

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

In re:)	
	)	Chapter 11
CLOVER TECHNOLOGIES GROUP, LLC, <i>et al.</i> , ¹	)	Case No. 19-12680 (___)
)	
Debtors.	)	(Joint Administration Requested)
)	

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

The above-captioned debtors and debtors in possession (collectively, the “Debtors” and together with their non-debtor affiliates, the “Company”) respectfully state as follows in support of this motion:²

Relief Requested

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the “Interim Order” and “Final Order”), authorizing the Debtors to (a) pay all prepetition wages, salaries, other compensation, and Reimbursable Expenses on account of the Employee Compensation and Benefits (each as defined herein), and (b) continue to administer the Employee Compensation and Benefits in the ordinary course of business, including

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Clover Technologies Group, LLC (9236); 4L Holdings Corporation (0292); 4L Technologies Inc. (5035); Clover Ithaca Properties, LLC (9236); Refurb Holdings, LLC (1230); Clover Wireless, LLC (0313); and Valu Tech Outsourcing, LLC (3563). The location of the Debtors’ service address in these chapter 11 cases is: 5850 Granite Parkway, Suite 720, Plano, Texas 75024.

² A detailed description of the Debtors and their business, and the facts and circumstances supporting the Debtors’ chapter 11 cases, are set forth in greater detail in the *Declaration of Andrew Buck, Chief Financial Officer of Clover Wireless, LLC in Support of the Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed substantially contemporaneously with the Debtors’ voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) on December 16, 2019 (the “Petition Date”) and incorporated by reference herein. Capitalized terms used but not otherwise defined in this motion shall have the meanings ascribed to them in the First Day Declaration or in the Plan, as applicable.

payment of prepetition obligations related thereto. In addition, the Debtors request that the Court schedule a final hearing approximately 21 days from the Petition Date.

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. The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and 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 bases for the relief requested herein are sections 105(a), 362(d), 363(b), 507(a), and 541(b)(1) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rules 2002-1 and 9013-1.

Background

5. The Debtors collect and recycle electronic devices and provide aftermarket management services for mobile device carriers, manufacturers, retailers, insurance providers and enterprise businesses. Formed through organic growth and strategic acquisitions, the Debtors and their non-debtor affiliates operate repair centers in North America and abroad and provide services in over 120 countries. The Company’s comprehensive services portfolio includes a full suite of returns management, customized trade-in and buyback programs, and device re-marketing through multiple sales channels, and their repair and reclamation services restore devices to high-quality condition while avoiding waste and maximizing value for their customers.

6. Prior to the Petition Date, the Debtors engaged in extensive discussions with the Consenting Stakeholders. These extensive, good faith, arm's-length discussions culminated in the execution of the Restructuring Support Agreement, which serves as the foundation for the Plan and has the support of the vast majority of the Debtors' funded debt holders. The Plan provides for a comprehensive restructuring of the Debtors' prepetition funded debt obligations, leaves General Unsecured Claims unimpaired, preserves the going-concern value of the Debtors' business, maximizes creditor recoveries, and protects the jobs of the Company's invaluable employees. The transactions contemplated by the Restructuring Support Agreement and Plan will enable the Debtors to substantially deleverage their balance sheet and position their business for stability and success after emergence from chapter 11.

7. On the Petition Date, each of the Debtors filed a voluntary petition for relief under 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(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.

The Debtors' Workforce

8. As of the Petition Date, the Debtors employ approximately 100 employees (the "Employees"), all of whom are full-time Employees. Approximately 33 Employees are compensated on an hourly basis, and approximately 67 are salaried. The Employees include personnel who are intimately familiar with the Debtors' business, processes, and systems, and possess unique skills and experience with the core business segments of the Debtors. Many of these Employees have developed relationships with wholesalers and distributors that are essential to the Debtors' business. Without the continued, uninterrupted services of the Employees, the Debtors' business operations will

be halted and the administration of the estates materially impaired. In addition to the Employees, the Debtors' workforce also includes approximately ten independent contractors (the "Independent Contractors"), who perform necessary accounting, finance, marketing, and sales services for the Debtors.

9. The vast majority of the Employees and Independent Contractors rely on their compensation and benefits to pay their daily living expenses. These workers will be unfairly harmed if the Debtors are not permitted to continue paying compensation and providing health and other benefits during these chapter 11 cases. Consequently, the Debtors respectfully submit that the relief requested herein is necessary and appropriate under the facts and circumstances of these chapter 11 cases.

Employee Compensation and Benefits

10. To minimize the personal hardship the Employees could suffer if prepetition Employee and Independent Contractor-related obligations remain unpaid during the administration of these chapter 11 cases, the Debtors seek authority to: (a) pay and honor certain prepetition claims relating to, among other things, Wage Obligations, Withholding Obligations, Reimbursable Expenses, Health and Welfare Coverage and Benefits, a Workers' Compensation Program and a Workers' Compensation Insurance Policy, the 401(k) Plan and other retiree benefits, Paid Leave Benefits, Severance Obligations, and certain other benefits that the Debtors have provided in the ordinary course (each as defined herein, and collectively, the "Employee Compensation and Benefits"); and (b) pay all costs related to or on account of the Employee Compensation and Benefits.

