

**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 THEIR OBLIGATIONS
UNDER PREPETITION INSURANCE POLICIES, (II) CONTINUE TO PAY
CERTAIN BROKERAGE FEES, (III) RENEW, SUPPLEMENT, MODIFY,
OR PURCHASE INSURANCE COVERAGE, AND (IV) ENTER INTO NEW
FINANCING AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS**

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**, (a) pay their obligations under prepetition insurance policies; (b) continue to pay certain brokerage fees; (c) renew, supplement, modify, or purchase insurance coverage in the ordinary course; and (d) enter into new premium financing agreements

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.

in the ordinary course of business. In addition, the Debtors request that the Court schedule a final hearing approximately 21 days after the commencement of these chapter 11 cases to consider entry of the Final Order.

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 statutory bases for the relief requested herein are sections 105(a) and 363(b) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, and 6007, 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 Insurance Policies and Related Payment Obligations

8. In the ordinary course of business, the Debtors maintain approximately 21 insurance policies (collectively, the "Insurance Policies") that are administered by various third-party insurance carriers (collectively, the "Insurance Carriers"). The Insurance Policies

provide coverage for, among other things, the Debtors' property, general liability, automobile liability, umbrella coverage, excess liability, pollution liability, employers' liability, and directors' and officers' liability. All of the Insurance Policies are essential to the ongoing operation of the Debtors' businesses. The aggregate annual premium for the Insurance Policies is approximately \$3.3 million plus applicable taxes and surcharges. A schedule of the Insurance Policies is attached hereto as **Exhibit C**.³ In addition to the Insurance Policies, the Debtors maintain several workers' compensation policies or self-insurance policies that are not reflected in **Exhibit C** and for which relief is not sought in this motion.⁴

9. The Insurance Policies renew throughout the year, predominantly on or about May 1. The Debtors estimate that, as of the Petition Date, there are no outstanding premiums due on account of the Insurance Policies. Nevertheless, out of an abundance of caution, the Debtors seek authority to continue honoring any amounts owing on account of the Insurance Policies in the ordinary course of business to ensure uninterrupted coverage under the Insurance Policies.

10. It is common for companies in the Debtors' industry to fund insurance policies through borrowing from a third-party lender (a "**Premium Financing Agreement**"). While none of the premiums for the Insurance Policies are financed pursuant to a Premium Financing Agreement as of the Petition Date, the Debtors seek authority to enter into such an agreement as necessary or appropriate in the course of their business, without further Court approval.

³ The descriptions of the Insurance Policies set forth in this motion constitute a summary only. The actual terms of the Insurance Policies and related agreements will govern in the event of any inconsistency with the description in this motion. The Debtors request authority to honor obligations and renew all Insurance Policies, as applicable, regardless of whether the Debtors inadvertently fail to include a particular Insurance Policy on **Exhibit C**.

⁴ In addition to the Insurance Policies listed on **Exhibit C**, the Debtors maintain numerous insurance policies with respect to, among other things, workers' compensation, employee health, dental, disability, and life insurance benefits. 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 Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Expenses and (II) Continue Employee Benefits Programs* (the "**Wages Motion**") filed contemporaneously herewith.

11. Continuation of the Insurance Policies, and the ability to enter into new insurance policies, is essential to the preservation of the value of the Debtors' businesses and operations. Moreover, in many instances, insurance coverage is required by the regulations, laws, certain credit agreements, and contracts that govern the Debtors' commercial activities, including the requirement by the Office of the United States Trustee (the "U.S. Trustee") that a debtor maintain adequate coverage given the circumstances of its chapter 11 case. Accordingly, the Debtors seek authorization to maintain their existing Insurance Policies, pay prepetition obligations related thereto, and enter into new insurance policies in the ordinary course of business.

The Debtors' Insurance Brokers

12. The Debtors retain the services of insurance brokers and third-party administrators to help manage their portfolios of risk. The Debtors obtain all of their domestic Insurance Policies through brokers, including Assurance Agency Ltd., Jones Deslauriers Ins. Management Inc., Amwins Brokerage of the Midwest, LLC, Amwins Brokerage of Illinois, LLC, and Aon Risk Solutions (collectively, the "Brokers"). The Brokers, among other things, (a) assist the Debtors in obtaining comprehensive insurance coverage for their operations in a cost-effective manner; (b) manage renewal data; (c) market the Insurance Policies; (d) provide all interactions with carriers including negotiating policy terms, provisions, and premiums; and (e) provide ongoing support throughout the applicable policy periods. The Brokers collect commission payments for their services as part of the premiums paid on the Insurance Policies.

