

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
	§	
SPEEDCAST INTERNATIONAL LIMITED, <i>et al.</i> ,	§	
	§	Case No. 20-32243 (MI)
	§	
Debtors. ¹	§	(Joint Administration Requested)
	§	(Emergency Hearing Requested)

**EMERGENCY MOTION OF DEBTORS FOR AN ORDER
(I) AUTHORIZING DEBTORS TO (A) PAY PREPETITION WAGES,
SALARIES, EMPLOYEE BENEFITS, AND OTHER COMPENSATION AND
(B) MAINTAIN EMPLOYEE BENEFIT PROGRAMS AND PAY
RELATED OBLIGATIONS; AND (II) GRANTING RELATED RELIEF**

EMERGENCY RELIEF HAS BEEN REQUESTED. A VIDEO/TELEPHONIC HEARING WILL BE CONDUCTED ON THIS MATTER ON APRIL 23, 2020 AT 3:00 PM (PREVAILING CENTRAL TIME). PARTIES WISHING TO PARTICIPATE TELEPHONICALLY MUST DIAL IN USING THE COURT’S TELECONFERENCE SYSTEM AT 1-832-917-1510 AND ENTERING CONFERENCE CODE 954554. PARTIES WHO ALSO WISH TO PARTICIPATE BY VIDEOCONFERENCE MAY DO SO BY USE OF AN INTERNET CONNECTION, USING THE WEBSITE WWW.JOIN.ME, SELECTING “JOIN A MEETING,” AND ENTERING MEETING CODE “JudgeIsGur.”

IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST EITHER APPEAR AT THE HEARING OR FILE A WRITTEN RESPONSE PRIOR TO THE HEARING. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

RELIEF IS REQUESTED NOT LATER THAN APRIL 23, 2020.

SpeedCast International Limited and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “Debtors”), respectfully represent as follows in support of this motion (the “Motion”):

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://www.kcellc.net/speedcast>. The Debtors’ service address for the purposes of these chapter 11 cases is 4400 S. Sam Houston Parkway East, Houston, Texas 77048.



Background

1. On the date hereof (the “**Petition Date**”), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases. The Debtors have also filed a motion requesting joint administration of their chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

2. The Debtors, combined with their non-debtor affiliates (collectively, “**Speedcast**” or the “**Company**”), are the largest provider of remote and offshore satellite communications and information technology services in the world. Speedcast’s fully-managed service is delivered to more than 2,000 customers in 140 countries via a leading global, multi-access technology, multi-band, and multi-orbit network of 80+ satellites and an interconnecting global terrestrial network, bolstered by on-the-ground local support from 40+ countries. Speedcast services customers in sectors such as Commercial Maritime, Cruise, Energy, Mining, Government, NGOs, Enterprise, and Media.² Additional information regarding the Debtors’ business and capital structure and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Michael Healy in Support of the Debtors’ Chapter 11 Petitions and First Day Relief*, sworn to on the Petition Date (the “**Healy**

² None of the Speedcast entities associated with the Company’s Government business are Debtors in these chapter 11 cases.

Declaration)³, which has been filed with the Court contemporaneously herewith and is incorporated by reference herein.

Jurisdiction

3. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

4. By this Motion, pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, the Debtors request (i) authority to (a) pay Employee Compensation Obligations and Employee Benefit Obligations (each as defined below), related expenses, and fees and costs incident to the foregoing, including amounts owed to third-party service providers, administrators and taxing authorities, and (b) maintain, continue to honor, and pay amounts with respect to, the Debtors' business practices, programs, and policies for their employees as such were in effect as of the Petition Date and as such may be modified or supplemented from time to time in the ordinary course of business and (ii) related relief, in each case subject in all respects to the terms of the DIP Order and the DIP Documents.⁴

5. A proposed form of order granting the relief requested herein is annexed hereto as **Exhibit A** (the "**Proposed Order**"). The monetary relief sought in the Proposed Order

³ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Healy Declaration. All dollar (\$) references in this Motion are to the U.S. dollar, unless stated otherwise.

⁴ "**DIP Order**" means any interim or final order entered in connection with the Debtors' (1) postpetition financing facility (the "**DIP Facility**") and/or (2) use of cash collateral, including in connection with the *Emergency Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing and (VI) Granting Related Relief*, filed contemporaneously herewith, and the definitive documents related thereto, the "**DIP Documents**").

with respect to Prepetition Obligations, as discussed in further detail below, is summarized in the following chart:

Prepetition Obligations	Total Relief Requested
Employee Compensation Obligations	\$1,135,000
Employee Benefit Obligations	\$5,000
Contractor Obligations	\$200,000
Total Prepetition Obligations	\$1,340,000

Debtors' Workforce

6. As of the Petition Date, the Debtors employ approximately 966 employees (the "**Employees**"). The Employees are retained in more than 13 countries, with approximately 342 located in the United States (the "**U.S. Employees**") and approximately 624 located in other countries around the world (the "**Non-U.S. Employees**"). The majority of Employees are employed in the United States, the United Kingdom, and Australia. Approximately 230 U.S. Employees are salaried and approximately 112 U.S. Employees are paid hourly. The Debtors' Non-U.S. Employees are generally paid on a monthly-wage basis.

7. Employees perform a wide variety of critical services for the Debtors, including sales, field support, network and solutions engineering, network operations, management and build testing, capacity planning and management, service implementation and delivery, procurement and logistics, project management, accounting and finance, legal, information technology, and tax and governmental compliance. The Employees' skills and knowledge of the Debtors' infrastructure and operations are essential to the continued operation of the Debtors' business.