11. 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 further 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 during these chapter 11 cases (subject

in all respects to the terms of the Interim Order or Final Order, as applicable) and without the need for further Court approval, subject to applicable law.

I. Compensation, Withholding Obligations, Payroll Processing, and Reimbursable Expenses.

A. Wage Obligations.

12. In the ordinary course of business, the Debtors have incurred obligations to their Employees for Unpaid Employee Compensation, Unpaid Independent Contractor Obligations, and Commissions (each as defined below and collectively, the “Wage Obligations”). As of the Petition Date, the Debtors estimate that they owe approximately \$442,000 on account of accrued but unpaid Wage Obligations. The Debtors do not owe Wage Obligations to any individual in excess of the statutory cap of \$13,650 set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue to honor the Wage Obligations and to pay any prepetition claims with respect thereto in the ordinary course of business, subject to the limitations in the Interim Order.

(i). Unpaid Employee Compensation.

13. In the ordinary course of business, the Debtors have incurred obligations to their Employees for wages, overtime, and similar obligations (the “Unpaid Employee Compensation”). Certain Employees may be entitled to Unpaid Employee Compensation due to (a) discrepancies that may exist between the amounts actually paid by the Debtors and the amounts that the Debtors were required to pay and (b) some checks issued to Employees before the Petition Date that may not have been presented for payment, or may not have cleared the Debtors’ banking system and, accordingly, may not have been honored and paid as of the Petition Date. The majority of the Debtors’ payroll is made by direct deposit through electronic transfer of funds to the Employees’ bank accounts or other electronic means.

14. The Debtors pay their Employees on two different bi-weekly calendars, and Unpaid Employee Compensation accrues on either a salaried or hourly basis. As of the Petition Date, the Debtors estimate that they owe approximately \$165,000 on account of accrued but Unpaid Employee Compensation.

(ii). Independent Contractors.

15. In the ordinary course of business, the Debtors have incurred obligations to their Independent Contractors for wages and related obligations (the “Unpaid Independent Contractor Obligations”). The Debtors pay their Independent Contractors on either an hourly, weekly, or monthly basis. The Independent Contractors perform critical finance, accounting, marketing, and sales functions that support the Debtors’ Employees and operations. The Debtors believe the authority to continue paying their Independent Contractors is critical to maintaining and administering their estates.

16. On average, the Debtors spend approximately \$60,000 per month on Unpaid Independent Contractor Obligations. As of the Petition Date, the Debtors estimate that they owe approximately \$89,000 in accrued Unpaid Independent Contractor Obligations.

(iii). Unpaid Commissions.

17. The Debtors pay sales-based commissions to approximately fifteen Employees. These Employees market the Debtors’ products and services and generally receive commission payments on a monthly basis in varying percentages based on the sales tied to their individual efforts (the “Commissions”). The Commissions are an important part of many such Employees’ overall compensation packages and motivate the Employees to maintain customer goodwill. Many of the Employees rely on the Commissions for their daily living expenses such that the failure to pay such Commissions would impose undue hardship. On average, the Debtors spend approximately \$46,000 per month on Commissions. As of the Petition Date, the Debtors owe approximately \$188,000 in accrued but unpaid Commissions.

B. Withholding Obligations.

18. 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”). During the 2019 calendar year, the Debtors accumulated a monthly average of approximately \$637,000 on account of the Withholding Obligations. As of the Petition Date, the Debtors owe approximately \$388,000 on account of Withholding Obligations. The Debtors respectfully request that the Court authorize the Debtors to continue to honor their Withholding Obligations and to pay any prepetition claims with respect thereto in the ordinary course of business, subject to the limitations in the Interim Order.

(i). Payroll Deductions.

19. During each applicable payroll period, the Debtors routinely deduct certain amounts from Employees’ paychecks, including garnishments, child support, and similar deductions, as well as other pre-tax and after-tax deductions payable pursuant to certain employee benefit plans discussed herein, such as an Employee’s share of healthcare benefits and insurance premiums, 401(k) contributions, legally ordered deductions, and miscellaneous deductions (collectively, the “Payroll Deductions”), and forward the Payroll Deductions to various third-party recipients. The Debtors retain only those Payroll Deductions related to the Employees’ share of health care benefits and insurance premiums. As of the Petition Date, the Debtors estimate that they owe approximately \$57,000 on account of the Payroll Deductions.

(ii). Payroll Taxes.

20. In addition to the Payroll Deductions, certain federal and state laws require that the Debtors withhold amounts from Employees’ gross pay related to federal, state, and local income taxes, as well as Social Security and Medicare taxes for remittance to the appropriate federal, state, or local taxing authorities (the “Employee Payroll Taxes”). The Debtors must then match the Employee Payroll Taxes from their own funds and pay, based on a percentage of gross payroll, additional amounts

for federal and state unemployment insurance and Social Security and Medicare taxes (the “Employer Payroll Taxes” and, together with the Employee Payroll Taxes, the “Payroll Taxes”). The Payroll Taxes are generally processed and forwarded to the appropriate federal, state, and local taxing authorities in accordance with remittance intervals and deadlines established by those taxing authorities. As of the Petition Date, the Debtors estimate that they owe approximately \$331,000 on account of the Payroll Taxes.