13. As of the Petition Date, the Debtors do not believe that they owe any amounts to the Brokers on account of commissions, or any other prepetition obligations. Out of an abundance of caution, however, the Debtors seek authority to honor any amounts owed to the Brokers to ensure uninterrupted coverage under their Insurance Policies.

Basis for Relief

I. Continuation of the Insurance Policies is Required by the Bankruptcy Code and U.S. Trustee Operating Guidelines.

14. As discussed above, the Debtors' existing Insurance Policies provide a comprehensive range of protection for the Debtors' business, properties, and assets. As such, it is essential that the Debtors' insurance coverage continues in full force and effect during the course of these chapter 11 cases. Section 1112(b) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). In addition, in many instances, the coverage provided under the Insurance Policies is required by the regulations, laws, and contracts that govern the Debtors' commercial activities, including the operating guidelines issued by the U.S. Trustee (the "U.S. Trustee Operating Guidelines"). Given this backdrop, the Debtors believe it is essential to their estates, and consistent with the Bankruptcy Code and the U.S. Trustee Operating Guidelines, that they maintain and continue to make all payments required under their Insurance Policies in the ordinary course of business, including those prepetition amounts due in connection with Brokers' brokerage fees, and have the authority to supplement, amend, extend, renew, or replace their Insurance Policies as needed, in their judgment, without further order of the Court.

II. Renewing, Supplementing, Entering into New Policies, and Paying Obligations Under the Insurance Policies in the Ordinary Course of Business are Each Warranted.

15. The Bankruptcy Code authorizes the Debtors to continue their prepetition practices with respect to the Insurance Policies as such practices are in the ordinary course of business. Alternatively, to the extent any such practices fall outside of the ordinary course of business, the Court should authorize the Debtors to maintain, renew, or enter into new Insurance Policies on a

postpetition basis, as such relief is in the Debtors' sound business judgment and enables the Debtors to preserve value, consistent with the policies of chapter 11.

16. Section 363(c)(1) of the Bankruptcy Code provides that a chapter 11 debtor in possession "may enter into transactions . . . [or] may use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). The Bankruptcy Code does not define "ordinary course of business." *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992). In determining whether a transaction is in the ordinary course of business, the Third Circuit has adopted a two-part test, with a "horizontal" dimension and "vertical" dimension. *Id.* **First**, the transaction must be analyzed on the horizontal dimension, where the court looks at whether, from an industry-wide perspective, the transaction is of the sort commonly undertaken by companies in that industry. *Id.* at 953. **Second**, the transaction must be analyzed on the vertical dimension, where the court looks at the transaction from the perspective of a hypothetical creditor and asks whether the transaction subjects such a creditor to different economic risks from those it accepted when it decided to extend credit. *See In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 797 (Bankr. D. Del. 2007). "In other words, the vertical analysis looks at the 'debtor's pre-petition business practices and conduct.'" *In re Blitz U.S.A., Inc.*, 475 B.R. 209, 214 (Bankr. D. Del. 2012) (quoting *In re Nellson*, 369 B.R. at 797).

17. The Debtors' continuation of the Insurance Policies on a postpetition basis is consistent with their prepetition practices and with industry-wide practice. Accordingly, the Debtors are permitted to continue to comply with the Insurance Policies and to renew or obtain new insurance policies because such actions are in the ordinary course of the Debtors' businesses. Out of an abundance of caution, to the extent that the Debtors' continuation of the Insurance Policies is outside of the ordinary course of business, section 363(b)(1) of the

Bankruptcy Code provides, in relevant part, that a 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), courts in this jurisdiction 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 In re Phx. Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987) (requiring a “good business reason” for use under section 363(b) of the Bankruptcy Code). 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.”).

18. Thus, if a debtor’s actions satisfy the business judgment rule, then the transaction in question should be approved under section 363(b) of the Bankruptcy Code. Indeed, when applying the “business judgment” standard, courts show great deference to a debtor’s business decisions. *See Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (“Courts are loath to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence.”) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)); *In re First Wellington Canyon Assocs.*, No. 89-593 (CPK), 1989 WL 106838, at *3 (N.D. Ill. Sept. 8, 1989) (stating that “the debtor’s business judgment . . . must be accorded deference unless shown that the bankrupt’s decision was taken in bad faith or in gross abuse of the bankrupt’s retained discretion”).