Employee Compensation Obligations

8. The Debtors believe that, as of the Petition Date, the aggregate amount of outstanding prepetition obligations related to compensation of Employees (collectively,

the “**Employee Compensation Obligations**”) is approximately \$1,135,000. The Employee Compensation Obligations are summarized in the following chart and described in further detail below:

Prepetition Obligations	Total Relief Requested
Wages and Salaries	\$32,500
Withholding and Deduction Obligations	\$1,102,500
Wage and Benefit Services	-
Total	\$1,135,000

A. Wages, Salaries, and Other Compensation

9. In the ordinary course of business, the Debtors incur and pay obligations relating to Employees’ salaries and wages. The Debtors do not maintain a unified payroll system; instead, each Debtor that has employees individually processes the salaries and wages for its respective employees. The regular pay periods for each Debtor vary, but are generally either bi-weekly or monthly. The Debtors’ average payroll is approximately \$6.6 million per month.

10. As of the Petition Date, the Debtors owe approximately \$32,500 in unpaid wages or salaries to Employees. The Debtors seek authority to pay prepetition unpaid wages or salaries to Employees and continue to honor such obligations in the ordinary course of business and consistent with past practices on a postpetition basis.

B. Gross Pay Deductions, Governmental Withholdings, and Payroll Taxes

11. The Debtors are required by law to withhold from U.S. Employees’ gross pay certain amounts related to federal, state, and local income taxes, social security taxes, Medicare taxes, and other taxes imposed by the law, and to remit any such withheld amounts to the appropriate taxing authorities. The Debtors have similar withholding obligations with

respect to Non-U.S. Employees' gross pay, under the laws of the various foreign nations in which the Debtors operate (collectively, the "**Withholding Taxes**"). The Debtors' average liability each month for Withholding Taxes totals approximately \$1.5 million. The Debtors estimate that, as of the Petition Date, they hold approximately \$2,500 in Withholding Taxes on their Employees' behalf.

12. The Debtors are required to make certain additional payments from their own funds in connection with the Withholding Taxes. In the United States, these payments include matching payments on account of social security and Medicare taxes and, subject to certain limitations, additional amounts based upon a percentage of gross payroll for, among other things, state and federal unemployment insurance. The Debtors have similar obligations under the laws of the foreign nations in which they operate (collectively, the "**Employer Payroll Taxes**"). On account of the Employer Payroll Taxes, the Debtors on average withhold and contribute approximately \$1.5 million per month. As of the Petition Date, the Debtors estimate that they owe approximately \$1.1 million in Employer Payroll Taxes.

13. The Debtors also routinely deduct certain amounts from Employees' gross pay required under U.S. law or the laws of foreign nations, including various garnishments, such as tax levies, child support, and other court-ordered garnishments, 401(k) contributions (for U.S. Employees only), and other pre- and after-tax deductions payable pursuant to certain of the employee benefit plans discussed herein (collectively, the "**Deductions**" and together with the Withholding Taxes and the Employer Payroll Taxes, the "**Withholding and Deduction Obligations**"). Each pay cycle, the Debtors deduct such amounts from applicable Employees' paychecks and remit them to the appropriate authorities or entities. On average, the Debtors withhold and remit approximately \$750,000 per month on account of payroll Deductions. As of

the Petition Date, the Debtors estimate that they owe only *de minimis* amounts that are withheld for remittance on account of the Deductions.

14. The Debtors seek authority to continue to withhold and remit Withholding and Deduction Obligations incurred prepetition in the ordinary course of business and to continue to honor such obligations in the ordinary course of business and consistent with past practices on a postpetition basis.

C. **Bonus Programs**

15. The Debtors have historically maintained various incentive programs for their Employees, including discretionary cash bonus programs and a long-term equity-based incentive program. As of December 31, 2019 the Debtors have discontinued all discretionary cash bonus programs and do not intend to continue them during the pendency of these chapter 11 cases.

16. The Debtors are also required by the laws of certain jurisdictions to pay certain annual bonuses to Non-U.S. Employees, such as Easter, Christmas, or 13-month bonuses (the “**Statutory Bonus Payments**”). The Debtors do not owe any prepetition obligations on account of the Statutory Bonus Payments. The Debtors believe they are authorized to continue Statutory Bonus Payments in the ordinary course of business. However, out of an abundance of caution, the Debtors seek authority to continue the Statutory Bonus Payments on a postpetition basis in the ordinary course of business (including any prepetition amounts that may be outstanding) and consistent with their prepetition practices.

17. The Debtors have historically maintained a discretionary equity incentive program to encourage and incentivize Employees to maximize their performance for the benefit of the Debtors’ business (the “**Long-Term Incentive Program**”) in the form of rights to acquire fully paid ordinary shares of the Company. The Debtors are not seeking authority to grant or

issue additional awards under the Long-Term Incentive Program during these chapter 11 cases. However, certain of the rights granted pursuant to the Long-Term Incentive Program may vest during the pendency of these chapter 11 cases.

D. Collective Bargaining Agreements

18. As of the Petition Date, the Debtors were party to two unexpired collective bargaining agreements in Brazil and in Norway (the “**CBAs**”) established pursuant to Brazilian and Norwegian law, respectively, and subject to annual renegotiation. The Brazilian CBA was renewed in September 2019 and the Norwegian CBA will be renewed as of July 2020. In total, approximately 7.3% of the Company’s Employees (9.4% of the Debtors’ Employees) are unionized and represented pursuant to the CBAs.