B. Payroll Processing.

21. Certain Withholding Obligations for the Debtors’ Employees are processed and administered by Paycom Software, Inc. During the 2019 calendar year, the Debtors have incurred a monthly average of approximately \$3,000 on account of these payroll processing and application hosting services. Additionally, as of the Petition Date, the Debtors estimate they owe approximately \$2,000 on account of prepetition payroll processing services (the “Unpaid Payroll Processing Fees”). Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue to honor their Unpaid Payroll Processing Fees and to pay any prepetition claims with respect thereto in the ordinary course of business, subject to the limitations in the Interim Order.

C. Reimbursable Expenses.

22. Prior to the Petition Date and in the ordinary course of business, the Debtors reimbursed certain Employees for approved expenses incurred on behalf of the Debtors in the scope of their employment (the “Reimbursable Expenses”). Reimbursable Expenses include, among other expenses, travel-related expenses such as air travel, meal allowances, car mileage allowances, and business-related entertainment expenses. Employees who pay for their own Reimbursable Expenses up front apply for reimbursement of such expenses by submitting an expense report to the Debtors. Once they have determined that the charges are for allowable reimbursable business expenses, the Debtors have typically reimbursed such Employees for any such expenses.

23. In certain cases, however, Reimbursable Expenses are processed through a system based on use of the Debtors' corporate cards, which are provided by PNC Bank (the "Corporate Cards"). Under the Corporate Cards, Reimbursable Expenses that would otherwise be paid upfront by Employees and then reimbursed by the Debtors are instead charged directly to the Debtors' Corporate Card. As of the Petition Date, the Debtors have issued 51 Corporate Cards to their Employees.³

24. The Debtors' inability to reimburse the Reimbursable Expenses could impose a hardship on the Employees where such individuals incurred obligations for the Debtors' benefit. Employees incurred the Reimbursable Expenses as business expenses on the Debtors' behalf and with the understanding that such expenses would be reimbursed.

25. During the 2019 calendar year, the Debtors have incurred a monthly average of approximately \$140,000 on account of the Reimbursable Expenses. Additionally, as of the Petition Date, the Debtors estimate that they owe approximately \$320,000 on account of Reimbursable Expenses.⁴ The Debtors will not seek to pay any outstanding Reimbursable Expenses or fees related thereto in advance of the date they come due. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue to honor their Reimbursable Expenses and to pay any prepetition claims with respect thereto in the ordinary course of business, subject to the limitations in the Interim Order.

II. Health and Welfare Coverage and Benefits.

26. The Debtors have offered their Employees the ability to participate in a number of health, insurance and benefits programs, including, among other programs, medical, health

³ For more information regarding the payment of the Corporate Cards, please reference the *Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to (I) Continue To Operate Their Cash Management System, (II) Maintain Existing Business Forms, and (III) Perform Intercompany Transactions* filed contemporaneously herewith and incorporated here by reference.

⁴ In light of travel and diligence associated with the Debtors' recent transactions, certain Employees' travel has increased, thus increasing the Reimbursable Expenses due as of the Petition Date.

management, prescription, supplemental medical, well-being, dental, and vision coverage plans, life and accident insurance, disability insurance, savings and spending account programs, and other employee benefit plans (collectively, the “Health and Welfare Coverage and Benefits”). The Health and Welfare Benefits are, in each case, available to Employees depending on factors including their level with the company and their length of service (the “Eligible Employees”).

27. The Debtors’ Health and Welfare Coverage and Benefits include:

- (a). **Medical and Prescription Coverage:** The Debtors provide a self-funded program in conjunction with carrier, BlueCross BlueShield of Illinois (“BCBS”). Employees have the option to opt out of medical coverage if they are covered by a family member’s insurance plan. In addition to the BCBS plan, the Employees can also choose from among several high-deductible health plans with a Health Savings Account, or alternatively, a Flexible Spending Account contribution is offered. On average, the Debtors cover 64 percent of the cost of premiums, while the Employees cover the remaining 36 percent. Spouses, children and some grandchildren are eligible dependents. Some Represented Employees also have a Preferred Provider Organization plan to choose from (collectively with the other forms of coverage described in this paragraph, the “Medical and Prescription Coverage”). Approximately 80 percent of Employees enroll in Medical and Prescription Coverage. The annual cost of the Medical and Prescription Coverage is approximately \$797,000. As of the Petition Date, the Debtors estimate they owe approximately \$33,000 on account of incurred but yet unpaid Medical and Prescription claims and administrative fees.
- (b). **Life Insurance Coverage:** The Debtors provide basic life insurance (at an amount calculated based on 50 percent of the Employee’s salary), basic accidental death and dismemberment insurance (at an amount calculated based on 50 percent of the Employee’s salary), long- and short-term disability insurance to all active Employees who are working 30 or more hours per week and who have satisfied the new hire waiting period, as well as supplemental, spouse, and child life products offered on a voluntary, Employee-paid basis (“Life Insurance Coverage”), administered by The Guardian Life Insurance Company of America (“Guardian”). The average annual cost of the Life Insurance Coverage is approximately \$78,000 excluding voluntary products. As of the Petition Date, the Debtors

estimate they owe approximately \$4,000 on account of unpaid Life Insurance Coverage.

