match obligations and to continue the 401(k) Savings Plan and 401(k) Match on a postpetition basis in the ordinary course and consistent with prepetition practice.

ii. Superannuation Plan

55. The Debtors comply with Australian superannuation legislation, which requires Australia Employees to participate in and contribute to their choice of superannuation plan (the "Superannuation Plan"). Each eligible Employee is responsible for nominating and maintaining their own accounts under the Superannuation Plan. Each payroll cycle, the Debtors, through ADPL, automatically deduct and pay into a nominated superannuation account 11.5%⁸ of each Australia Employee's base salary. The Debtors do not match Australia Employee contributions or have any other out-of-pocket payment obligations under the Superannuation Plan beyond the Withholding Obligations detailed above. The Debtors therefore estimate that, as of the Petition Date, they do not owe any amounts on account of the Superannuation Plan other than amounts already covered by the Withholding Obligations. However, out of an abundance of caution, the Debtors seek authority, but not direction, to pay all outstanding amounts incurred on

⁸ The percent of each Australia Employee's base salary deducted and paid into a nominated superannuation account each payroll cycle is established by Australian superannuation legislation and is subject to change on July 1 of each calendar year. The applicable percentage is currently scheduled to increase to 12% as of July 1, 2025.

account of the Superannuation Plan and continue honoring obligations related thereto in the ordinary course of business postpetition.

D. Australia Employee Termination Pay

56. Pursuant to Australian law, the Australian Employees are statutorily entitled to termination by notice or payment in lieu thereof for the amount of pay that the Employee would have otherwise earned during the notice period (“Payment in Lieu of Notice”). The length of the required notice period varies from one to four weeks depending on the applicable Employee’s length of employment. In addition, pursuant to Australian law, the Australia Employees are also statutorily entitled to a redundancy payment upon termination in certain circumstances (“Redundancy Pay,” and together with Payment in Lieu of Notice, the “Australia Employee Termination Pay”). The amount of required Redundancy Pay varies between four weeks and twelve weeks of the applicable Employee’s base rate of pay depending on such Employee’s length of employment.

57. As of the Petition Date, the Debtors estimate that they owe approximately \$178,000 on account of prepetition Australia Employee Termination Pay obligations. This amount, however, is not a current cash payment obligation as Australia Employees are only entitled to cash payments upon the occurrence of specific circumstances. Accordingly, the Debtors request authority, but not direction, to continue to honor and pay amounts on account of the Australia Employee Termination Pay obligations in the ordinary course on a postpetition basis, including making any cash-out payments with respect to Australia Employees terminated after the Petition Date, subject to any limitations under section 503(c)(2) of the Bankruptcy Code.

E. Other Voluntary Benefits

58. The Debtors, through ADPTS, offer various additional voluntary benefits to the U.S. Employees, including accident insurance, critical illness insurance, and hospital indemnity insurance through MetLife, as well as a pre-tax commuter benefits program used to pay for public transit and qualified parking expenses as part of Employees' daily commute to work (collectively, the "Other Voluntary Benefits"). Enrollment in the Other Voluntary Benefits is fully elective and paid for entirely by enrolled Employees. The Debtors do not make any contributions on behalf of enrolled Employees, nor do the Debtors have any other cash payment obligations with respect to the Other Voluntary Benefits. Accordingly, the Debtors estimate that they do not owe any amounts on account of the Other Voluntary Benefits as of the Petition Date. However, out of an abundance of caution, the Debtors seek authority, but not direction, to pay all outstanding amounts incurred on account of the Other Voluntary Benefits and continue honoring obligations related thereto in the ordinary course of business postpetition.