E. Wage and Benefit Service Providers

19. To efficiently manage the processing and payment of the various obligations described above, the Debtors rely upon third party firms that handle administrative functions including, but not limited to, payroll processing, withholding, remittance, and reporting of payroll taxes for the Employees (the “**Wage and Benefit Service Providers**” and, obligations related thereto, the “**Payroll Administration Fees**”). In particular, the Debtors engage Automatic Data Processing, Inc. (“**ADP**”) as a certified Professional Employer Organization for administration of wages, benefits and a workers’ compensation policy for U.S. Employees.⁵ ADP contractually shares responsibility with the Debtors through a co-employment agreement to provide various administrative functions to the Debtors. ADP’s certification by the United States Internal Revenue Service ensures that the Debtors have financial protections and tax benefits,

⁵ The Debtors pay ADP a flat monthly fee for all services and programs it provides on account of the Debtors’ U.S. Employees, including on account of the workers’ compensation policy for U.S. Employees. Additional information regarding the Debtors’ workers’ compensation policies is set forth in the *Emergency Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to Continue Insurance Programs and Pay All Obligations with Respect Thereto, and (II) Granting Related Relief*, filed contemporaneously herewith.

including managed payment of federal employment taxes and the ability to claim specified tax credits, which the Debtors would not have access to otherwise. Outside of the United States, the Debtors also engage payroll and management services providers to support the provision of wages to Non-U.S. Employees.

20. Because of the services provided by the Wage and Benefit Service Providers, the Debtors do not need to employ additional human resources professionals or administer payroll and benefit programs, and therefore save substantial costs associated with administration of their payroll and benefits programs. These relationships with the Wage and Benefit Service Providers also allow the Debtors to offer better and broader benefits to their Employees for less than those benefits would cost without the Wage and Benefit Service Providers. The Debtors pay approximately \$70,000 per month to the Wage and Benefit Service Providers for the aforementioned services. As of the Petition Date, the Debtors believe that there are no prepetition amounts outstanding on account of Payroll Administration Fees. However, out of an abundance of caution, the Debtors seek authority to pay all Payroll Administration Fees in the ordinary course, whether arising pre or postpetition.

Employee Benefit Obligations

21. In the ordinary course of business, the Debtors make various benefit plans available to their Employees. These benefit plans fall within the following categories: (i) paid time off, including vacation and other leave (together, the “**Employee Leave Benefits**”); (ii) medical, prescription drug, dental, and vision benefits (“**Medical Benefits**”); and (iii) life insurance, accidental death and dismemberment (“**AD&D**”) insurance, supplemental insurance, short-term disability, and long-term disability benefits (the “**Insurance Benefits**” and, together with the Medical Benefits, the “**Health and Welfare Benefits**”); (iv) 401(k) plan

benefits and similar retirement plans or provident funds in non-U.S. jurisdictions (the “**Retirement Benefits**”); and (v) certain other miscellaneous benefits (the “**Other Benefits**”) (each of (i)–(v), an “**Employee Benefit Program**,” and its corresponding obligations, the “**Employee Benefit Obligations**”). While many Employees do participate in the Employee Benefit Programs (such Employees, with respect to each plan, the “**Plan Participants**”), in certain cases, Employees may elect to opt-out of a particular program.

A. Employee Leave Benefits

22. The Employee Leave Benefits are administered by the Wage and Benefit Service Providers. Eligible Employees receive paid time off in the form of vacation days, paid sick leave, paid holiday leave on each of the annual holidays observed by the Debtors, paid maternity and paternity leave, paid bereavement leave, paid carer’s leave, paid jury duty leave, national service leave, and military leave consistent with the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994.

23. Payment In Lieu of Leave. The Debtors generally do not provide for payments in lieu of leave, except in the case of vacation leave, and then only upon termination of employment or commencement of payments to an Employee under the Debtors’ long-term disability plan (discussed below).⁶ The amount paid to the qualifying Employee on account of accrued, but unused, vacation leave is determined according to a calculation that determines the amount of vacation leave that would have accrued were it to have vested continuously in half-month increments.

⁶ Non-U.S. Employees in Australia are eligible to receive payment in lieu of vacation leave at any time.

24. The Debtors seek authority to continue paying Employee Leave Benefits on a postpetition basis in the ordinary course of business and consistent with their prepetition practices.

B. Health and Welfare Benefits

25. The Debtors maintain several Health and Welfare Benefits plans for eligible U.S. Employees (“**Eligible Employees**”) for medical, prescription, dental, and vision care coverage and certain other welfare benefits, including life, accidental death & dismemberment insurance, and other insurance benefits. The Debtors maintain similar benefits for Non-U.S. Employees pursuant to self-funded or statutorily-funded plans that do not have eligibility requirements. The Health and Welfare Benefits and related obligations are discussed below. As of the first quarter of 2020, the Debtors have incurred a monthly average of approximately \$475,000 on account of the Health and Welfare Benefits, including amounts that are withheld as Employee contributions. Failure to continue the Health and Welfare Benefits could cause employees to experience severe hardship and make it difficult to retain the workforce.

26. The Debtors believe they are authorized to continue the Health and Welfare Benefits in the ordinary course; however, out of an abundance of caution, the Debtors seek authority to continue the Health and Welfare Benefits on a postpetition basis in the ordinary course of business and consistent with their prepetition practices, and to pay any prepetition amounts that may be outstanding.