19. The nature of the Debtors' businesses makes it essential for the Debtors to maintain their Insurance Policies on an ongoing and uninterrupted basis. The non-payment of any premiums, deductibles, or related fees under the Insurance Policies could result in one or more of the Insurance Carriers terminating or declining to renew their insurance policies or refusing to enter into new insurance policies with the Debtors in the future. If any of the Insurance Policies lapse without renewal, the Debtors could be exposed to substantial personal liability or property damages, to the detriment of all parties in interest.

20. Certain of the Debtors' customers, leases, and financing agreements require the Debtors to remain current with respect to certain of their Insurance Policies. Additionally, state and local laws require the Debtors to maintain insurance policies. Thus the Debtors must be able to continue their Insurance Policies without disruption to ensure their operations remain in compliance with various legal and contractual obligations.

21. Any interruption in coverage would expose the Debtors to a number of risks, including: (a) the possible incurrence of direct liability for the payment of claims that otherwise would have been covered by the Insurance Policies; (b) the possible incurrence of material costs and other losses that otherwise would have been reimbursed, such as attorneys' fees for certain covered claims; (c) the possible inability to obtain similar types and levels of insurance coverage on terms equally favorable as the present coverage; and (d) the possible incurrence of higher costs for re-establishing lapsed Insurance Policies or obtaining new insurance coverage. In short, failure to maintain the Insurance Policies could have a detrimental impact on the Debtors' businesses and the value of their estates. Accordingly, the Debtors submit that the requirements of section 363(b) of the Bankruptcy Code are satisfied.

III. The Debtors Should Be Authorized to Pay All Obligations Required under the Insurance Policies.

22. Courts have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value. *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. 174, 175–76 (Bankr. S.D.N.Y. 1989); *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). In so doing, these courts acknowledge that several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code support the payment of prepetition claims.

23. Section 363(b) of the Bankruptcy Code permits a bankruptcy court, after notice and a hearing, to authorize a debtor to “use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). “In determining whether to authorize the use, sale or lease of property of the estate under this section, courts require the debtor to show that a sound business purpose justifies such actions.” *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (collecting cases); *see also Armstrong World*, 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); *Ionosphere Clubs*, 98 B.R. at 175 (finding that a sound business justification existed to justify payment of certain prepetition wages); *In re Phx. Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987) (requiring the debtor to show a “good business reason” for a proposed transaction under section 363(b)).

24. Courts also authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code codifies

a bankruptcy 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." 11 U.S.C. § 105(a). 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, a 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, e.g., 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)). Indeed, at least one court has recognized that there are instances when a debtor's fiduciary duty can "only be fulfilled by the preplan satisfaction of a prepetition claim." *In re CoServ*, 273 B.R. at 497.

25. Paying obligations under the Insurance Policies and the Premium Financing Agreements is warranted under section 363(b) and the doctrine of necessity. As described above, maintaining the Insurance Policies is necessary to preserve the value of the Debtors' assets, thereby ensuring the adequate protection of the Debtors' property for any party in interest, and to minimize exposure to risk. Honoring the Premium Financing Agreements is necessary to maintaining the

Insurance Policies, as failure to make the payments required under the Premium Financing Agreements can trigger cancellation of many of the Insurance Policies. It is the Debtors' position that maintaining the Insurance Policies enables them to avoid the risk of incurring significant liabilities, and therefore represents a sound exercise of their business judgment. The Insurance Policies protect the Debtors and other parties in interest from losses caused by casualty, natural disaster, fraud, or other unforeseen events. Moreover, in some cases, maintenance of insurance coverage is required by the regulations, laws, and contracts that govern the Debtors' commercial activities, including the U.S. Trustee's requirement that a debtor maintain adequate coverage given the circumstances of its chapter 11 case. Accordingly, in the event any of the Insurance Policies lapse or new coverage is required or necessary, it is imperative that the Debtors be able to renew, supplement, or purchase insurance coverage on a postpetition basis in the ordinary course of business.