- (c). **Dental and Vision Insurance Coverage:** The Debtors provide a dental and vision fully insured plan provided by Guardian (“Dental and Vision Insurance Coverage”). 54 percent of the dental premium is employer-paid and none of the vision premium is employer-paid. The average annual cost of the Dental and Vision Insurance Coverage is approximately \$51,000. As of the Petition Date, the Debtors estimate they owe approximately \$3,000 on account of unpaid Dental and Vision Insurance Coverage.
- (d). **Other Coverage:** Other voluntary, Employee-paid benefits are offered administered by Guardian, such as critical illness.

28. During the 2019 calendar year, the Debtors have incurred a monthly average of approximately \$77,000 on account of the Health and Welfare Coverage and Benefits. Additionally, as of the Petition Date, the Debtors estimate they owe approximately \$40,000 on account of unpaid Health and Welfare Coverage and Benefits. As described above, failure to continue the Health and Welfare Coverage and Benefits could cause Employees to experience severe hardship and make it difficult to retain the workforce. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue to honor their Health and Welfare Coverage and Benefits and to pay any prepetition claims with respect thereto in the ordinary course of business, subject to the limitations in the Interim Order.

III. Workers’ Compensation and Other Insurance Programs.⁵

A. Workers’ Compensation.

29. The Debtors maintain workers’ compensation insurance for their Employees at the statutorily required level for each state in which they have Employees (collectively, and as described

⁵ In addition to the Workers’ Compensation Insurance Policy described herein, the Debtors maintain numerous insurance policies. These policies are described, and relief is requested with respect to such policies, in the *Debtors’ Motion for Entry of Interim and Final Orders Authorizing the Debtors to (I) Pay their Obligations under Prepetition Insurance Policies, (II) Continue to Pay Certain Brokerage Fees, (III) Renew, Supplement, Modify,*

herein, the “Workers’ Compensation Program”). The Debtors maintain a workers’ compensation policy with a stop-loss insurance policy with Pennsylvania Manufacturers’ Association Insurance Company and its affiliates as part of the Workers’ Compensation Program (the “Workers’ Compensation Insurance Policy”).

30. The Debtors must continue claim assessment, determination, adjudication, and payment pursuant to the Workers’ Compensation Program, without regard to whether such liabilities are outstanding before the Petition Date, to ensure that the Debtors comply with applicable workers’ compensation laws and requirements. There are currently no active open claims under the Workers’ Compensation Program. As of the Petition Date, the Debtors do not believe they owe any outstanding amounts on account of the Workers’ Compensation Program. Nevertheless, the Debtors respectfully request that the Court authorize the Debtors to honor amounts if and as they come due on account of the Workers’ Compensation Program in the ordinary course of business, subject to the limitations in the Interim Order.⁶

IV. The 401(k) Plan.

31. As of the Petition Date, the Debtors maintain a retirement savings plan for the benefit of their Employees that satisfies the requirements of section 401(k) of the Internal Revenue Code (the “401(k) Plan”). The 401(k) Plan is administered by Principal Financial Services, Inc. and allows for automatic pre-tax salary deductions of eligible compensation up to the limits set forth by the Internal Revenue Code.

or Purchase Insurance Coverage, and (IV) Enter Into New Financing Agreements in the Ordinary Course of Business filed contemporaneously herewith and incorporated herein by reference.

⁶ The Debtors’ Workers’ Compensation Program may change postpetition in the ordinary course due to changes in applicable laws and regulations and the Debtors’ ability to meet requirements thereunder. By this motion, the Debtors request authority to continue the Workers’ Compensation Program postpetition, including making any changes to their current policy and practices that become necessary.

32. The Debtors also match Employees' 401(k) contributions \$0.50 on the dollar up to six percent of eligible pay (the "401(k) Matching Contributions"). The 401(k) Matching Contributions are made on an annual basis following the end of the calendar year.

33. During the 2019 calendar year, the Debtors incurred approximately \$240,000 on account of the 401(k) Matching Contributions. As of the Petition Date, the Debtors estimate that they owe approximately \$37,000 on account of the 401(k) Matching Contributions, which includes the amounts accrued during the 2019 calendar year. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue to honor their 401(k) Matching Contributions and to pay any prepetition claims with respect thereto in the ordinary course of business, subject to the limitations in the Interim Order.