BASIS FOR RELIEF

I. Sufficient Cause Exists to Authorize the Debtors to Honor the Employee Compensation and Benefits Programs

A. Certain Employee Compensation and Benefits Programs Are Entitled to Priority Treatment

59. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code entitle the majority of the Employee Compensation and Benefits to priority treatment. As priority claims, the Debtors are required to pay these claims in full to confirm a chapter 11 plan. *See* U.S.C. § 1129(a)(9)(B). To the extent that an Employee receives no more than the statutorily prescribed limit of \$15,150 on account of claims entitled to priority, the relief sought by this motion with respect to compensation only affects the timing of payments to Employees and does not have any material negative impact

on recoveries for general unsecured creditors. Indeed, the Debtors submit that payment of the Employee Compensation and Benefits at this time enhances value for the benefit of all stakeholders. Finding, attracting, and training new qualified talent would be extremely difficult and would likely require higher salaries, guaranteed bonuses, and more comprehensive compensation packages than are currently provided to Employees.

B. Payment of Certain Employee Compensation and Benefits Programs Is Required by Law

60. The Debtors seek authority, but not direction, to pay the Withholding Obligations to the appropriate third-party entities. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from the Employees' paychecks. Indeed, certain Withholding Obligations are not property of the Debtors' estates because the Debtors have withheld such amounts from the Employees' paychecks on another party's behalf. *See* 11 U.S.C. §§ 541(b)(1), (d). Furthermore, federal, state, and provincial laws require the Debtors to withhold certain tax payments from the Employees' paychecks and to pay such amounts to the appropriate taxing authority. 26 U.S.C. §§ 6672, 7501(a); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–97 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes); *In re DuCharmes & Co.*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes). Because the Withholding Obligations may not be property of the Debtors' estates, the Debtors request that the Court authorize them to transmit the Withholding Obligations on account of the Employees to the proper parties in the ordinary course of business. *See In re Dameron*, 155 F.3d 718, 721 (4th Cir. 1998). The Debtors therefore request that the Court recognize that the Withholding Obligations are not property of the

Debtors' estates and, regardless of whether the Debtors collected the amounts prior to the Petition Date, authorize the Debtors to transmit such monies to the proper parties in the ordinary course of business.

61. Similarly, state laws require the Debtors to maintain the Workers' Compensation Program. If the Debtors fail to maintain the Workers' Compensation Program, state and provincial laws may prohibit the Debtors from operating in those states and/or provinces. Payment of all Workers' Compensation Program amounts is therefore crucial to the Debtors' continued operations and the success of the Debtors' restructuring. The Debtors therefore request that the Court authorize the Debtors to maintain the Workers' Compensation Program.

II. Payment of the Employee Compensation and Benefits and the Relief Sought Herein Is a Sound Exercise of the Debtors' Business Judgment and Necessary to Preserve the Value of the Estates

62. Section 363 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, courts require only that the debtor "show that a sound business purpose" justifies the proposed use of property. *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999); *see also Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070–71 (2d Cir. 1983) (requiring a "good business reason" to approve a sale pursuant to section 363(b)). Moreover, "[w]here 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); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) ("Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.").

63. Section 105(a) of the Bankruptcy Code further provides that a court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code, pursuant to the “doctrine of necessity.” 11 U.S.C. § 105(a). The “doctrine of necessity” functions in a chapter 11 case as a mechanism by which the bankruptcy court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code and further supports the relief requested herein. *See In re United Am., Inc.*, 327 B.R. 776, 781 (Bankr. E.D. Va. 2005) (acknowledging the doctrine of necessity “is a necessary deviation because otherwise there will be no reorganization and no creditor will have an opportunity to recoup any part of its pre-petition claim”); *In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (“Under [section 105(a)] the court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”); *see also In re Lehigh & New Eng. Ry.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that a court may authorize payment of prepetition claims if such payment is essential to debtor’s continued operation); *see also 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 pre-petition claims” under the doctrine of necessity); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (explaining that the doctrine of necessity is the standard in the Third Circuit for enabling a court to authorize the payment of prepetition claims prior to confirmation of a reorganization plan).