IV. The Court Should Allow the Debtors to Enter into Premium Financing Agreements.

26. Flexibility to enter into Premium Financing Agreements is appropriate and should be authorized under sections 105(a) and 363(b) of the Bankruptcy Code. Moreover, pursuant to section 364(c) of the Bankruptcy Code, a debtor may, in the exercise of its business judgment, incur secured postpetition debt if the debtor has been unable to obtain unsecured credit and the borrowing is in the best interests of the estate. In light of the Debtors' financial circumstances, insurance premium finance companies may not be willing to provide insurance premium financing to the Debtors on attractive market terms on a postpetition basis. As a result, the Debtors request the flexibility to enter into Premium Financing Agreements in the ordinary course of business.

27. Courts in this district have granted relief similar to the relief requested herein under sections 105(a) and 363(b) of the Bankruptcy Code. *See, e.g., In re Anna Holdings, Inc.*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019) (authorizing debtors on an interim basis to

continue their current insurance policies, pay prepetition premiums, and enter into new insurance policies); *In re Destination Maternity Corporation*, No. 19-12256 (BLS) (Bankr. D. Del. Nov. 12, 2019) (authorizing debtors on a final basis to continue their current insurance policies, pay prepetition premiums and amounts related to Premium Financing Agreements, and enter into new insurance policies and Premium Financing Agreements); *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr. D. Del. Oct. 24, 2019) (same); *In re Blackhawk Mining LLC*, No. 19-11595 (LSS) (Bankr. D. Del. Aug. 9, 2019) (same); *In re Z Gallerie, LLC, Inc.*, No. 19-10488 (LSS) (Bankr. D. Del. Apr. 9, 2019) (same).⁵

Processing of Checks and Electronic Fund Transfers Should Be Authorized

28. 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, debtor-in-possession financing, 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.

⁵ 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 of the Debtors' proposed counsel.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

29. 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. Accordingly, the Debtors submit that they have satisfied the “immediate and irreparable” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

Reservation of Rights

30. 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)

31. 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

32. 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; (h) the Insurance Carriers; (i) the Brokers; and (j) 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

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

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 (___)
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Debtors.)	(Joint Administration Requested)
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)	Re: Docket No. __

**INTERIM ORDER AUTHORIZING
THE DEBTORS TO (I) PAY THEIR OBLIGATIONS UNDER
PREPETITION INSURANCE POLICIES, (II) CONTINUE TO
PAY CERTAIN BROKERAGE FEES, (III) RENEW, SUPPLEMENT,
MODIFY, OR PURCHASE INSURANCE COVERAGE, AND (IV) ENTER INTO
NEW FINANCING AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS**

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 to (a) continue insurance coverage entered into prepetition and satisfy payment of prepetition obligations related thereto in the ordinary course of business, (b) renew, supplement, or purchase insurance coverage in the Debtors’ discretion on a postpetition basis, (c) enter into new Premium Financing Agreements in the ordinary course of business, and (d) schedule 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

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

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 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 shall serve a copy of the Motion and this Interim Order on each Insurance Carrier listed on Exhibit C to the Motion within three business days after the date this Interim Order is entered.
4. The Debtors are authorized to:
 - (a) (i) continue the Insurance Policies identified on Exhibit C to the Motion and pay any undisputed prepetition or postpetition obligations related to the Insurance Policies (including any amounts owed to the Brokers) in accordance with and in the amounts consistent with the same practices and procedures as were in effect prior to the commencement of the Debtors' chapter 11 cases, and (ii) renew, amend, supplement, extend, or purchase insurance policies to the extent that the Debtors determine that such action is in the best interest of their estates; and

- (b) enter into, renew, amend, supplement, or extend premium financing agreements as necessary, to the extent that the Debtors determine, in their sole discretion, that such action is in the best interest of the their estates.

5. The Debtors are authorized to honor any amounts owed on account of any audits that take place in the ordinary course of business.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order.

7. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver 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 that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

8. 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.

9. Notwithstanding the relief granted in this Interim Order, any payment made by the Debtors pursuant to the authority granted herein shall be subject to and in compliance with any orders entered by the Court approving the Debtors' entry into any postpetition debtor-in-possession financing facility and any budget in connection therewith.

10. 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.

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

12. 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.