27. The Debtors administer the following health benefits plans (each, a “**Health Benefits Plan**”) through various insurers to Employees and their families:

<u>Type of Benefits</u>	<u>Benefits Provider</u>
Medical	United Healthcare
Prescription Drugs	United Healthcare
Dental	Aetna
Vision	Vision Service Plan
Health Flexible Savings Accounts	ADP TotalSource
Health Savings Accounts	ADP TotalSource

28. Medical and Prescription Coverage. The Debtors offer Eligible Employees medical care and prescription drug coverage (the “**Medical and Prescription Drug Plans**”) through United Healthcare (“**United**”) and offer Non-U.S. Employees various other medical plans around the world (the “**Foreign Sponsored Medical Plans**”). As of the Petition Date, the Debtors estimate that the Medical and Prescription Drug Plans have approximately 286 program participants. Premiums vary based upon the number of Eligible Employees that participate in the program, but equal approximately \$400,000 per month. The Debtors pay 80% of participating Employees’ premiums and the remaining 20% is withheld from Employee wages and remitted to United on the Employees’ behalf. As of the Petition Date, the Debtors estimate that no amounts are outstanding on account of the Medical and Prescription Drug Plans. The Debtors also provide the Foreign Sponsored Medical Plans, which are self-funded or funded through statutory payments in each of the relevant jurisdictions.

29. Dental Plan. The Debtors offer Eligible Employees dental coverage (the “**Dental Plans**”) through Aetna (“**Aetna**”) and offer to Non-U.S. Employees various other dental plans (“**Non-U.S. Dental Plans**”). As of the Petition Date, the Debtors estimate that the Dental Plan has approximately 279 program participants. Premiums vary based upon the number of Eligible Employees that participate in the program, but equal approximately \$20,000 per month. As of the Petition Date, the Debtors estimate that no amounts are outstanding to Aetna

on account of the Dental Plan. The Debtors' Non-U.S. Dental Plans are self-funded or funded through statutory payments in each of the relevant jurisdictions.

30. Vision Plans. The Debtors offer Eligible Employees vision coverage (the "**Vision Plan**") through Vision Service Plan ("**VSP**") and offer Non-U.S. Employees various other vision plans around the world ("**Non-U.S. Vision Plans**"). As of the Petition Date, the Debtors estimate that the Vision Plan has approximately 250 program participants. Premiums vary based upon the number of Eligible Employees that participant the program, but equal approximately \$3,600 per month, all of which is withheld from Employee wages and remitted to Vision Service Plan via ADP on the Employees' behalf. As of the Petition Date, the Debtors have no amounts outstanding on account of the Vision Plan. The Debtors' Non-U.S. Vision Plans are self-funded or funded through statutory payments in each of the relevant jurisdictions.

31. Basic Life and AD&D Insurance Plans. The Debtors offer Eligible Employees basic life and AD&D insurance coverage (the "**Basic Life and AD&D Insurance Plans**") through Metropolitan Life Insurance Company ("**Metlife**"). As of the Petition Date, the Debtors estimate that the Basic Life and AD&D Insurance Plans have approximately 304 program participants. Premiums vary based upon the number of Eligible Employees that participant the program, but equal approximately \$8,500 per month. The Debtors pay 100% of participating U.S. Employees' premiums. The Debtors also provide fully-insured life insurance for Non-U.S. Employees ("**Non-U.S. Life Insurance**"), which is self-funded or funded through statutory payments in each of the relevant jurisdictions. As of the Petition Date, the Debtors have no amounts outstanding on account of the Basic Life and AD&D Insurance Plans.

32. Long-Term Disability Plan. The Debtors provide Eligible Employees in the U.S. with long-term disability coverage (the "**Long-Term Disability Plan**") through Metlife.

As of the Petition Date, the Debtors estimate that the Long-Term Disability Plan has approximately 325 program participants. Premiums vary based upon the number of Eligible Employees that participant the program, but equal approximately \$3,500 per month. The Debtors pay 100% of participating U.S. Employees' premiums. As of the Petition Date, the Debtors estimate that no amounts are outstanding with respect to amounts owed under the Long-Term Disability Plan.

33. Short-Term Disability Plan. The Debtors provide Eligible Employees in the U.S. with short-term disability coverage (the "**Short-Term Disability Plan**") through Metlife. As of the Petition Date, the Debtors estimate that the Short-Term Disability Plan has approximately 230 program participants. Premiums vary based upon the number of Eligible Employees that participant the program, but equal approximately \$2,700 per month. The Debtors pay 100% of participating U.S. Employees' premiums. As of the Petition Date, the Debtors estimate that no amounts are outstanding with respect to amounts owed under the Short-Term Disability Plan.

34. Supplemental Insurance Plans. Employees can elect to purchase additional insurance coverage plans (collectively, the "**Supplemental Insurance Plans**") at their own expense. The Supplemental Insurance Plans include additional life and AD&D coverage provided by Metlife. The Debtors transfer approximately \$5,000 per month in withheld Employee contributions to Metlife via ADP in connection with the Supplemental Insurance Plans. As of the Petition Date, the Debtors have no amounts outstanding on account of the Supplemental Insurance Plans.

35. Flexible Spending Account Program. The Debtors offer all U.S. Employees the ability to use their pre-tax compensation to pay for certain health care expenses or

dependent care expenses through a flexible spending account program (the “**Flexible Spending Account Program**”) managed by ADP TotalSource (“**TotalSource**”). The Debtors estimate that they withhold approximately \$18,000 per month to fund participating Employees’ flexible spending accounts. As of the Petition Date, the Debtors have no amounts outstanding under the Flexible Spending Account Program. Administrative fees related to the Flexible Spending Account Program are calculated as Payroll Administration Fees.