64. Moreover, the doctrine of necessity is designed to foster a debtor’s rehabilitation, which courts have recognized is “the paramount policy and goal of Chapter 11.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y.); *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 prepetition unsecured claims of toolmakers as “necessary to avert a serious threat to the Chapter 11 process”); *Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285–86 (S.D.N.Y. 1987) (approving lower court order authorizing payment of prepetition wages, salaries, expenses, and benefits).

65. Payment of the Employee Compensation and Benefits programs is warranted under this authority and the facts of these chapter 11 cases. Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor obligations for unpaid Employee Compensation and Benefits programs. Additionally, continuing ordinary course benefits will help maintain Employee morale and minimize the adverse effect of the commencement of these chapter 11 cases on the Debtors’ ongoing business operations.

66. Moreover, Employees provide the Debtors with services necessary to conduct the Debtors’ business, and the Debtors believe that absent the payment of the Employee Compensation and Benefits programs owed to the Employees, the Debtors may experience Employee turnover and instability at this critical time in these chapter 11 cases. The Debtors believe that without these payments, the Employees may become demoralized and unproductive because of the potential significant financial strain and other hardships the Employees may face. Such Employees may then elect to seek alternative employment opportunities. The Debtors therefore believe that payment of the prepetition obligations with respect to the Employee Compensation and Benefits Programs is a necessary and critical element of the Debtors’ efforts to preserve value and will give

the Debtors the greatest likelihood of retention of their Employees as the Debtors seek to operate their business in these chapter 11 cases.

67. The Debtors respectfully request that the Court authorize the Debtors to pay and continue the Employee Compensation and Benefits Programs in the ordinary course of business and consistent with past practice.

III. A Limited Waiver of the Automatic Stay for Workers' Compensation Claims Is Appropriate Here

68. Section 362(a) of the Bankruptcy Code operates to stay “the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title” 11 U.S.C. § 362(a)(1).

69. Section 362 of the Bankruptcy Code, however, permits a debtor or other parties in interest to request a modification or termination of the automatic stay for “cause.” *Id.* at § 362(d)(1). Cause exists here to modify the automatic stay to permit the Employees to proceed with workers' compensation claims in the appropriate judicial or administrative forum. Staying the workers' compensation claims could have a detrimental effect on the financial well-being and morale of the Employees.

PROCESSING OF CHECKS AND ELECTRONIC FUND TRANSFERS SHOULD BE AUTHORIZED

70. The Debtors have sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of access to cash on hand and anticipated access to debtor-in-possession financing. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to any authorized payment

in respect of the relief requested herein. Accordingly, the Debtors do not believe that checks or wire transfer requests, other than those relating to authorized payments, will be inadvertently honored. Therefore, the Debtors request authority, but not direction, to authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

THE REQUIREMENTS OF BANKRUPTCY RULE 6003(b) ARE SATISFIED

71. Bankruptcy Rule 6003 empowers a court to grant certain relief within the first twenty-one days after the petition date only “to the extent that relief is necessary to avoid immediate and irreparable harm.” For the reasons discussed above, the Debtors believe an immediate and orderly transition into chapter 11 is critical, and the failure to receive the requested relief during the first twenty-one days of these chapter 11 cases could impact the Debtors’ operations at this important juncture. The requested relief is necessary for the Debtors to operate their businesses in the ordinary course, preserve the ongoing value of their operations, and maximize value of their estates for the benefit of all stakeholders. The Debtors have demonstrated that the requested relief is “necessary to avoid immediate and irreparable harm,” as contemplated by Bankruptcy Rule 6003, and the Court should grant the requested relief.