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

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

15. 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 THEIR OBLIGATIONS UNDER
PREPETITION INSURANCE POLICIES, (II) CONTINUE TO
PAY CERTAIN BROKERAGE FEES, (III) RENEW, SUPPLEMENT,
MODIFY, OR PURCHASE INSURANCE COVERAGE, AND (IV) ENTER INTO
NEW FINANCING AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final Order”), authorizing the Debtors to (a) continue insurance coverage entered into prepetition and satisfy payment of prepetition obligations related thereto in the ordinary course of business, (b) renew, supplement, or purchase insurance coverage in the Debtors’ discretion on a postpetition basis, and (c) enter into new Premium Financing Agreements in the ordinary course of business 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

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.

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 a final basis as set forth in this Final Order.
2. The Debtors shall serve a copy of the Motion and this Final Order on each Insurance Carrier listed on Exhibit C to the Motion within three business days after the date this Final Order is entered.
3. The Debtors are authorized on a final basis, to:
 - (a) (i) continue the Insurance Policies identified on Exhibit C to the Motion and pay any undisputed prepetition or postpetition obligations related to the Insurance Policies (including any amounts owed to the Brokers) in accordance with and in the amounts consistent with the same practices and procedures as were in effect prior to the commencement of the Debtors' chapter 11 cases, and (ii) renew, amend, supplement, extend, or purchase insurance policies to the extent that the Debtors determine that such action is in the best interest of their estates; and
 - (b) enter into, renew, amend, supplement, or extend premium financing agreements as necessary, to the extent that the Debtors determine, in their sole discretion, that such action is in the best interest of the their estates.

4. The Debtors are authorized to honor any amounts owed on account of any audits that take place in the ordinary course of business.

5. 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.

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

7. 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.

8. 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.

9. 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.

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

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

12. 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

Exhibit C

Insurance Policies

Insurance Carrier Name	Policy Type	Policy #	Expiration Date	Insured Debtor	Annual Premium
QBE Insurance Corporation	Aviation, Aircraft Liab, Hull	QAV0004282	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$20,210.00
The Hartford Canada	Canadian General Liability & Hired and Non-Owned Auto	83UENAU3416	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$7,944.00
The Hartford Canada	Canadian Umbrella	83RHUZH9964	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$27,658.00
RT Specialty	Cargo Excess Stock Throughput 75M xs 25M	B0180PC1907798	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$275,000.00
Tokio Marine	Cargo Stock Throughput 25M Limit	TO60012062	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$1,010,000.00
Chubb Group Of Insurance Companies	Directors and Officers, Fiduciary, Employment Practices Liab. Crime	82514851	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$149,943.00
Star Indemnity & Liability Company	Excess Crime-Social Engineering	1000621631191	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$6,470.00
Columbia Casualty Company	Excess Directors and Officers	651991741	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$35,000.00
Argonaut Insurance Company	Excess Directors and Officers	MLX42440730	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$11,000.00
Allied World Assurance Company	Excess Directors and Officers	03119342	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$11,500.00
Navigators Insurance Company	Excess Directors and Officers	CH19DOL0BN1KPNV	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$25,000.00
AIG - The Insurance Company Of The State Of Pennsylvania	Foreign Commercial Package	WS11005708	5/1/2020	4L ULTIMATE TOPCO	\$21,790.00

Hartford Fire Insurance Company	General Liability with Employee Benefits	83UENPY5534	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$90,689.00
XI Insurance America, Inc.	Global Property	US00078673PR19A	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$1,111,976.00
Us Specialty Insurance Company	Kidnap and Ransom	U71785451	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$25,200.00
Chubb - Illinois Union Insurance Company	Pollution - Environmental Site	PPLG24892876006	5/1/2021	4L ULTIMATE TOPCO CORPORATION	\$88,650.00
Columbia Casualty Company	Professional Liability & Network Security	651992436	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$144,000.00
Chubb Seguros Mexico S.A.	Tourist Auto	ACEIIF787	5/1/2020	CLOVER TECHNOLOGIES GROUP LLC. AND ITS SUBSIDIARIES	\$942.17
The Hartford	US Business Auto	83UENEB9897	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$78,638.00
AIG - National Union Fire Insurance Company Of Pittsburgh, PA	US Occurrence Foreign Suits	3893807	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$2,525.00
Hartford Casualty Insurance Company	US Umbrella	83RHUAU3233	5/1/2020	4L ULTIMATE TOPCO CORPORATION	\$81,081.00