36. Health Savings Account Program. The Debtors also offer all U.S. Employees the ability to deposit their pre-tax compensation through a health savings account program (the “**Health Savings Account Program**”) managed by TotalSource. The Debtors estimate that they withhold approximately \$13,500 per month to fund participating Employees’ health savings accounts. As of the Petition Date, the Debtors have no amounts outstanding under the Health Savings Account Program. Administrative fees related to the Health Savings Account Program are calculated as Payroll Administration Fees.

37. As of the Petition Date, the Debtors estimate that they owe, or hold on behalf of Employees, no outstanding amounts on account of prepetition Employee contributions for the Medical and Prescription Drug Plans, Foreign Sponsored Medical Plans, Dental Plans, Non-U.S. Dental Plans, Vision Plans, Non-U.S. Vision Plans, Basic Life and AD&D Insurance Plans, Non-U.S. Life Insurance Plans, the Long-Term Disability Plan, the Short-Term Disability Plan, the Supplemental Insurance Plans, the Flexible Spending Account Program, and the Health Savings Account Program and seek authority to pay or remit such amounts and continue providing Insurance Benefits postpetition in the ordinary course.

C. Retirement Benefits

38. The Debtors maintain a defined contribution plan for the benefit of all U.S.-based Employees meeting the requirements of sections 401(a) and 401(k) of the Internal

Revenue Code (the “**401(k) Savings Plan**”). The 401(k) Savings Plan is managed by Voya Services Company (“**Voya**”). The Debtors withhold approximately \$250,000 each month from participating Employees’ paychecks on account of the 401(k) Savings Plan (the “**401(k) Savings Plan Withholdings**”).

39. The Debtors currently have a matching program pursuant to which they match up to 5% of participating Employees’ 401(k) Savings Plan contributions on a dollar-for-dollar basis. Contributions under the matching program are typically paid at the time 401(k) Savings Plan Withholdings are remitted. The Debtors estimate that they pay approximately \$130,000 per month in matching contributions under the 401(k) Savings Plan.

40. As of the Petition Date, the Debtors estimate that they owe no outstanding amounts with respect to the 401(k) Savings Plan. The Debtors seek the authority by this Motion to continue to honor their obligations under the 401(k) Savings Plan in the ordinary course.

41. The Debtors also provide defined contribution plans similar to the 401(k) Plan for Non-U.S. employees (the “**Non-U.S. Defined Contribution Plans**”). As of the Petition Date, the Debtors owe approximately \$5,000 under the Non-U.S. Defined Contribution Plans. The Debtors believe they are authorized to continue making payments under the Non-U.S. Defined Contribution Plans in the ordinary course of business. However, out of an abundance of caution the Debtors seek authority to continue the Defined Contribution Plans on a postpetition basis in the ordinary course of business (including any prepetition amounts that may be outstanding) and consistent with their prepetition practices.

D. Redundancy Benefits

42. The Debtors are required under certain foreign jurisdictions to provide benefit payments to Employees who are terminated (the “**Redundancy Benefits**”). Failure to honor the Redundancy Benefits could result in director liability and other penalties to the

Company. As of the Petition Date, the Debtors do not owe any amounts to former Employees on account of Redundancy Benefits, and the Debtors believe they are authorized to continue providing Redundancy Benefits in the ordinary course of business. Out of an abundance of caution the Debtors seek authority to continue paying the Redundancy Benefits on a postpetition basis in the ordinary course of business and consistent with their prepetition practices and pay any prepetition amounts that may be outstanding as of the Petition Date.

E. Other Benefits

43. The Debtors provide a variety of Other Benefits to eligible Employees, which include the following.

44. Reimbursement Obligations. In the ordinary course of business, the Debtors reimburse certain of their Employees for reasonable and customary expenses incurred in the scope of their employment (collectively, “**Reimbursable Expenses**,” and the related obligations of the Debtors, the “**Reimbursement Obligations**”). Those obligations include approximately 517 credit cards that have been provided to approximately 467 Employees, and reimbursement of claims for travel expenses.⁷ The Debtors estimate that they incur Reimbursement Obligations of approximately \$125,000 per month and that no Reimbursement Obligations remain outstanding as of the Petition Date, but expect that Employees have incurred Reimbursable Expenses but have not yet submitted them to the Debtors for reimbursement. The Debtors seek authority to pay all Reimbursement Obligations and to continue reimbursement of

⁷ The Debtors have separately sought authority to pay expenses related to the Employee Credit Cards and continue the use of the Employee Credit Cards in the *Emergency Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to Continue Use of their Existing Cash Management System, Including (a) Maintain Existing Bank Accounts, (B) Continue Intercompany Transactions, (C) Continue to Pay Bank Fees, (D) Continue Using Credit Cards; (II) Granting a Waiver of the Requirements of 11 U.S.C. § 345(b), and (III) Granting Related Relief*, filed contemporaneously herewith.

Reimbursable Expenses in the ordinary course during these chapter 11 cases, whether arising prepetition or postpetition.

45. Relocation Expenses. In the ordinary course of business, the Debtors also pay certain expenses of Employees that are transferred in connection to their jobs (the “**Relocation Expenses**”). The Relocation Expenses include costs associated with the transportation of household goods, lease cancellation expenses, eligible home sale and purchase closing cost expenses, temporary living accommodations, and other covered expenses. As of the Petition Date, the Debtors owe no outstanding amounts in prepetition Relocation Expenses. The Debtors seek authority to continue payment of Relocation Expenses in the ordinary course during these chapter 11 cases.