V. Paid Leave Benefits.

34. The Debtors have, in the past, provided paid time off to certain eligible Employees as a benefit (the "Paid Leave Benefits"). The Debtors' Paid Leave Benefits program combines vacation, sick, parental leave, and personal days. When an Employee elects to use Paid Leave Benefits, that Employee is paid his or her regular hourly or salaried rate. In the case of Paid Leave Benefits related to vacation time, an Employee is only entitled to a prorated cash payment for unused Paid Leave Benefits in the event that such Employee is terminated from the Debtors' employment.

35. As of the Petition Date, the Debtors have \$362,000 on account of accrued but unpaid Paid Leave Benefits. However, the Debtors do not expect that any amount of Paid Leave Benefits will become due and owing during their chapter 11 cases. Nevertheless, the Debtors respectfully request that the Court authorize the Debtors to continue to pay amounts on account of Paid Leave Benefits if and when they come due in the ordinary course of business, subject to the limitations in the Interim Order.

VI. Additional Benefit Programs.

36. In addition to the foregoing, the Debtors offer the Employees the opportunity to participate in a range of general, ancillary benefits, such as an employee assistance program, which offers confidential access to counseling, programs, and services funded by the Debtors needed to balance work and home life (the “Additional Benefit Programs”). The aggregate cost of the Additional Benefit Programs is *de minimis*. Nevertheless, the Debtors respectfully request that the Court authorize the Debtors to continue to honor any amounts that come due on account of the Additional Benefit Programs in the ordinary course of business, subject to the limitations in the Interim Order.

VII. Non-Insider Severance Obligations.

37. The Debtors maintain several severance programs for non-insider Employees (the “Severance Obligations”). Employees are owed anywhere from 10 to 260 days of base salary as severance depending on their location, seniority, and job description. In 2019, the Debtors incurred approximately \$390,000 on account of the Severance Obligations. As of the Petition Date, the Debtors estimate that they owe approximately \$29,000 on account of unpaid Severance Obligations.

38. The Debtors seek authority to continue honoring their Severance Obligations only with respect to Employees who are not “insiders” as that term is defined in 11 U.S.C. § 101(31). To the extent the Debtors wish to award bonuses to insiders, such relief will be sought pursuant to a separate motion and order as needed. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue to honor their Severance Obligations and to pay any prepetition claims with respect thereto in the ordinary course of business, subject to the limitations in the Interim Order.

VIII. Non-Insider Bonus Programs.

39. In the ordinary course of business, to encourage and reward outstanding performance, the Debtors offer various bonus programs to certain non-insider Employees. The Debtors believe such programs are necessary to properly motivate the Employees to outperform, which will maximize value

for all stakeholders. As of the Petition Date, the Debtors believe that no prepetition amounts are outstanding and due under the bonus program.

40. The Debtors seek authority to continue honoring any obligations under the non-insider bonus programs only with respect to Employees who are not “insiders” as that term is defined in 11 U.S.C. § 101(31). To the extent the Debtors wish to award bonuses to insiders, such relief will be sought pursuant to separate motion and order, as needed. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue to honor their bonus program and to pay any prepetition or postpetition claims with respect thereto, in each case, in the ordinary course of business on a postpetition basis.

Basis for Relief

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

A. Certain of the Employee Compensation and Benefits Are Entitled To Priority Treatment.

41. 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) (requiring payment of certain allowed unsecured claims, given priority under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, for (a) wages, salaries or commissions, including vacation, severance, and sick leave pay earned by an individual and (b) contributions to an employee benefit plan). To the extent that an Employee receives no more than \$13,650 on account of claims entitled to priority, the relief sought 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. To the extent an Employee receives more than \$13,650 on account of certain Employee Compensation and Benefits, the Debtors submit that satisfaction of their full obligations is warranted under section 363(b)(1) of the Bankruptcy Code and the doctrine of necessity.

42. Indeed, the Debtors submit that payment of the Employee Compensation and Benefits at this time enhances value for the benefit of all interested parties. Finding, attracting, and training new qualified talent would be extremely difficult and would most likely require higher salaries, guaranteed bonuses, and more comprehensive compensation packages than are currently provided to Employees. Further, as a prepackaged chapter 11 case, non-payment of the Employee Compensation and Benefits would be a needless and relatively costly distraction.

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

43. As discussed above, the Debtors seek authority to pay the Withholding Obligations to the appropriate third-party payees. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from Employees' wages. Indeed, certain Withholding Obligations are not property of the Debtors' estates because the Debtors have withheld such amounts from Employees' wages on another party's behalf. *See* 11 U.S.C. §§ 541(b)(1), (d). Further, federal and state laws require the Debtors to withhold certain tax payments from Employees' wages 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 authorization to transmit the Withholding Obligations to the proper parties in the ordinary course of business. *See In re Dameron*, 155 F.3d 718, 721 (4th Cir. 1998).

44. Similarly, state laws require the Debtors to maintain the Workers' Compensation Program. If the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit

the Debtors from operating in those states. Payment of all obligations related to the Workers' Compensation Program is therefore crucial to the Debtors' continued operations and the success of these chapter 11 cases.

45. The Debtors, therefore, respectfully 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.

II. Payment of the Employee Compensation and Benefits Is Warranted Under Section 363(b)(1) of the Bankruptcy Code and the Doctrine of Necessity.