RESERVATION OF RIGHTS

72. Nothing contained in this Motion or any order granting the relief requested in this Motion, and no action taken by the Debtors pursuant to the relief requested or granted (including any payment made in accordance with any such order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount of, basis for, priority, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors’ or any other party in interest’s rights to dispute any claim on any grounds;

(c) a promise or requirement to pay any particular claim; (d) an implication, admission or finding that any particular claim is an administrative expense claim, other priority claim or otherwise of a type specified or defined in this motion or any order granting the relief requested by this motion; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver or limitation of any claims, causes of action or other rights of the Debtors or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law. 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, priority, or amount of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

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

73. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

NOTICE

74. Debtors will provide notice of this Motion to: (a) the U.S. Trustee; (b) the holders of the 20 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the ABS Trustee; (d) counsel to the DIP Lenders; (e) counsel to Vine Alternative Investments Group, LLC; (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) the Internal Revenue Service; (i) the United States Department of Justice; (j) ADP; (k) the Debtors' cash management banks; and

(l) any party that requests service pursuant to Bankruptcy Rule 2002. As this Motion is seeking “first day” relief, within two business days of the hearing on 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). In light of the nature of the relief requested, no other or further notice need be given.

[Remainder of Page Intentionally Left Blank]

WHEREFORE, the Debtors respectfully request entry of the Interim Order and Final Order, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, (a) granting the relief requested herein, and (b) granting such other relief as the Court deems appropriate under the circumstances.

Dated: March 17, 2025
Wilmington, Delaware

/s/ Joseph M. Mulvihill

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EXHIBIT A

Proposed Interim Order

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

In re:

VILLAGE ROADSHOW ENTERTAINMENT
GROUP USA INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 25-10475
)
) (Jointly Administered)
)
) **Re. Docket No. [●]**
)

**INTERIM ORDER (I) AUTHORIZING THE
DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, OTHER
COMPENSATION, AND REIMBURSABLE EXPENSES AND (B) CONTINUE
EMPLOYEE BENEFITS PROGRAMS; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of an interim order (this “Interim Order”): (a) authorizing, but not directing, the Debtors to (i) pay prepetition wages, salaries, other compensation, and reimbursable expenses on account of the Employee Compensation and Benefits and (ii) continue to administer the Employee Compensation and Benefits programs in the ordinary course, including payment of certain related prepetition obligations; and (b) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter 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; and this Court having found that this is a core proceeding

1 The last four digits of Village Roadshow Entertainment Group USA Inc.'s federal tax identification number are 0343. The mailing address for Village Roadshow Entertainment Group USA Inc. is 750 N. San Vicente Blvd., Suite 800 West, West Hollywood, CA 90069. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors and the last four digits of their federal tax identification is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/vreg>.

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

pursuant to 28 U.S.C. § 157(b)(2); and this Court having found 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 this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; 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 reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; 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. **A final hearing on the relief sought in the Motion shall be held on [●], 2025, at [●], prevailing Eastern Time (the "Final Hearing").** Any objection to the relief sought at the Final Hearing or the proposed Final Order must be filed with the Court on or before 4:00 p.m., prevailing Eastern Time, on [●], 2025, and served on the following parties: (i) the Debtors, Village Roadshow Entertainment Group USA Inc., 750 N. San Vicente Blvd., Suite 800 West, West Hollywood, CA 90069; (ii) proposed co-counsel to the Debtors, (a) Sheppard, Mullin, Richter & Hampton LLP, 321 North Clark Street, 32nd Floor, Chicago, IL 60654, Attn.: Justin R. Bernbrock (jbernbrock@sheppardmullin.com), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801, Attn.: Joseph M. Mulvihill

(jmulvihill@ycst.com); (iii) the U.S. Trustee, J. Caleb Boggs Federal Building, 844 King Street, Room 2207, Wilmington, DE 19801, Attn.: Rosa Sierra-Fox (rosa.sierra-fox@usdoj.gov); (iv) counsel to the DIP Lenders, Morrison Foerster, 250 West 55th Street, New York, NY 10019, Attn.: James Newton (jnewton@mofo.com); (v) counsel to the ABS Trustee, Barnes & Thornburg LLP, One North Wacker Drive Suite 4400, Chicago, IL 60606, Attn.: Aaron Gavant (agavant@btlaw.com); and (vi) counsel to any statutory committee appointed in these chapter 11 cases. If no objections to entry of the Final Order are timely received, the Court may enter the Final Order without need for the Final Hearing.