46. Voluntary Benefits. In the ordinary course of business, the Debtors provide a variety of small, voluntary benefits programs (the “**Voluntary Benefits Programs**”) for improved quality-of-life of its Employees. The Voluntary Benefits Programs include, but are not limited to, childcare vouchers, dining cards, mobile phone programs, parking and vehicle programs, and gym memberships. The Debtors seek authority to pay all unpaid prepetition Voluntary Benefits Programs and to continue payment of the Voluntary Benefits Programs in the ordinary course during these chapter 11 cases.

Contractor Obligations

47. In addition to their Employees, the Debtors rely on services from various contractors and individuals working through staffing agency contracts (the “**Contract Employees**”). The Contract Employees bill the Debtors directly for their services. The Debtors are engaged in an agreement with Royal & Ross, L.P. (“**RoRo**”), which provides the Debtors with Contract Employees to perform a variety of information technology services. The Debtors also have several agreements with Contract Employees who work in

countries where the Debtors do not operate any legal entities, including Greece, Indonesia, the Philippines, and Thailand. As of the Petition Date, the Debtors estimate they may owe approximately \$200,000 in the aggregate for prepetition services (the “**Contractor Obligations**”) provided by Contract Employees. The Debtors believe it is necessary to pay the obligations owed to Contract Employees so that they will continue to assist the Debtors with staffing needs as required.

48. By this Motion, the Debtors request authority to pay, in their sole discretion, any unpaid Contractor Obligations in the ordinary course of business and consistent with past practice, and to continue paying Contractor Obligations in the ordinary course of business and consistent with past practice.

Relief Requested Should Be Granted

A. Payment of Employee Obligations is Warranted Under Sections 363(b) and 105(a) of the Bankruptcy Code

49. The Court may grant the relief requested herein pursuant to section 363 of the Bankruptcy Code, which provides, in relevant part, that “[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Courts in the Fifth Circuit have granted a debtor’s request to use property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code upon a finding that such use is supported by sound business reasons. *See, e.g., In re BNP Petroleum Corp.*, 642 F. App’x 429, 435 (5th Cir. 2016); *In re Cont’l Air Lines*, 780 F.2d 1223, 1226 (5th Cir. 1986) (“[F]or a debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.”); *see also In re Crutcher Res. Corp.*, 72 B.R. 628, 631 (Bankr. N.D. Tex. 1987) (“A Bankruptcy

Judge has considerable discretion in approving a § 363(b) sale of property of the estate other than in the ordinary course of business, but the movant must articulate some business justification for the sale.”); *In re Terrace Gardens Park P’ship*, 96 B.R. 707, 714 (Bankr. W.D. Tex. 1989).

50. In addition, under section 1107(a) of the Bankruptcy Code, a debtor has, among other things, the “implied duty of the debtor-in-possession to ‘protect and preserve the estate, including an operating business’ going-concern value.” *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)). Under section 105(a) of the Bankruptcy Code, “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” *See CoServ*, 273 B.R. at 497 (holding that sections 105 and 1107 of the Bankruptcy Code provide authority for a debtor-in-possession to pay prepetition claims); *see also In re Tusa-Expo Holdings, Inc.*, Case No. 08-45057-DML-11, 2008 WL 4857954, at *1 (Bankr. N.D. Tex. Nov. 7, 2008); *CEI Roofing*, 315 B.R. at 56; *In re Mirant Corp.*, 296 B.R. 427 (Bankr. N.D. Tex. 2003). Moreover, Bankruptcy Rule 6003 itself implies that the payment of prepetition obligations may be permissible within the first 21 days of a case where doing so is “necessary to avoid immediate and irreparable harm.” Accordingly, the Bankruptcy Code authorizes the postpetition payment of prepetition claims where, as here, such payments are critical to preserving the going-concern value of a debtor’s estate.

51. The relief requested by this Motion represents a sound exercise of the Debtors’ business judgment, is necessary to avoid immediate and irreparable harm to the Debtors’ estates, and is justified under sections 105(a) and 363(b) of the Bankruptcy Code. Authorizing the Debtors to pay prepetition wages, employee benefits, and similar items will benefit the Debtors’ estates and their creditors by allowing the Debtors’ business operations to

continue without interruption. Indeed, without the relief requested herein being granted, the Debtors are at the risk of significant Employee attrition, as the Debtors' Employees may seek alternative opportunities. Employee attrition would cause the Debtors to incur additional expenses to find appropriate and experienced replacements, severely disrupting the Debtors' operations at a critical juncture. Additionally, the loss of valuable Employees, who are the lifeblood of the Debtors' operations, would deplete the Debtors' workforce, thereby hindering the Debtors' ability to meet their obligations and likely diminishing the Debtors' ability to carry out their chapter 11 strategy and successfully reorganize under the Plan.

52. In addition to Employee attrition, failure to satisfy prepetition Employee Obligations will likely jeopardize Employee morale and loyalty at a time when Employee support is critical to the Debtors' businesses. The majority of the Debtors' Employees rely exclusively on their compensation, benefits, and reimbursement of expenses to satisfy their daily living expenses. These Employees will be exposed to significant financial difficulties and other distractions if the Debtors are not permitted to honor their obligations for unpaid compensation, benefits and reimbursable expenses. Similarly, if the Court does not authorize the Debtors to honor their various obligations under the Employee Benefit Programs, many Employees will lose access to health coverage at a time when the Debtors need their Employees to perform their jobs at peak efficiency. The loss in morale and potential distraction of Employees worrying about paying their bills and their healthcare costs will harm the Debtors' ability to operate and serve customers at their standard high levels, causing an erosion in the Debtors' value.