46. Courts generally acknowledge that it is appropriate to authorize the payment (or other special treatment) of prepetition obligations in appropriate circumstances. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 825–26 (D. Del. 1999); *see also In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *In re Ionosphere Clubs, Inc.*, 98 B.R. 175 (Bankr. S.D.N.Y. 1989) (granting authority to pay prepetition wages); *see also Armstrong World Indus., Inc. v. James A. Phillips, Inc., (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983) (granting authority to pay prepetition claims of suppliers who were potential lien claimants). In authorizing payments of certain prepetition obligations, courts have relied on several legal theories, rooted in sections 1107(a), 1108, 363(b), 507, and 105(a) of the Bankruptcy Code.

47. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, debtors in possession are fiduciaries “holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” *In re CoServ*, 273 B.R. at 497. Implicit in the fiduciary duties of any debtor in possession is the obligation to “protect and preserve the estate, including an operating business’s going-concern value.” *Id.* Some courts have noted that there are instances in which a debtor can fulfill this fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.* The *CoServ* court specifically noted that satisfaction of prepetition claims

would be a valid exercise of the debtor's fiduciary duty when the payment "is the only means to effect a substantial enhancement of the estate." *Id.*

48. Consistent with a debtor's fiduciary duties, courts have also authorized payment of prepetition obligations under section 363(b) of the Bankruptcy Code where a sound business purpose exists for doing so. *See, e.g., In re Ionosphere Clubs*, 98 B.R. at 175 (discussing prior order authorizing payment of prepetition wage claims pursuant to section 363(b) and noting that relief is appropriate where payment is needed to "preserve and protect its business and ultimately reorganize, retain its currently working employees and maintain positive employee morale."); *see also Armstrong*, 29 B.R. at 397 (relying on section 363 to allow contractor to pay prepetition claims of suppliers who were potential lien claimants because the payments were necessary for general contractors to release funds owed to debtors). Specifically, the business judgment standard requires that a debtor "articulate some business justification, other than mere appeasement of major creditors." *In re Ionosphere Clubs*, 98 B.R. at 175.

49. In addition, courts may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) codifies the Court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." Under section 105(a), courts may authorize pre-plan payments of prepetition obligations when essential to the continued operation of a debtor's businesses. *See Just for Feet*, 242 B.R. at 825–26. Specifically, the Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations pursuant to the "necessity of payment" rule (also referred to as the "doctrine of necessity"). *See In re Ionosphere Clubs*, 98 B.R. at 176; *In re Lehigh & New England Railway Co.*, 657 F.2d 570 (3d Cir. 1981) (stating that courts may authorize payment of prepetition claims when there "is the possibility that the creditor will employ an immediate economic sanction, failing such payment"); *see also In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (noting that, in the Third Circuit, debtors may pay

prepetition claims that are essential to the continued operation of the business). A bankruptcy court's use of its equitable powers to "authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept." *Ionosphere Clubs*, 98 B.R. at 175–76 (citing *Miltenberger v. Logansport, C. & S.W. Ry. Co.*, 106 U.S. 286 (1882)).

50. These standards are satisfied here. The Debtors submit that the payment of the Employee Compensation and Benefits represents a sound exercise of the Debtors' business judgment and is necessary to avoid immediate and irreparable harm to the Debtors' estates, and is therefore justified under sections 105(a) and 363(b) of the Bankruptcy Code. Paying prepetition wages, employee benefits, and similar obligations will benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption. Indeed, the Debtors believe that without the relief requested herein, Employees may seek alternative employment opportunities, perhaps with the Debtors' competitors. Such a development would deplete the Debtors' workforce, thereby hindering the Debtors' ability to operate their business and, likely, diminishing stakeholder confidence in the Debtors' ability to successfully reorganize. The loss of valuable Employees and the resulting need to recruit new personnel (and the costs attendant thereto) would be distracting at this crucial time when the Debtors need to focus on stabilizing their business operations. Accordingly, the Debtors must do their utmost to retain their workforce by, among other things, continuing to honor all wage, benefits, and related obligations, including the prepetition Employee Compensation and Benefits.

51. In addition, the majority of Employees rely exclusively on the Employee Compensation and Benefits to satisfy their daily living expenses. Many of the Debtors' Employees expect and require their wages to arrive on a timely basis. Consequently, Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor their obligations related thereto expeditiously. Moreover, failure to satisfy such obligations will jeopardize Employee morale and loyalty at a time when Employee support is critical to the Debtors' businesses. Furthermore, if

this Court does not authorize the Debtors to honor their various obligations under the insurance programs described herein, Employees will not receive health coverage and, thus, may be obligated to pay certain health care claims that the Debtors have not satisfied. The loss of health care coverage will result in considerable anxiety for Employees (and likely attrition) at a time when the Debtors need such Employees to perform their jobs at peak efficiency. Additionally, as set forth above, Employee attrition would cause the Debtors to incur additional expenses to find appropriate and experienced replacements, severely disrupting the Debtors' operations at this critical juncture.

52. The importance of a debtor's employees to their operations has been repeatedly recognized by courts in this district, and such courts have granted relief similar to the relief requested herein. Moreover, courts in this district have granted similar relief to that requested in this motion in previous chapter 11 cases. *See, e.g., In re Anna Holdings, Inc.*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019) (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on an interim basis); *In re Forever 21, Inc.*, 19-12122 (KG) (Bankr. D. Del. Nov. 13, 2019) (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on a final basis); *In re Destination Maternity Corporation*, No. 19-12256 (BLS) (Bankr. D. Del. Nov. 12, 2019) (same); *In re PES Holdings, LLC*, No. 19-11626 (KG) (Bankr. D. Del. Aug. 20, 2019) (same); *In re Blackhawk Mining LLC*, No. 19-11595 (LSS) (Bankr. D. Del. Aug. 9, 2019) (same).⁷ Accordingly, the Debtors respectfully request that the Court authorize the Debtors to pay and continue the Employee Compensation and Benefits 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.

53. Section 362(a) of the Bankruptcy Code operates to stay:

⁷ 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 to the Debtors' proposed counsel.

[T]he 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). 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).

54. The Debtors seek authorization, under section 362(d) of the Bankruptcy Code, to permit Employees to proceed with their workers’ compensation claims in the appropriate judicial or administrative forum. Cause exists here to modify the automatic stay because staying the workers’ compensation claims could have a detrimental effect on the financial well-being and Employee morale and lead to the departure of certain Employees who are critical at this juncture. Such departures could cause a severe disruption in the Debtors’ businesses, which would be to the detriment of all parties in interest.

Processing of Checks and Electronic Fund Transfers Should Be Authorized

55. The Debtors have sufficient funds to pay the amounts described in this motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral. 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 believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court 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 Are Satisfied

56. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date “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 to the viability of their operations and that any delay in granting the relief requested could hinder the Debtors’ operations and cause irreparable harm. Furthermore, the failure to receive the requested relief during the first 21 days of these chapter 11 cases would severely disrupt the Debtors’ operations at this important juncture. For the reasons discussed herein, the relief requested is necessary for the Debtors to operate their businesses in the ordinary course and preserve the ongoing value of the Debtors’ operations and maximize the value of their estates for the benefit of all stakeholders. The motion requests relief from procedural rules and requirements that pertain to matters of immediate significance or which involve deadlines sooner than 21 days after the Petition Date.

Reservation of Rights

57. Nothing contained herein is intended or shall be construed as: (a) an admission as to the amount of, basis for, 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 right to dispute any claim; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion; (e) a request or authorization to assume, 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 of any claims or causes of action which may exist against any 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 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)

58. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Notice

59. The Debtors have provided notice of this motion to the following parties or their respective counsel: (a) the office of the U.S. Trustee for the District of Delaware; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the Term Loan Agent; (d) counsel to the Ad Hoc Term Loan Lender Group; (e) the office of the attorneys general for the states in which the Debtors operate; (f) the United States Attorney's Office for the District of Delaware; (g) the Internal Revenue Service; and (h) any party that has requested notice 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 in respect to this motion as required by Local Rule 9013 1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

60. No prior request for the relief sought in this motion has been made to this or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Dated: December 17, 2019
Wilmington, Delaware

/s/ Domenic E. Pacitti

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Proposed Co-Counsel for the Debtors and Debtors in Possession

Exhibit A

Proposed Interim Order

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

In re:)	
	)	Chapter 11
)	
CLOVER TECHNOLOGIES GROUP, LLC, <i>et al.</i> , ¹	)	Case No. 19-12680 (___)
)	
Debtors.	)	(Joint Administration Requested)
)	
	)	Re: Docket No. ___

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

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”), authorizing the Debtors (a) to pay undisputed prepetition wages, salaries, other compensation, and reimbursable expenses, (b) to continue employee benefits programs, in each case in the ordinary course of business, including payment of certain undisputed prepetition obligations related thereto, and (c) scheduling a final hearing to consider approval of the Motion on a final basis, all as more fully set forth in the Motion; and upon 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. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Clover Technologies Group, LLC (9236); 4L Holdings Corporation (0292); 4L Technologies Inc. (5035); Clover Ithaca Properties, LLC (9236); Refurb Holdings, LLC (1230); Clover Wireless, LLC (0313); and Valu Tech Outsourcing, LLC (3563). The location of the Debtors’ service address in these chapter 11 cases is: 5850 Granite Parkway, Suite 720, Plano, Texas 75024.

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

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 in this Interim Order.
2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2020, at __: __ .m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on _____, 2020.
3. The Debtors are authorized, in their sole discretion, to continue and/or modify the Employee Compensation and Benefits in the ordinary course of business, in accordance with the Debtors' prepetition policies and practices, and to honor and pay prepetition amounts related thereto, subject to applicable law and the terms of this Interim Order; *provided*, that the Debtors shall seek Court approval, on notice, of any modification or change that would implicate any portion of section 503(c) of the Bankruptcy Code.
4. The Debtors are authorized, in their sole discretion, to pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits in the ordinary course of business that become due and owing prior to entry of the Final Order on the Motion, up to \$980,000; *provided* that, notwithstanding any other provision of this Interim Order, the Debtors shall not pay to or on behalf of any individual Employee, on account of prepetition obligations, any amounts

that exceed the amounts set forth in sections 507(a)(4) or 507(a)(5) of the Bankruptcy Code. Nothing herein shall be deemed to authorize the payment of any amounts which violate, implicate, or are otherwise subject to section 503(c) of the Bankruptcy Code. The Debtors will seek approval of any management or insider bonus or incentive programs, if any, under separate motion under section 503(c) of the Bankruptcy Code.

5. Notwithstanding anything to the contrary herein, pending entry of the Final Order, the Debtors are authorized, in their sole discretion, to pay, remit, or reimburse, as applicable, the amounts that become due and owing prior to entry of the Final Order as provided in the Motion.

6. 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.

7. The Debtors are authorized to forward any unpaid amounts on account of Payroll Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

8. The Debtors are authorized to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including the Unpaid Payroll Processing Fees, all administrative and processing costs, and necessary payments to outside professionals.

9. Nothing herein shall be deemed to authorize the payment of any amounts in satisfaction of bonus or severance obligations, or which violate or implicate section 503(c) of the Bankruptcy Code; *provided* that nothing herein shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

10. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Compensation and Benefits obligations.

11. Nothing herein shall be deemed to authorize the Debtors to cash out unpaid Paid Leave Benefits except upon termination of an Employee, if applicable state law requires such payment.

12. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

13. 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.

14. Notwithstanding the relief granted in this Interim Order, any payment made (or to be made) by the Debtors pursuant to the authority granted herein shall be subject to the terms, conditions, limitations, and requirements of any applicable order governing the Debtors' use of cash collateral and any budget in connection therewith.

15. 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.

16. 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 Employee Compensation and Benefits.

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

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

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

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

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

Dated: _____, 2019
Wilmington, Delaware

United States Bankruptcy Judge

Exhibit B

Proposed Final Order

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

In re:)	
	)	Chapter 11
)	
CLOVER TECHNOLOGIES GROUP, LLC, <i>et al.</i> , ¹	)	Case No. 19-12680 (____)
)	
Debtors.	)	(Joint Administration Requested)
)	
	)	Re: Docket No. ____

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

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an final order (this “Final Order”), authorizing the Debtors: (a) to pay undisputed prepetition wages, salaries, other compensation, and reimbursable expenses and (b) to continue employee benefits programs, in each case in the ordinary course of business, including payment of certain undisputed prepetition obligations related thereto, all as more fully set forth in the Motion; and upon 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. § 157(b)(2); and 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

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Clover Technologies Group, LLC (9236); 4L Holdings Corporation (0292); 4L Technologies Inc. (5035); Clover Ithaca Properties, LLC (9236); Refurb Holdings, LLC (1230); Clover Wireless, LLC (0313); and Valu Tech Outsourcing, LLC (3563). The location of the Debtors’ service address in these chapter 11 cases is: 5850 Granite Parkway, Suite 720, Plano, Texas 75024.

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

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 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 a final basis as set forth in this Final Order.
2. The Debtors are authorized, in their sole discretion, to continue and make payments on account of, modify, change, and discontinue the Employee Compensation and Benefits in the ordinary course of business during these chapter 11 cases and without the need for further Court approval, subject to applicable law and the terms of this Final Order; *provided*, that the Debtors shall seek Court approval, on notice, of any modification or change that would implicate any portion of section 503(c) of the Bankruptcy Code.
3. The Debtors shall not make any non-ordinary course bonus, incentive, or severance payments to any Insiders (as such term is defined in section 101(31) of the Bankruptcy Code) without further order of this Court.
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 modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

5. The Debtors are authorized to forward any unpaid amounts on account of deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

6. The Debtors are authorized to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including the Unpaid Payroll Processing Fees, all administrative and processing costs, and any necessary payments to outside professionals.

7. Nothing herein shall be deemed to authorize the payment of any amounts in satisfaction of bonus or severance obligations, or which violate or implicate section 503(c) of the Bankruptcy Code; *provided* that nothing herein shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

8. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Compensation and Benefits obligations.

9. Nothing herein shall be deemed to authorize the Debtors to cash out unpaid Paid Leave Benefits except upon termination of an Employee, if applicable state law requires such payment.

10. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Final Order are valid and the Debtors and all

other parties in interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Final Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

11. 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.

12. Notwithstanding the relief granted in this Final Order, any payment made (or to be made) by the Debtors pursuant to the authority granted herein shall be subject to the terms, conditions, limitations, and requirements of any applicable order governing the Debtors' use of cash collateral and any budget in connection therewith.

13. 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 without any duty of further inquiry and without liability for following the Debtors' instructions.

14. 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 Employee Compensation and Benefits.

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

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

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

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

Dated: _____, 2020
Wilmington, Delaware

United States Bankruptcy Judge