3. Subject to the provisions of this Interim Order, the Debtors are authorized, but not directed, to: (a) continue, renew, and discontinue the Employee Compensation and Benefits programs in the ordinary course of business during these chapter 11 cases and without the need for further Court approval, subject to applicable law; provided, however, that the Debtors shall seek court approval, upon a motion on notice, of any modification that would implicate any portion of section 503(c) of the Bankruptcy Code; and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits programs in the ordinary course of business, provided however, that (a) no payment to any Employee or Independent IT Contractor on account of prepetition obligations owing shall exceed, in the aggregate, the \$15,150.00 statutory cap provided for under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code; (b) with respect to the Employee Compensation and Benefits programs set forth in the table immediately below, the Debtors shall not pay any prepetition obligations on account of such Employee Compensation and Benefit programs in excess of the applicable amounts set forth therein, unless required by applicable state law; and (c) the Debtors shall not cash out any prepetition obligations on account of PTO unless applicable state law requires such cash-out payment.

4. Notwithstanding anything to the contrary herein, pending entry of the Final Order granting such relief, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, the following prepetition amounts that become due and owing prior to entry of the final order on the Motion:

Employee Compensation and Benefits	Interim Amount	Final Amount³
Employee Compensation		
PEO Services	\$0	\$0
Employee Wages	\$8,600	\$8,600
IT Contractor Fees	\$0	\$0
Withholding Obligations	\$1,250	\$1,250
Reimbursable Expenses	\$0	\$0
Employee Benefits		
Employee Leave Benefits	\$93,000	\$93,000
Health and Welfare Benefits	\$0	\$0
Retirement Savings Plans	\$50	\$50
Australia Employee Termination Pay	\$178,000	\$178,000
Other Voluntary Benefits	\$0	\$0
Total:	\$280,900	\$280,900

5. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course of business. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

³ For the avoidance of doubt, the amounts listed in the "Final Amounts" column are inclusive of the amounts listed in the "Interim Amounts" column.

6. Nothing herein shall be deemed to (1) authorize the payment of any amounts in satisfaction of bonus or severance obligations, or which are subject to section 503(c) of the Bankruptcy Code; or (2) authorize the Debtors to cash out unpaid vacation/leave time except upon termination of an employee, if applicable state law requires such payment. .

7. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of any obligations owed under any Employee Compensation and Benefits program. All parties rights with respect to whether such obligations are administrative priority claims are fully reserved.

8. Notwithstanding anything to the contrary contain in the Motion or this Interim Order, any payment to be made, obligation incurred, or relief or authorization granted hereunder shall not be inconsistent with, and shall be subject to and in compliance with, the requirements imposed on the Debtors under the terms of each interim and final order entered by the Court in respect of *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* (the “DIP Orders”), including compliance with any budget or cash flow forecast in connection therewith and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Orders.

9. 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 amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code, any foreign bankruptcy or insolvency law, or other applicable nonbankruptcy law; (b) a waiver of the

Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any 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, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission to the validity, priority, enforceability, or perfection of any lien on, security interest in, or encumbrance on property of the Debtors' estates; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law. Any payment made pursuant to this Interim Order is not intended and should not be construed as an admission as the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

10. 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 approved by this Interim Order.

11. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

12. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

13. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and such notice satisfies the requirements of the Bankruptcy Rules and Local Rules.

14. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

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

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

EXHIBIT B

Proposed Final Order

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

In re:

VILLAGE ROADSHOW ENTERTAINMENT
GROUP USA INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10475

(Joint Administration Requested)

Re. Docket No. [●]

**FINAL ORDER (I) AUTHORIZING THE
DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, OTHER
COMPENSATION, AND REIMBURSABLE EXPENSES AND (B) CONTINUE
EMPLOYEE BENEFITS PROGRAMS; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of a final order (this “Final Order”): (a) authorizing, but not directing, the Debtors to (i) pay prepetition wages, salaries, other compensation, and reimbursable expenses on account of the Employee Compensation and Benefits and (ii) continue to administer the Employee Compensation and Benefits programs in the ordinary course, including payment of certain related prepetition obligations; and (b) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter 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; and this Court having found that this is a core proceeding pursuant to 28 U.S.C.

¹ The last four digits of Village Roadshow Entertainment Group USA Inc.'s federal tax identification number are 0343. The mailing address for Village Roadshow Entertainment Group USA Inc. is 750 N. San Vicente Blvd., Suite 800 West, West Hollywood, CA 90069. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors and the last four digits of their federal tax identification is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/vreg>.

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

§ 157(b)(2); and this Court having found 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 this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; 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 reviewed the Motion and having heard the statements in support of the relief requested therein at an interim hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; 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: (a) continue, renew, and discontinue the Employee Compensation and Benefits programs in the ordinary course of business during these chapter 11 cases and without the need for further Court approval, subject to applicable law; and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits programs in the ordinary course of business, provided however, that (a) no payment to any Employee or Independent IT Contractor on account of the Employee Compensation and Benefits programs shall exceed, in the aggregate, the \$15,150.00 statutory cap provided for under section 507(a)(4) of the Bankruptcy Code; (b) with respect to the Employee Compensation and Benefits programs set forth in the table immediately below, the Debtors shall

not pay any prepetition obligations on account of such Employee Compensation and Benefit programs in excess of the applicable amounts set forth therein, unless required by applicable state law; and (c) the Debtors shall not cash out any prepetition obligations on account of PTO unless applicable state law requires such cash-out payment.

3. Notwithstanding anything to the contrary herein, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not more than the following prepetition amounts:

Employee Compensation and Benefits	Interim Amount	Final Amount³
Employee Compensation		
PEO Services	\$0	\$0
Employee Wages	\$8,600	\$8,600
IT Contractor Fees	\$0	\$0
Withholding Obligations	\$1,250	\$1,250
Reimbursable Expenses	\$0	\$0
Employee Benefits		
Employee Leave Benefits	\$93,000	\$93,000
Health and Welfare Benefits	\$0	\$0
Retirement Savings Plans	\$50	\$50
Australia Employee Termination Pay	\$178,000	\$178,000
Other Voluntary Benefits	\$0	\$0
Total:	\$280,900	\$280,900

4. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course of business. This

³ For the avoidance of doubt, the amounts listed in the "Final Amounts" column are inclusive of the amounts listed in the "Interim Amounts" column.

modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

5. Nothing in this Order shall be deemed to authorize the payment of any amounts subject to section 503(c) of the Bankruptcy Code.

6. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of any obligations owed under any Employee Compensation and Benefits Program.

7. Notwithstanding anything to the contrary contain in the Motion or this Final Order, any payment to be made, obligation incurred, or relief or authorization granted hereunder shall not be inconsistent with, and shall be subject to and in compliance with, the requirements imposed on the Debtors under the terms of each interim and final order entered by the Court in respect of *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* (the "DIP Orders"), including compliance with any budget or cash flow forecast in connection therewith and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Orders.

8. 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 amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code, any foreign bankruptcy or insolvency law, or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise

or requirement to pay any 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, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission to the validity, priority, enforceability, or perfection of any lien on, security interest in, or encumbrance on property of the Debtors' estates; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law. Any payment made pursuant to this Final Order is not intended and should not be construed as an admission as the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

9. 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 approved by this Final Order.

10. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

11. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and such notice satisfies the requirements of the Bankruptcy Rules and Local Rules.

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

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

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