53. With respect to the Contractor Obligations, Contract Employees are an integral part of the Debtors' workforce and perform key services that the Debtors' regular

Employees do not provide. Accordingly, the Debtors submit that it is appropriate for the Court to authorize the Debtors to satisfy the Contractor Obligations as set forth herein.

54. Moreover, the total amount sought to be paid pursuant to this Motion is modest compared to the magnitude of the Debtors' overall business. Accordingly, payment of the Employee Obligations in the ordinary course of business would enable the Debtors to focus on completing a successful reorganization, which would benefit all parties in interest.

B. Payment of Employee Obligations Would not Prejudice Parties in Interest

55. The Debtors believe that many of the prepetition Employee Obligations constitute priority claims under sections 507(a)(4) and (5) of the Bankruptcy Code. Under section 507(a)(4)(A) of the Bankruptcy Code, claims of employees against a debtor for "wages, salaries, or commissions, including vacation, severance, and sick leave pay," that are "earned within 180 days before" the petition date are afforded priority unsecured status up to \$13,650 per individual. 11 U.S.C. § 507(a)(4)(A). Similarly, under section 507(a)(5) of the Bankruptcy Code, employees' claims for contributions to certain employee benefit plans are also afforded priority unsecured status to the extent of \$13,650 per employee covered by such plans, less any amount paid pursuant to section 507(a)(4) of the Bankruptcy Code. *Id.* at § 507(a)(5). As priority claims, the Employee Obligations are entitled to payment in full before any general unsecured claims asserted against the Debtors can be satisfied. Thus, the relief requested largely affects only the timing of payment of the priority prepetition Employee Obligations and should not prejudice the rights of general unsecured creditors and other parties in interest.

C. Payment of Certain Employee Obligations Is Required by Law

56. The Debtors also seek authority to remit certain Deductions and Payroll Taxes to the appropriate entities. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from

Employees' paychecks. Indeed, certain Deductions, including contributions to the Employee Benefit Obligations and child support and alimony payments, are not property of the Debtors' estates because they have been withheld from Employees' paychecks on another party's behalf. *See* 11 U.S.C. § 541(b).

57. Further, federal and state laws require the Debtors and their officers to make certain tax payments that have been withheld from their Employees' paychecks. *See* 26 U.S.C. §§ 6672 and 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); *DuCharmes & Co., Inc. v. State of Mich. (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 certain Deductions and Payroll Taxes are not property of the Debtors' estates, the Debtors request that the Court authorize them to transmit the Deductions, Withholdings, and Payroll Taxes to the proper parties in the ordinary course of business.

58. For the foregoing reasons, payment of the prepetition Employee Obligations and Contractor Obligations, and continuation of the Employee Benefit Programs is necessary, appropriate, and in the best interests of the Debtors, their estates, and all other parties in interest in these cases. Accordingly, the Court should authorize the relief requested herein.

**Applicable Financial Institutions
Should Be Authorized to Receive, Process, Honor, and
Pay Checks Issued and Transfers Requested to Pay Employee Obligations**

59. The Debtors further request that the Court authorize applicable financial institutions (the "**Banks**") to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to the

Employee Compensation Obligations and the Employee Benefit Obligations (collectively, the “**Employee Obligations**”), to the extent that sufficient funds are on deposit and standing in the Debtors’ credit in the applicable bank accounts to cover such payment. The Debtors also seek authority to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any checks or funds transfer requests on account of prepetition Employee Obligations dishonored or rejected as a result of the commencement of the Debtors’ chapter 11 cases.

Bankruptcy Rule 6003(b) Has Been Satisfied

60. Pursuant to Rule 9013-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of Texas (the “**Local Rules**”), the Debtors respectfully request emergency consideration of this Motion under Bankruptcy Rule 6003, which provides that the Court may grant relief within the first 21 days after the Petition Date to the extent such relief is necessary to avoid immediate and irreparable harm. As described herein and in the Healy Declaration, the relief requested is essential to avoid the immediate and irreparable harm that would be caused by the Debtors’ inability to transition smoothly into chapter 11. Accordingly, the Debtors submit that the requirements of Bankruptcy Rule 6003 are satisfied.

**Compliance with Bankruptcy Rule 6004(a)
and Waiver of Bankruptcy Rule 6004(h)**

61. To implement the foregoing successfully, the Debtors request that the Court find that notice of the Motion satisfies Bankruptcy Rule 6004(a) and that the Court waive the 14-day period under Bankruptcy Rule 6004(h).

DIP Order and DIP Documents Control

62. Contemporaneously herewith, the Debtors are seeking entry by the Bankruptcy Court of an interim and final DIP Order, which provide for, among other things, the

Debtors' entry into the DIP Facility and DIP Documents and provision of adequate protection in connection with the DIP Facility and the use of cash collateral. The DIP Order and the DIP Documents contain terms that limit and otherwise apply to the Debtors' ability to utilize certain of the relief requested herein. For the avoidance of doubt, the relief described and requested herein and/or granted by any order issued pursuant hereto is subject in all respects to, and superseded by, the terms of the DIP Order and the DIP Documents.

Reservation of Rights

63. Nothing contained herein is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver or limitation of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (iv) an agreement or obligation to pay any claims, (v) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (vi) an admission as to the validity of any liens satisfied pursuant to this Motion, (vii) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code or (viii) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law. The Debtors expressly reserve all of their rights with respect to the foregoing matters. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

Notice

64. Notice of this Motion will be provided to (i) the Office of the United States Trustee for the Southern District of Texas; (ii) the holders of the 30 largest unsecured

claims against the Debtors on a consolidated basis; (iii) (A) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017 (Attn: Damian S. Schaible, Esq., David Schiff, Esq., and Jonah A. Peppiatt, Esq.) and (B) Rapp & Krock, PC, 1980 Post Oak Blvd, Suite 1200 Houston, TX 77056 (Attn: Henry Flores, Esq.) counsel to the Ad Hoc Group of Secured Lenders; (iv) Skadden, Arps, Slate, Meagher & Flom LLP, One Manhattan West, New York, NY 10001 (Attn: Steven Messina, Esq. and George Howard, Esq.) and 155 N. Wacker Drive, Chicago, IL 60606 (Attn: David M. Wagener, Esq.), counsel to Credit Suisse AG, Cayman Islands Branch, as administrative agent under the Syndicated Facility Agreement and the DIP Agent; (v) the Internal Revenue Service; (vi) the United States Attorney's Office for the Southern District of Texas; (vii) the Securities and Exchange Commission; (viii) the Banks; (ix) any party that has requested notice pursuant to Bankruptcy Rule 2002; and (x) any other party entitled to notice pursuant to Local Rule 9013-1(d).

No Previous Request

65. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: April 23, 2020
Houston, Texas

Respectfully submitted,

/s/ Alfredo Pérez

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*Proposed Attorneys for Debtors
and Debtors in Possession*

Certificate of Service

I hereby certify that on April 23, 2020, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas, and will be served as set forth in the Affidavit of Service to be filed by the Debtors' proposed claims, noticing, and solicitation agent.

/s/ Alfredo Pérez
Alfredo R. Pérez

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
SPEEDCAST INTERNATIONAL LIMITED, et al.,	§	
	§	Case No. 20-32243 (MI)
	§	
Debtors.¹	§	(Joint Administration Requested)
	§	(Emergency Hearing Requested)

**ORDER (I) AUTHORIZING DEBTORS TO (A) PAY PREPETITION
WAGES, SALARIES, EMPLOYEE BENEFITS, AND OTHER COMPENSATION
AND (B) MAINTAIN EMPLOYEE BENEFIT PROGRAMS AND PAY
RELATED OBLIGATIONS; AND (II) GRANTING RELATED RELIEF**

Upon the motion, dated April 23, 2020 (the “**Motion**”)² of SpeedCast International Limited and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), for entry of an order, pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, (i) authorizing the Debtors to (a) pay Employee Compensation Obligations and Employee Benefit Obligations, related expenses, and fees and costs incident to the foregoing, including amounts owed to third-party service providers and administrators and tax authorities, and (b) maintain, continue to honor, and pay amounts with respect to the Debtors’ business practices, programs, and policies for their employees as such were in effect as of the Petition Date and as such may be modified or supplemented from time to time in the ordinary course of business and (ii) granting related relief, each as more fully set forth in the Motion; and upon consideration of the Healy Declaration; and this Court having jurisdiction to consider the Motion and the relief

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://www.kccllc.net/speedcast>. The Debtors’ service address for purposes of these chapter 11 cases is 4400 S. Sam Houston Parkway East, Houston, Texas 77048.

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

requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion have been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and this Court having held a hearing to consider the relief requested in the Motion; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003 and is in the best interests of the Debtors and their respective estates and creditors; 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 Debtors are authorized, but not directed, pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code to (i) pay the prepetition Employee Obligations and Contractor Obligations and (ii) maintain and continue to honor and pay the postpetition Employee Obligations, Contractor Obligations, and Employee Benefit Programs as such were in effect as of the commencement of these chapter 11 cases and as such may be modified or supplemented from time to time in the ordinary course of business, in each case, subject in all respects to the terms of the DIP Order and the DIP Documents (both as defined below); *provided*, that all payments of prepetition Employee Compensation Obligations and Employee Benefit Obligations pursuant to this Order shall not exceed \$1,140,000 in the aggregate;

provided, further, that all payments of prepetition Contractor Obligations pursuant to this Order shall not exceed \$200,000 in the aggregate.

2. Notwithstanding any other provision of this Order, nothing in this Order shall authorize the Debtors to make any payments under section 503(c) of the Bankruptcy Code to or on behalf of any “insider” as defined by section 101(31) of the Bankruptcy Code or violate or permit a violation of section 503(c) of the Bankruptcy Code.

3. The Banks are authorized to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to such obligations, to the extent that sufficient funds are on deposit in available funds in the applicable bank accounts to cover such payments. The Banks are authorized to accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

4. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Debtors’ chapter 11 cases with respect to any prepetition amounts that are authorized to be paid pursuant to this Order.

5. Notwithstanding anything to the contrary herein, any payment to be 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’ (1) entry into any postpetition debtor in possession financing facility, including any budget and the terms of any definitive

documentation in connection therewith (the “**DIP Documents**”), and/or (2) authorizing the Debtor’s use of cash collateral and/or any budget in connection therewith (in either case, the “**DIP Order**”). To the extent there is any inconsistency between the terms of the DIP Order or any DIP Documents, on the one hand, and any action taken or proposed to be taken hereunder, on the other hand, the terms of the DIP Order or such DIP Document, as applicable, shall control.

6. Nothing contained in the Motion or this Order or any payment made pursuant to the authority granted by this Order is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors’ or any appropriate party in interest’s rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors’ rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (iv) an agreement or obligation to pay any claims, (v) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (vi) an admission as to the validity of any liens satisfied pursuant to this Motion, or (vii) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code.

7. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

8. Notice of the Motion is adequate under Bankruptcy Rule 6004(a).

9. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

10. The Debtors are authorized to take all actions necessary or appropriate to carry out the relief granted in this Order.

11. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: _____, 2020
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE