

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

| | | |
|--|---|----------------------------------|
| In re: |) | |
| |) | Chapter 11 |
| BLITZ U.S.A., Inc., <i>et al.</i> , ¹ |) | |
| |) | Case No. 11-[] () |
| Debtors. |) | (Joint Administration Requested) |
| |) | |

**DEBTORS' MOTION FOR ENTRY OF AN ORDER AUTHORIZING
THE DEBTORS TO CONTINUE PREPETITION INSURANCE COVERAGE**

Blitz U.S.A., Inc. ("**Blitz**") and certain of its affiliates, as debtors and debtors in possession (collectively, the "**Debtors**"), file this motion (this "**Motion**") for entry of an order, substantially in the form attached hereto as **Exhibit A** (the "**Interim Order**"), and a final order, substantially in the form attached hereto as **Exhibit B** (the "**Final Order**"), authorizing the Debtors to: (a) continue insurance coverage currently in effect and pay any prepetition amounts related thereto; (b) maintain existing financing of insurance premiums; (c) enter into new insurance policies and financing agreements during the postpetition period; and (d) schedule a final hearing (the "**Final Hearing**") to consider entry of the Final Order. In support of the Motion, concurrently herewith, the Debtors submit the *Declaration of Rocky Flick, President and Chief Executive Officer of Blitz U.S.A., Inc. in Support of the Debtors' Chapter 11 Petitions and First Day Motions* (the "**First Day Declaration**") and respectfully state as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: LAM 2011 Holdings, LLC (8742); Blitz Acquisition Holdings, Inc. (8825); Blitz Acquisition, LLC (8979); Blitz RE Holdings, LLC (9071); Blitz U.S.A., Inc. (8104); and F3 Brands LLC (2604). The location of the Debtors' corporate headquarters and the Debtors' service address is: 404 26th Ave. NW Miami, OK 74354.



Jurisdiction and Venue

1. 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. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

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

3. The statutory bases for the relief requested herein are sections 105(a), 361, 363, 364, 503, 541, and 1112 of title 11 of the United States Code (the “*Bankruptcy Code*”), Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), and Rule 9003-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “*Local Bankruptcy Rules*”).

Introduction

4. As described in the First Day Declaration, the Debtors are the industry leader in portable fuel containment. Since its inception as the supplier of the traditional, olive-drab jerry can to the U.S. military throughout World War II, Blitz U.S.A., Inc. and its predecessor companies have evolved into the producer of the best fuel containment products in the world. Today, the red plastic jerry can is an American icon. With its global headquarters in Miami, Oklahoma, the Debtors employ approximately 250 employees and achieve annual sales of approximately \$80 million. Through end of fiscal year 2011, the Debtors generated \$80 million in revenue and \$6 million in adjusted EBITDA.

5. Notwithstanding its industry leading position and time-tested product line, the Debtors have recently become the subject of over 35 pending lawsuits alleging, among other things, certain product deficiencies. Despite the Debtors’ firm belief that its products are safe and free of deficiencies, on the date hereof (the “*Petition Date*”), each of the Debtors filed a petition with the Court under chapter 11 of the Bankruptcy Code to address the challenges posed

by the overwhelming pending litigation. The Debtors are operating their businesses 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 committees have been appointed or designated. Concurrently with the filing of this Motion, the Debtors have requested procedural consolidation and joint administration of these chapter 11 cases.

Relief Requested

6. By this Motion, the Debtors seek authority, in the ordinary course of business, to maintain: (a) approximately twenty-four active insurance policies (the “***Insurance Policies***”) that are maintained and administered by approximately eleven third-party insurance carriers (collectively, the “***Insurance Carriers***”);² and (b) financing of insurance premiums under a prepetition financing agreement with Imperial Credit Corporation (“***ICC***”) and two prepetition financing agreements with Premium Financing Specialists (“***PFS***”), attached hereto collectively as **Exhibit C** (as discussed herein and incorporated by reference, the “***Financing Agreements***”).

7. Specifically, pursuant to the Interim Order, the Debtors request authority to (a) continue their prepetition Insurance Policies and (b) maintain financing of their insurance premiums under the Financing Agreements, including monthly installments payments due on December 1, 2011 in the total amount of approximately \$250,000.00.

8. Pursuant to the Final Order, the Debtors seek authority to (a) continue the Insurance Policies, including renewal or modification of the Insurance Policies as necessary in the ordinary

² The Debtors seek authority to continue to administer their prepetition insurance coverage policies and practices related to workers’ compensation pursuant to the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, and Other Compensation, and Reimbursable Expenses, (B) Pay and Honor Obligated Related Employee Medical and Similar Benefits and (C) Continue Their Employee Medical and Similar Benefits* (the “***Wages Motion***”), filed concurrently herewith.

course of business, and (b) maintain financing of insurance premiums under the Financing Agreements in the ordinary course of business.

Description of the Debtors Insurance Coverage

I. The Debtors' Insurance Policies and Related Payments.

9. In the ordinary course of business, the Debtors maintain Insurance Policies that collectively provide coverage for, among other things, property damage, general commercial liability, flood damage, property, general liability, umbrella liability, excess liability, executive risk, and national and foreign product liability. A schedule of the Insurance Policies is attached hereto as **Exhibit D** and incorporated herein by reference. The Insurance Policies are essential to preserving the value of the Debtors' businesses, properties and assets. In many cases, coverage provided by the Insurance Policies is required by the regulations, laws and contracts that govern the Debtors' commercial activities.

10. The Debtors generally are current on amounts owed to maintain the Insurance Policies. Certain amounts owed in connection with the Insurance Policies, however, are paid in arrears or have otherwise accrued before the Petition Date and have not yet been paid. As of the Petition Date, the Debtors estimate that a total of approximately \$250,000.00 in prepetition amounts are outstanding under the Insurance Policies. Additionally, other payments may come due in the future that relate to Insurance Policy obligations incurred prepetition.

A. Financed Insurance Policies.

11. Certain of the Debtors' insurance policies require payment of the entire premium at inception. Because it is not always economically advantageous for the Debtors to pay premiums in full up front, the Debtors have financed the premiums for these policies (collectively, the "***Financed Insurance Policies***") under the Financing Agreements with ICC and PFS. The Financed Insurance Policies benefit the Debtors by spreading out the cost of the

Insurance Policies over the applicable coverage period. The Financed Insurance Policies include property, general commercial liability, national and foreign product liability, and excess liability. As of the Petition Date, the Debtors owe a total of approximately \$2.5 million on account of the Financing Agreements, of which approximately \$250,000.00 will come due within the first 21 days of these chapter 11 cases.

B. The ICC and PFS Financing Agreements

12. Under the Financing Agreement with ICC, the Debtors finance general liability, excess liability, umbrella, and foreign product liability. The Debtors made a down payment of approximately \$425,000.00 in July 2011, and the remaining \$2.45 million was financed over a 10-month period at \$245,000.00 per month. To date, the Debtors have made 3 payments and approximately \$1.6 million is outstanding under the ICC Financing Agreement.

13. Under the Financing Agreement with PFS, the Debtors finance general liability and property damage policies. The Debtors made a down payment of approximately \$54,000 in September 2011, and financed the remaining \$190,000 over a 9-month period at approximately \$22,000 per month. To date, the Debtors have made one payment and approximately \$168,000.00 is outstanding under the PFS Financing Agreement.

C. Self-Insured Policies

14. In addition to the Debtors' financed Insurance Policies, the Debtors maintain several Insurance Policies for which the Debtors pay the insurer through Lockton, either through an up-front sum or periodic payments (collectively, the "*Self-Paid Insurance Policies*"). The Self-Paid Insurance Policies include policies covering flood damage, executive risk, automobile, property damage, foreign product liability, and an umbrella package.

II. The Debtors' Insurance Broker.

15. In connection with the Insurance Policies, the Debtors have entered into insurance brokerage agreements (collectively, the “**Brokerage Agreements**”) under which the Debtors obtain services from Lockton Companies, LLC (“**Lockton**,” or the “**Insurance Broker**”). The Insurance Broker assists the Debtors in obtaining comprehensive insurance coverage for the Debtors’ operations in the most cost-effective manner possible. In particular, the Insurance Broker assists the Debtors with the procurement and negotiation of the Insurance Policies from the Insurance Carriers, enabling the Debtors to obtain policies on advantageous terms and at competitive rates.

16. The Debtors pay brokerage fees (the “**Brokerage Fees**”) to the Insurance Broker in the amount of approximately \$15,000.00 every three (3) months for Lockton’s employee benefit insurance group. For all business lines, the Debtors pay Brokerage Fees in the amount of approximately \$250,000.00 per year for property and casualty insurance. As of the Petition Date, the Debtors do not believe they owe any prepetition Brokerage Fees.

Basis for Relief

I. Sufficient Cause Exists to Authorize the Debtors to Maintain their Insurance Policies and to Pay Prepetition Amounts related to those Insurance Policies.

17. The Court should authorize the Debtors to maintain their Insurance Policies and to pay prepetition amounts related to their Insurance Policies. Courts generally acknowledge that, under appropriate circumstances, they may authorize a debtor to pay (or provide special treatment for) certain prepetition obligations. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 824-25 (Bankr. D. Del. 1999) (noting that, in the Third Circuit, debtors may pay prepetition claims that are essential to the continued operation of the debtor’s business); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (granting the debtor the authority to pay

prepetition wages); *Armstrong World Indus., Inc. v. James A. Phillips, Inc.*, (*In re James A. Phillips, Inc.*), 29 B.R. 391, 398 (Bankr. S.D.N.Y. 1983) (granting the debtor the authority to pay prepetition claims of suppliers who were potential lien claimants). When authorizing payments of certain prepetition obligations, courts have relied upon several legal theories rooted in sections 363(b) and 105(a) of the Bankruptcy Code.

18. Consistent with a debtor's fiduciary duties, where there is a sound business purpose for the payment of prepetition obligations, and where the debtor is able to "articulate some business justification, other than the mere appeasement of major creditors," courts have authorized debtors to make such payments under section 363(b) of the Bankruptcy Code. *See, e.g., Ionosphere Clubs*, 98 B.R. at 175 (finding that a sound business justification existed to pay prepetition wages); *In re James A. Phillips, Inc.*, 29 B.R. at 397 (relying upon section 363 as a basis to allow a contractor to pay the prepetition claims of suppliers who were potential lien claimants).

19. Courts have also authorized payment of prepetition claims in appropriate circumstances pursuant to section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court, empowers the bankruptcy court 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 permit pre-plan payments of prepetition obligations when such payments are essential to the continued operation of the debtor's business and, in particular, where nonpayment of a prepetition obligation would trigger a withholding of goods or services essential to the debtors' business reorganization plan. *See In re UNR Indus.*, 143 B.R. 506, 520 (Bankr. N.D. Ill. 1992) (permitting the debtor to pay prepetition claims of suppliers or employees

whose continued cooperation is essential to the debtors' successful reorganization); *Ionosphere Clubs*, 98 B.R. at 177 (finding that section 105 empowers bankruptcy courts to authorize payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor).

20. In addition to the authority granted a debtor in possession under sections 363(b) and 105(a) of the Bankruptcy Code, courts have developed the "doctrine of necessity" or the "necessity of payment" rule, which originated in the landmark case of *Miltenberger v. Logansport, C. & S.W.R. Co.*, 106 U.S. 286 (1882). Since *Miltenberger*, courts have expanded their application of the doctrine of necessity to cover instances of a debtor's reorganization, *see Dudley v. Mealey*, 147 F.2d 268, 271 (2d Cir. 1945) (holding that the court was not "helpless" to apply the rule to supply creditors where the alternative was the cessation of operations), including the United States Court of Appeals for the Third Circuit, which recognized the doctrine in *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981).

21. In *Lehigh*, the Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. *Id.* (stating that a court 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 Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding that the necessity of payment doctrine permits "immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims have been paid"); *Just for Feet*, 242 B.R. at 824–25 (noting that debtors may pay prepetition claims that are essential to continued operation of business); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (same).

22. The necessity of payment doctrine is designed to foster the rehabilitation of a debtor in reorganization cases, which courts have recognized is “the paramount policy and goal of Chapter 11.” *Ionosphere Clubs*, 98 B.R. at 176; *Just For Feet*, 242 B.R. at 826 (finding that payment of prepetition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization.”); *see also In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“[P]ayment by a debtor-in-possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code,” but “[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.”); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of prepetition unsecured claims of tool makers as “necessary to avert a serious threat to the Chapter 11 process”); *Burchinal v. Cent. Wash. Bank (In re Adams Apple, Inc.)*, 829 F.2d 1484, 1490 (9th Cir. 1987) (finding that it is appropriate to provide for the “unequal treatment of pre-petition debts when [such treatment is] necessary for rehabilitation”); 3 COLLIER ON BANKRUPTCY ¶ 105.04[5][a] (15th ed. rev. 2004) (discussing cases in which courts have relied upon the “doctrine of necessity” or the “necessity of payment” rule to pay prepetition claims immediately).

23. In light of the importance of maintaining insurance coverage with respect to the Debtors’ business activities, it is in the best interests of the Debtors’ estates and all parties in interest to maintain the Insurance Policies pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. Failure to pay premiums and related insurance expenses when due may harm the Debtors’ estates in several ways. First, the Debtors’ insurance companies may refuse to renew the Debtors’ Insurance Policies, which will require the Debtors to obtain replacement

policies and possibly to reconfigure their risk management program. This in turn would require the commitment of significant resources and could result in less favorable coverage or terms from the Debtors' insurers. Second, the Debtors' Insurance Carriers could attempt to terminate the Debtors' existing Insurance Policies, which could create uncertainty as to the Debtors' ability to continue operating their businesses given the myriad of regulatory and contractual requirements imposed on the Debtors to maintain specific amounts and types of insurance coverage. Any purported termination of the Debtors' Insurance Policies and any material change in the terms thereof would place additional strain on the Debtors' management and employees, who benefit from the Debtors' insurance coverage.

24. The Debtors submit that it is in the best interests of their estates to continue to maintain the Insurance Policies, as well as to revise, extend, supplement, or change insurance coverage, as necessary, pursuant to section 363(b)(1) of the Bankruptcy Code. Indeed, the Insurance Policies are essential to the preservation of the value of the Debtors' businesses, properties, and assets, and their ability to successfully prosecute these chapter 11 cases. The Insurance Policies protect the Debtors and other parties in interest from losses caused by casualty, natural disaster, fraud, or another unforeseen event. This concern is so paramount that, under section 1112(b)(4)(C) of the Bankruptcy Code, "failure [of a debtor] 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).

25. Courts in this district and other jurisdictions regularly grant similar relief to chapter 11 debtors, authorizing, among other things, such debtors to maintain insurance coverage and premium financing of insurance policies where, as here, it is in the best interest of the estates. *See, e.g., In re L.A. Dodgers LLC*, No. 11-12010 (Bankr. D. Del. July 26, 2011); *In re*

Ambassadors Int'l, Inc., No. 11-11002 (Bankr. D. Del. Apr. 5, 2011); *In re Appleseed's*, No. 11-0160 (KG) (Bankr. D. Del. July February 18, 2011); *In re OTC Holdings Corp.*, No. 10-12636 (Bankr. D. Del. Aug. 27, 2010); *In re NEC Holdings Corp.*, No. 10-11890 (Bankr. D. Del. June 11, 2010); *In re MiddleBrook Pharms., Inc.*, No. 10-11485 (Bankr. D. Del. May 4, 2010); *In re Atrium Corp.*, No. 10-10150 (Bankr. D. Del. Feb. 23, 2010); *In re Int'l Aluminum Corp.*, No. 10-10003 (Bankr. D. Del. Jan. 6, 2010); *In re Stallion Oilfield Servs. Ltd.*, No. 09-13562 (Bankr. D. Del. Oct. 20, 2009); *In re Masonite Corp.*, No. 09-10844 (Bankr. D. Del. Mar. 17, 2009); *In re Muzak Holdings, LLC*, No. 09-10422 (Bankr. D. Del. Feb. 12, 2009); *In re ACG Holdings, Inc.*, No. 08-11467 (Bankr. D. Del. July 16, 2008); *In re Pierre Foods Inc.*, No. 08-11480 (Bankr. D. Del. July 16, 2008); *In re Linens Holding Co.*, No. 08-10832 (Bankr. D. Del. May 2, 2008); *In re Hoop Holdings, LLC*, No. 08-10544 (Bankr. D. Del. March 28, 2008); *In re Sharper Image Corp.*, No. 08-10322 (KG) (Bankr. D. Del. Feb. 20, 2008).³

II. Cause Exists to Authorize the Debtors' Financial Institutions to Honor Checks and Electronic Fund Transfers.

26. The Debtors have sufficient funds to remit the amounts described herein in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to debtor in possession financing. Also, under the Debtors' existing cash management system, the Debtors have made arrangements to readily identify checks or wire transfer requests as relating to an authorized payment in respect of the Insurance Policies. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently and the Court should authorize all

³ Because of the voluminous nature of the orders cited herein, such orders are not attached to this Motion. Copies of these orders are available upon request of the Debtors' proposed counsel.

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 herein.

The Requirements of Bankruptcy Rule 6003 are Satisfied

27. Pursuant to Bankruptcy Rule 6003, the Court may grant relief regarding a motion to pay all or part of a prepetition claim within 21 days after the Petition Date if the relief is necessary to avoid immediate and irreparable harm. Immediate and irreparable harm exists where the absence of relief would impair a debtor's ability to reorganize or threaten the debtor's future as a going concern. *See In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 36 n.2 (Bankr. S.D.N.Y. 1990) (discussing the elements of "immediate and irreparable harm" in relation to Bankruptcy Rule 4001). As described above, the Debtors need their insurance to remain in place uninterrupted. Failure to make the payments required by the Debtors' Insurance Policies, including the Financed Insurance Policies, could have disastrous effects on the Debtors' attempts to restructure in chapter 11. Indeed, termination of the Insurance Policies due to any such non-payment likely would deprive the Debtors of the ability to operate their business under the laws of the states in which the Debtors conduct business. Occurrence of any one or more of these events essentially would stop all flow of revenue, which potentially could result in irreparable harm to the Debtors' current and future operations. In addition, section 1112(b)(4)(C) 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. Consequently, the Debtors seek authority to continue payments to insurance providers and premium financiers.

28. Accordingly, to the extent that the Debtors are required to make any payments related to prepetition obligations with respect to the Insurance Policies, the Debtors submit that

they have satisfied the requirements of Bankruptcy Rule 6003 to support immediate payment of such obligations.

Waiver of Bankruptcy Rules 6004(a) and 6004(h)

29. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Notice

30. The Debtors have provided notice of the Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) the entities listed on the Consolidated List of Creditors Holding the 50 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to the agent for the Debtors' proposed postpetition secured lenders; (d) counsel to the agent for the Debtors' prepetition secured lenders; (e) the Internal Revenue Service; and (f) any party that may have a particular interest in this motion. 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 Bankruptcy Rule 9013-1(m). In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested herein and granting such other and further relief as is just and proper.

Dated: November 9, 2011
Wilmington, Delaware

RICHARDS, LAYTON & FINGER, P.A.



Daniel J. DeFranceschi (DE No. 2732)

Michael J. Merchant (DE No. 3854)

Julie A. Finocchiaro (DE No. 5303)

Amanda R. Steele (DE No. 5530)

One Rodney Square

920 North King Street

Wilmington, Delaware 19801

Telephone: (302) 651-7700

Facsimile: (302) 651-7701

Email: defranceschi@rlf.com

merchant@rlf.com

finocchiaro@rlf.com

steele@rlf.com

EXHIBIT A

Proposed Interim Order

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

In re:

BLITZ U.S.A., Inc., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 11-[_____] (____)
)
) (Joint Administration Requested)
)

**INTERIM ORDER AUTHORIZING THE DEBTORS TO CONTINUE
PREPETITION INSURANCE COVERAGE AND RELATED PRACTICES**

Upon the motion (the “*Motion*”)² of Blitz U.S.A., Inc. (“*Blitz*”) and certain of its affiliates, as debtors and debtors in possession (collectively, the “*Debtors*”), for entry of an interim order (this “*Order*”) pursuant to sections 105(a), 363, 1107 and 1108 of the Bankruptcy Code, Rules 6003, 6004(a) and 6004(h) of the Bankruptcy Rules and Rule 9013-1(m) of the Local Rules, (a) authorizing the Debtors to (i) continue the prepetition Insurance Policies, including renewing or modifying the Insurance Policies and (ii) maintain financing of insurance premiums under the Financing Agreements and (b) scheduling a Final Hearing to consider entry of the Final Order to the extent a hearing is necessary, all as more fully described in the Motion; and this Court having found that: (i) this Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; (ii) the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. § 1408; (iv) the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and

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

other parties in interest; (v) notice of the Motion was adequate and appropriate under the circumstances; and (vi) no other or further notice need be provided; and this Court having reviewed the Motion and having heard statements in support of the Motion at a hearing held 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 this Court having found that relief requested in the Motion is necessary to prevent immediate and irreparable harm; and any objections to the relief requested herein having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefore, it is hereby ORDERED:

1. The Motion is granted on an interim basis to the extent provided herein.
2. The Debtors are authorized in their sole discretion to continue the Insurance Policies uninterrupted on a postpetition basis.
3. The Debtors are authorized, in their sole discretion, to maintain financing of insurance premiums, including payment of any prepetition amounts due in the 21-day period following the Petition Date under the Financing Agreements, in an approximate amount of \$250,000.00.
4. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim against the Debtors, a waiver of the Debtors' rights to subsequently dispute such claim or the assumption or adoption of any agreement, contract or lease under section 365 of the Bankruptcy Code.
5. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

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 and directed 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 being approved by this Order.

7. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

8. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this Order shall be immediately effective and enforceable upon its entry.

9. The Final Hearing shall be heard on _____, 2011 at ____:____ a.m./p.m. prevailing Eastern Time. Any objections to the Motion shall be filed on or before _____, 2011 at 4:00 p.m. and served on parties in interest as required by the Local Rules..

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

Dated: _____, 2011
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 |
| |) | |
| BLITZ U.S.A., Inc., <i>et al.</i> , ¹ |) | Case No. 11-[] () |
| |) | |
| Debtors. |) | (Joint Administration Requested) |
| |) | |

**FINAL ORDER AUTHORIZING THE DEBTORS TO CONTINUE
PREPETITION INSURANCE COVERAGE AND RELATED PRACTICES**

Upon the motion (the “*Motion*”)² of Blitz U.S.A., Inc. (“*Blitz*”) and certain of its affiliates, as debtors and debtors in possession (collectively, the “*Debtors*”), for entry of an order (this “*Order*”) authorizing the Debtors to (a) continue insurance coverage currently in effect and pay any prepetition amounts related thereto, (b) maintain existing financing of insurance premiums, and (c) enter into new policies and financing agreements during the postpetition period; and upon the First Day Declaration; and this Court having found that: (i) this Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; (ii) the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. § 1408; (iv) the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; (v) notice of the Motion was adequate and appropriate under the circumstances; and (vi) no other or further notice need be provided; and this Court having reviewed the Motion and having heard statements in support of

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

the Motion at a hearing held 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 this Court having found that relief requested in the Motion is necessary to prevent immediate and irreparable harm; and any objections to the relief requested herein having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefore, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtors are authorized to continue to administer insurance coverage currently in effect and honor prepetition and postpetition obligations under the Insurance Policies or on account of Brokerage Fees in the ordinary course of business.
3. The Debtors are authorized to revise, extend, supplement, or change insurance coverage as needed, including entering into new insurance policies, through renewal of the Insurance Policies or purchase of new policies, *provided, however*, that to the extent that any new insurance policy is in addition to or replaces any casualty or liability policies to which the agent for the Debtors’ prepetition secured lenders has been named a loss payee or an additional insured, the new policy will name the agent for the Debtors’ prepetition secured lenders and the agent for the Debtors’ proposed postpetition debtor-in-possession financing facility as such.
4. In accordance with this Order and any other order of this Court, each of the financial institutions at which the Debtors maintain their accounts relating to prepetition or postpetition obligations that the Debtors are authorized to pay pursuant to this Order is authorized to honor checks presented for payment and all fund transfer requests made by the Debtors related to such obligations to the extent that sufficient funds are on deposit in such accounts.

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

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

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

Dated: _____, 2011
Wilmington, Delaware

United States Bankruptcy Judge

EXHIBIT C

Financing Agreements

IMPERIAL CREDIT CORPORATION
1001 Winstead Drive, Suite 500
Cary NC 27513
1-800-791-7901

PAGE 2 OF 2

NOTICE OF ACCEPTANCE

Blitz USA Inc
404 26th Ave NW
Miami OK 74354

Insured:

Blitz USA Inc
404 26th Ave NW
Miami OK 74354

Agent or Broker:

Lockton Insurance Agency
444 West 47th Street
Suite 900
Kansas City MO 64112-1906

| ACCOUNT NUMBER |
|-----------------|
| 15-006-084767-5 |

You will be invoiced for your payments.

| TOTAL PREMIUMS | DOWN PAYMENT | AMOUNT FINANCED | FL. STAMP TAX | FINANCE CHARGE | TOTAL OF PAYMENTS |
|----------------|--------------|-----------------|---------------|----------------|-------------------|
| 2,831,130.00 | 424,670.00 | 2,406,460.00 | | 38,422.90 | 2,444,882.90 |

| ANNUAL % RATE | ACCEPTANCE DATE | MATURITY DATE |
|---------------|-----------------|---------------|
| 3.45 | 07/29/2011 | 06/01/2012 |

THE PREMIUM FINANCE AGREEMENT SUBMITTED BY YOUR INSURANCE AGENT CONTAINS INCORRECT AND/OR INCOMPLETE INFORMATION WITH RESPECT TO THE ITEM(S) LISTED BELOW:

PAYMENT SCHEDULE

| 1st Pmt Due Date | Due Date | NO. | PAYABLE | PAYMENT AMOUNT |
|------------------|----------|-----|---------|----------------|
| 08/30/2011 | 30 | 10 | Monthly | 244,488.29 |

THIS NOTICE CORRECTS THE ABOVE ERROR(S) AND/OR OMISSION(S)

SCHEDULE OF POLICIES

| POLICY NUMBER | INSURANCE COMPANY | EFFECTIVE DATE | TERM | CVG | PREMIUM |
|---------------|------------------------------|----------------|------|-----|------------|
| MWZY59256 | Old Republic Insurance Co | 07/31/2011 | 12 | XSL | 125,000.00 |
| HGL0027759 | Burlington Insurance Company | 07/31/2011 | 12 | GNL | 8,000.00 |
| | State Tax | | | | 480.00 |

SEE REVERSE SIDE FOR OUR CONSUMER PRIVACY POLICY.

IMPERIAL CREDIT CORPORATION
1001 Winstead Drive, Suite 500
Cary NC 27513
1-800-791-7901

PAGE 1 OF 2

NOTICE OF ACCEPTANCE



001573 N

Blitz USA Inc
404 26th Ave NW
MIAMI OK 74354-2206

Insured:

Blitz USA Inc
404 26th Ave NW
Miami OK 74354

Agent or Broker:

Lockton Insurance Agency
444 West 47th Street
Suite 900
Kansas City MO 64112-1906

| ACCOUNT NUMBER |
|-----------------|
| 15-006-084767-5 |

You will be invoiced for your payments.

| TOTAL PREMIUMS | DOWN PAYMENT | AMOUNT FINANCED | FL. STAMP TAX | FINANCE CHARGE | TOTAL OF PAYMENTS |
|----------------|--------------|-----------------|---------------|----------------|-------------------|
| 2,831,130.00 | 424,670.00 | 2,406,460.00 | | 38,422.90 | 2,444,882.90 |

| ANNUAL % RATE | ACCEPTANCE DATE | MATURITY DATE |
|---------------|-----------------|---------------|
| 3.45 | 07/29/2011 | 06/01/2012 |

THE PREMIUM FINANCE AGREEMENT SUBMITTED BY YOUR INSURANCE AGENT CONTAINS INCORRECT AND/OR INCOMPLETE INFORMATION WITH RESPECT TO THE ITEM(S) LISTED BELOW:

PAYMENT SCHEDULE

| 1st Pmt Due Date | Due Date | NO. | PAYABLE | PAYMENT AMOUNT |
|------------------|----------|-----|---------|----------------|
| 08/30/2011 | 30 | 10 | Monthly | 244,488.29 |

THIS NOTICE CORRECTS THE ABOVE ERROR(S) AND/OR OMISSION(S)

SCHEDULE OF POLICIES

| POLICY NUMBER | INSURANCE COMPANY | EFFECTIVE DATE | TERM | CVG | PREMIUM |
|---------------|-------------------------------------|----------------|------|-----|--------------|
| IRE98445-1 | First Specialty Ins Corp | 07/31/2011 | 12 | UMB | 2,200,000.00 |
| | State Tax | | | | 132,000.00 |
| WR10003112 | Chartis Specialty Insurance Company | 07/31/2011 | 12 | PKG | 2,500.00 |
| EXCAT0687653 | Liberty Surplus Ins Corp | 07/31/2011 | 12 | XSL | 151,200.00 |
| CEGA000307 | First Mercury Insurance Co | 07/31/2011 | 12 | XSL | 157,500.00 |
| | State Tax | | | | 9,450.00 |
| Please Advise | Arch Insurance Company | 07/31/2011 | 12 | XSL | 45,000.00 |

SEE REVERSE SIDE FOR OUR CONSUMER PRIVACY POLICY.

TO THE INSURED

We are pleased to notify you that we have accepted your premium finance agreement subject to verification by the insurance companies. We have credited the down payment to your account.

Proceeds from the premium finance agreement may have or will be paid directly to the agent/broker for your account or paid directly to the insurance carriers listed on the premium finance agreement.

Your agent or broker has warranted that either (1) you have signed the premium finance agreement, or (2) you have authorized him/her to sign on your behalf. If your Premium Finance Agreement was signed by your Insurance Agent or Broker, such Agent or Broker warrants that he is authorized to act as agent for you in the signing of the Premium Finance Agreement and has forwarded your down payment check for credit to your account. You may rescind the terms of the Premium Finance Agreement and this Notice of Acceptance by mailing to Lender at the address shown on the reverse side, notice of such rescission within 10 days of the date of mailing of this notice. If no such notice of rescission is so received, the terms of the Premium Finance Agreement and this Notice of Acceptance shall be binding upon all parties.

The security for this financing is the unearned premiums on the policies financed. The finance charge begins to accrue as of the earliest policy effective date. Do not confuse this premium finance loan with the type of credit that revolves from month to month and permits late payments with a penalty. IF YOU DO NOT PAY YOUR PREMIUM FINANCE INSTALLMENTS ON OR BEFORE THE DUE DATES, YOU MAY RISK LOSING YOUR INSURANCE PROTECTION.

The insured is required to sign the Premium Finance Agreement in the following states:

| | | | |
|-----------|------------|----------------|----------------|
| Alaska | Indiana* | Nevada | South Carolina |
| Arizona | Iowa* | New York | South Dakota* |
| Colorado* | Louisiana* | North Carolina | Texas* |
| Hawaii* | Maine* | Ohio | West Virginia* |
| Idaho* | Minnesota* | Oklahoma* | Wyoming* |

*Consumer premium finance agreements only.

NOTICE: Your insurance premiums have been financed and are payable in equal installments as outlined in your premium finance agreement. Your premium finance agreement contains a power of attorney authorizing Lender to cancel the indicated policies under certain conditions, including nonpayment. If you do not pay each payment on or before the due date or within the number of days from the date due as allowed under applicable law (15 days in GA), Lender has the right to CANCEL your insurance policies which are financed under the premium finance agreement. The finance agreement is secured by the unearned premium on your policies, and Lender must act promptly to recover these amounts from your insurer(s) if you fail to make timely payments. YOUR INSURANCE COVERAGE WILL BE CANCELED IF YOU DO NOT HONOR THE TERMS OF THE FINANCE AGREEMENT. TO AVOID CANCELCATION, MAKE YOUR PAYMENT ON TIME.

Please contact your agent or broker or our office in your region if you require an additional copy of your premium finance agreement, or if you have any questions about your present or future financing needs.

**FOR CALIFORNIA INSURED: FOR INFORMATION CONTACT THE
DEPARTMENT OF FINANCIAL INSTITUTIONS, STATE OF CALIFORNIA.**

OUR CONSUMER PRIVACY POLICY (for Consumers Only)

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on premium finance agreements or other forms;
- Information about your transactions with us, our affiliates or others; and
- Information we receive from a consumer reporting agency.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except to a customer's insurance representative or fiduciary and as otherwise permitted by law.

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information regarding our privacy policies and compensation arrangements with your insurance agent/broker may be found at <http://www.imperialcredit.com/privacy.html>.

13520 WYANDOTTE STREET
KANSAS CITY, MO 64145
(816)942-6336 FAX: (816)942-7352

PREMIUM FINANCE AGREEMENT



| | | | | |
|----------|--|--------------------|--|--|
| A | CASH PRICE (TOTAL PREMIUMS) | \$85,169.00 | AGENT (Name & Place of business) LOCKTON COMPANIES | INSURED (Name and residence or business address) BLITZ USA, INC MIRIAM GEORGE 404 26TH AVENUE NORTHWEST |
| B | CASH DOWN PAYMENT | \$18,633.80 | 444 WEST 47TH STREET STE 900 KANSAS CITY MO 64112-1906 (816)960-9000 FAX: (816)960-9099 | MIAMI OK 74354 (918)540-5186 |
| C | PRINCIPAL BALANCE (A MINUS B) | \$66,535.20 | | |

LOAN DISCLOSURE

Quote Number: 23095

| | | | |
|--|--|--|---|
| ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 6.75 % | FINANCE CHARGE The dollar amount the credit will cost you. \$1,885.32 | Amount Financed The amount of credit provided to you or on your behalf. \$66,535.20 | Total of Payments The amount you will have paid after you have made all payments as scheduled. \$68,420.52 |
|--|--|--|---|

YOUR PAYMENT SCHEDULE WILL BE

| | | | |
|---------------------------|---------------------------|------------------------------|----------------|
| Number of Payments | Amount of Payments | When Payments Are Due | MONTHLY |
| 9 | \$7,602.28 | Beginning: | 11/1/2011 |

ITEMIZATION OF THE AMOUNT FINANCED:
THE FULL AMOUNT FINANCED WAS PAID
TO THE INSURANCE COMPANY.

Security: You are giving a security interest in the unearned premiums and, on commercial policies, loss payments which will reduce the unearned premium of the policies.

Late Charges: A late charge will be imposed on any installment in default 5 days or more. This late charge will be 5% of the installment due.

Prepayment: If you pay your account off early, you may be entitled to a refund of a portion of the finance charge computed by the actuarial method on a 360 day basis. The finance charge includes a predetermined interest rate plus a non-refundable service/origination fee of \$10.00. See the contract below and on the reverse side for additional information about nonpayment, default and penalties.

| | | | | | |
|--|-----------|---------------------------------|--------|----|-----------------------------|
| 163PENDING | 10/1/2011 | AFFILIATED FM INSURANCE COMPANY | PRPRTY | 12 | \$83,169.00 |
| | | | FEES | | \$2,000.00 |
| (CHECK CORRECT BOX) <input type="checkbox"/> PERSONAL <input checked="" type="checkbox"/> COMMERCIAL | | | | | TOTAL \$ \$85,169.00 |

The undersigned insured directs IPFS Corporation dba Premium Financing Specialists Corp. (herein, "Lender") to pay the premiums on the policies described above. In consideration of such premium payments the insured agrees to pay Lender at the branch office address shown above, or as otherwise directed by Lender the amount stated as Total of Payments in accordance with the Payment Schedule, both as shown in Loan Disclosure, subject to the Provisions herein set forth.

The named insured:

1. Assigns to Lender as security for the total amount payable hereunder all unearned premiums and, on commercial policies, loss payments which will reduce the unearned premium which become payable under the policies listed above, as to all of which insured gives to Lender a security interest.

2. Irrevocably appoints Lender attorney-in-fact of the insured with full power of substitution and full authority upon default to cancel all policies above identified, receive all sums assigned to Lender or in which it has granted Lender a security interest and to execute and deliver on behalf of the insured documents, instruments, forms and notices relating to the listed insurance policies in furtherance of this agreement.

3. Understands that the finance charge begins to accrue as of the earliest policy effective date.

4. Agrees to all provisions set out on pages 1 and 2 of this agreement.

NOTICE:

A. Do not sign this agreement before you read it or if it contains any blank space.

B. You are entitled to a completely filled in copy of this agreement.

C. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the finance charge.

D. Keep your copy of this agreement to protect your legal rights.

Signature of Insured or Authorized Agent DATE 9/22/11

The undersigned hereby warrants and agrees to Agent's Representations set forth herein.

SIGNATURE OF AGENT

DATE

FURTHER PROVISIONS OF PREMIUM FINANCE AGREEMENT

Insured and Lender agree that:

5. EFFECTIVE DATE: This Agreement shall be effective when written acceptance is mailed to the insured by Lender.

6. DELINQUENT PAYMENTS: The acceptance by Lender of one or more late payments from the insured shall not estop Lender or be a waiver of the rights of Lender to exercise all of its rights hereunder in the event of any subsequent late payment.

7. CANCELLATION: Lender may cancel the insurance policies after providing at least 10 days notice of its intent to cancel or any other required statutory notice if the insured does not pay any installment according to the terms of this Agreement and the unpaid balance due to Lender shall be immediately payable by the insured. Lender at its option may enforce payment of this debt without recourse to the security given to Lender.

8. CANCELLATION CHARGES: If Lender cancels any insurance policy in accordance with the terms of this Agreement and applicable law, then the insured will pay Lender a cancellation charge of \$15.00, if permitted, up to the limit specified by law. If cancellation occurs, the insured agrees to pay a finance charge on the balance due at the contract rate of interest until the balance is paid in full or until such other dates as required by law. (Not applicable in KY, NV, and VT)

9. INSUFFICIENT FUNDS (NSF) CHARGES: If an insured's check or electronic funding is dishonored for any reason, the insured will pay to Lender a fee, if permitted by law, of \$20.00 or the maximum permitted by law. (Not applicable in AL and KY)

10. MONEY RECEIVED AFTER CANCELLATION: Any payments made to Lender after Lender's Notice of Cancellation of the insurance policy(ies) has been mailed may be credited to the insured's account without any obligation on the part of Lender to request reinstatement of the policy. Any money Lender receives from an insurance company shall be credited to the balance due Lender with any surplus refunded to whomever is entitled to the money. In the event that Lender does request a reinstatement of the policy on behalf of the insured, such a request does not guarantee that coverage under the policy will be reinstated or continued. Only the insurance company has authority to reinstate the policy. The insured agrees that Lender has no liability to the insured if the policy is not reinstated.

11. ASSIGNMENT: The insured agrees not to assign any policy listed hereon or any interest therein except for the interest of mortgages or loss payees, without the written consent of Lender, that Lender may sell, transfer and assign its rights hereunder or under any policy without the consent of the insured, and that all agreements made by the insured hereunder and all rights and benefits conferred upon Lender shall inure to the benefit of Lender's successors and assigns (and any assignees thereof).

12. INSURANCE AGENT OR BROKER: The insured agrees that: the insurance agent or broker soliciting the policies or through whom the policies were issued is not the agent of Lender; and the agent or broker named on the front of this Agreement is neither authorized by Lender to receive installment payments under this Agreement nor is to make representations, orally or in writing, to the insured on Lender's behalf (except to the extent expressly required by applicable law). Where permissible by law, some portion of the finance charge may be paid by Lender to the insurance agent or broker executing this agreement as payment for his assistance in arranging the financing of your insurance premium. If you have any questions about this payment you should contact the agent/broker.

13. FINANCING NOT A CONDITION: The law does not require a person to enter into a premium finance agreement as a condition of the purchase of insurance.

14. COLLECTION COSTS: Insured agrees to pay attorney fees and other collection costs to Lender to the extent permitted by law, if this Agreement is referred to an attorney, who is not a salaried employee of Lender, to collect any money insured owes under this Agreement. (Not applicable in KY or MD)

15. LIMITATION OF LIABILITY: The insured agrees that Lender's liability to the insured, any other person or entity for breach of any of the terms of this Agreement for the wrongful or improper exercise of any of its powers under this Agreement shall be limited to the amount of the principal balance outstanding, except in the event of Lender's gross negligent or willful misconduct. (Not applicable in KY)

16. CLASSIFICATION AND FORMATION OF AGREEMENT: This Agreement is and will be a general intangible and not an instrument (as those terms are used in the Uniform Commercial Code) for all purposes. Any electronic signature or electronic record may be used in the formation of this Agreement, and the signatures of the insured and agent and the record of this Agreement may be in electronic form (as those terms are used in the Uniform Electronic Transactions Act). A photocopy, a facsimile or other paper or electronic record of this Agreement shall have the same legal effect as a manually signed copy.

17. REPRESENTATIONS AND WARRANTIES: The insured represents that the insured is not insolvent or presently the subject of any insolvency proceeding (or if the insured is a debtor of bankruptcy, the bankruptcy court has authorized this transaction), if the insured is not an individual, that the signatory is authorized to sign this Agreement on behalf of the insured, and all parties responsible for payment of the premium are named and have signed this Agreement.

18. ENTIRE DOCUMENT: This document is the entire Agreement between Lender and the insured and can only be changed in writing and signed by both parties except that the insured authorizes Lender to insert or correct on this Agreement, if omitted or incorrect, the insurer's name and the policy number(s). Lender is also authorized to correct patent errors and omissions in this Agreement. The laws of the state indicated in the insured's address on the Agreement will govern this Agreement.

AGENT'S REPRESENTATION

The agent/broker executing this agreement represents, warrants and agrees: (1) the insured has received a copy of this Agreement and has authorized this transaction, the insured's signature is genuine, and the down payment has been received from the insured in cash, (2) the policies are in full force and effect and the information in the Schedule of Policies including the premium amounts is correct, (3) no direct company bill, audit, or reporting form policies or policies subject to retrospective rating or to minimum earned premium are included, except as indicated, and the deposit of provisional premiums is not less than anticipated premiums to be earned for the full term of the policies, (4) the policies can be cancelled by the insured or Lender (or its successors and assigns) on 10 days notice and the unearned premiums will be computed on the standard short rate or pro rata table except as indicated, (5) there are no bankruptcy, receivership, or insolvency proceedings affecting the insured, (6) to hold Lender, its successors and assigns harmless against any loss or expense (including attorney fees) resulting from these representations or from errors, omissions or inaccuracies of agent in preparing this agreement, and (7) to pay the down payment and any funding amounts received from Lender under this Agreement to the insurance company or general agent (less any commissions where applicable) (8) to hold in trust for Lender any payments made or credited to the insured through or to you directly or indirectly, actually or constructively by the insurance companies and to pay the monies, as well as the unearned commissions to Lender upon demand to satisfy the outstanding indebtedness of the insured.

PREMIUM FINANCING SPECIALISTS CORP

A DIVISION OF IPFS CORPORATION (IPFS)

P O BOX 419090
KANSAS CITY, MO 64141-6090
(800)255-6316 - FAX: (816)942-7352**NOTICE OF ACCEPTANCE AND OF ASSIGNMENT**REFER TO THIS
ACCOUNT NO. IN ALL
CORRESPONDENCE

ACCOUNT NUMBER

NAK-109975

Dear Customer,

Thank you for the opportunity to finance your insurance. As agreed, we have paid the balance due on your behalf. If you have not received your premium finance agreement notify us immediately. A payment schedule is shown below. If payment coupons are not enclosed, you will be billed for each installment. Detailed payment instructions are shown below.

**PAYMENT
INSTRUCTIONS:**

1. All payments must be made payable to PREMIUM FINANCING SPECIALISTS CORP
2. To ensure proper credit to your account, write your account number on your check and return the proper coupon with your payment.
3. Be sure your payment is mailed in time to reach our office by your due date.
4. Mail your payment to the address on the coupon.

**INSURED**BLITZ USA, INC
MIRIAM GEORGE
404 26TH AVENUE NORTHWEST
MIAMI, OK 74354-2206

005122

AGENTLOCKTON COMPANIES
444 WEST 47TH STREET
STE 900
KANSAS CITY, MO 64112-1906

| DISCLOSURE | |
|--------------------|-------------|
| TOTAL PREMIUMS | \$85,169.00 |
| DOWN PAYMENT | \$18,633.80 |
| AMOUNT FINANCED | \$66,535.20 |
| FINANCE CHARGE | \$1,885.32 |
| ASSESSMENTS | \$0.00 |
| TOTAL PAYMENTS | \$68,420.52 |
| NUMBER OF PAYMENTS | 9 |
| PAYMENT AMOUNT | \$7,602.28 |
| ANNUAL % RATE | 6.750 |
| ACCEPTANCE DATE | 10/03/11 |

WE HAVE PAID THE BALANCE OF YOUR PREMIUM BELIEVING THE PREMIUM FINANCE AGREEMENT TO BE GENUINE AND IN FULL EFFECT AND THE SIGNATURE THEREON AUTHORIZED BY THE INSURED. IF FOR ANY REASON THIS IS NOT TRUE, NOTIFY US IMMEDIATELY AT THE ADDRESS OR TELEPHONE NUMBER AS SHOWN ABOVE.

| SCHEDULE OF PAYMENTS | | |
|----------------------|----------|------------|
| PYMT NO. | DUE DATE | AMOUNT |
| 1 | 11/01/11 | \$7,602.28 |
| 2 | 12/01/11 | \$7,602.28 |
| 3 | 01/01/12 | \$7,602.28 |
| 4 | 02/01/12 | \$7,602.28 |
| 5 | 03/01/12 | \$7,602.28 |
| 6 | 04/01/12 | \$7,602.28 |
| 7 | 05/01/12 | \$7,602.28 |
| 8 | 06/01/12 | \$7,602.28 |
| 9 | 07/01/12 | \$7,602.28 |
| | | |
| | | |
| | | |
| | | |
| | | |

OK

SCHEDULE OF POLICIES

| POLICY PREFIX AND NUMBER | EFFECTIVE DATE | FULL NAME OF INSURER AND GENERAL AGENT OTHER THAN SUBMITTING PRODUCER TO WHOM COPY OF THIS NOTICE WAS SENT | COVERAGE | POLICY TERM IN MONTHS COVERED BY PREM | PREMIUM FINANCED |
|-----------------------------|-------------------|--|------------------------------|---|---------------------|
| | | | FIRE, AUTO MAR, I.M., CAS | | |
| 163PENDING | 10/01/11 | AFFILIATED FM INSURANCE COMPANY | PRPRTY | 12 | \$83,169.00 |
| | | | FEES | | \$2,000.00 |

Make online payments or view account information at www.ipfs.com.
Please use access code A9MJUZ3 to register (first time users).



1190

M. George

13520 WYANDOTTE STREET
KANSAS CITY, MO 64145
(816)942-6336 FAX: (816)942-7352

PREMIUM FINANCE AGREEMENT



PREMIUMFINANCING
SPECIALISTS

| | | | | |
|----------|--|---------------------|--|---|
| A | CASH PRICE (TOTAL PREMIUMS) | \$157,791.00 | AGENT (Name & Place of business) LOCKTON COMPANIES | INSURED (Name and residence or business address) F3 BRANDS, LLC GRANT KERNAN/MIRIAM GEORGE 3400 INDUSTRIAL PARKWAY |
| B | CASH DOWN PAYMENT | \$34,159.30 | 444 WEST 47TH STREET STE 900 KANSAS CITY MO 64112-1906 (816)960-9000 FAX: (816)960-9099 | MIAMI OK 75354 (918)540-5186 |
| C | PRINCIPAL BALANCE (A MINUS B) | \$123,631.70 | | |

LOAN DISCLOSURE

Quote Number: 23047

| | | | |
|---|--|---|--|
| ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 5.5 % | FINANCE CHARGE The dollar amount the credit will cost you. \$2,850.52 | Amount Financed The amount of credit provided to you or on your behalf. \$123,631.70 | Total of Payments The amount you will have paid after you have made all payments as scheduled. \$126,482.22 |
|---|--|---|--|

YOUR PAYMENT SCHEDULE WILL BE

| | | |
|--------------------------------|--|---|
| Number of Payments 9 | Amount of Payments \$14,053.58 | When Payments Are Due MONTHLY Beginning: 11/1/2011 |
|--------------------------------|--|---|

ITEMIZATION OF THE AMOUNT FINANCED:
THE FULL AMOUNT FINANCED WAS PAID
TO THE INSURANCE COMPANY.

Security: You are giving a security interest in the unearned premiums and, on commercial policies, loss payments which will reduce the unearned premium of the policies.

Late Charges: A late charge will be imposed on any installment in default 5 days or more. This late charge will be 5% of the installment due.

Prepayment: If you pay your account off early, you may be entitled to a refund of a portion of the finance charge computed by the actuarial method on a 360 day basis. The finance charge includes a predetermined interest rate plus a non-refundable service/origination fee of \$10.00. See the contract below and on the reverse side for additional information about nonpayment, default and penalties.

| | | | | | |
|--|-----------|------------------------------------|-------|----|-----------------------|
| PENDING | 10/1/2011 | MIDWEST EMPLOYERS CASUALTY COMPANY | WC | 12 | \$20,011.00 |
| PENDING | 10/1/2011 | FIRST MERCURY INSURANCE CO | GL | 12 | \$75,000.00 |
| | | | FEES | | \$750.00 |
| | | | TAXES | | \$4,545.00 |
| (CHECK CORRECT BOX) <input type="checkbox"/> PERSONAL <input checked="" type="checkbox"/> COMMERCIAL | | | | | TOTAL \$ \$157,791.00 |

Continued On Schedule A

The undersigned Insured directs IPFS Corporation dba Premium Financing Specialists Corp. (herein, "Lender") to pay the premiums on the policies described above. In consideration of such premium payments the insured agrees to pay Lender at the branch office address shown above, or as otherwise directed by Lender the amount stated as Total of Payments in accordance with the Payment Schedule, both as shown in Loan Disclosure, subject to the Provisions herein set forth.

The named insured:

1. Assigns to Lender as security for the total amount payable hereunder all unearned premiums and, on commercial policies, loss payments which will reduce the unearned premium which become payable under the policies listed above, as to all of which insured gives to Lender a security interest.
2. Irrevocably appoints Lender attorney-in-fact of the insured with full power of substitution and full authority upon default to cancel all policies above identified, receive all sums assigned to Lender or in which it has granted Lender a security interest and to execute and deliver on behalf of the insured documents, instruments, forms and notices relating to the listed insurance policies in furtherance of this agreement.
3. Understands that the finance charge begins to accrue as of the earliest policy effective date.

4. Agrees to all provisions set out on pages 1 and 2 of this agreement.

NOTICE:

A. Do not sign this agreement before you read it or if it contains any blank space.

B. You are entitled to a completely filled in copy of this agreement.

C. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the finance charge.

D. Keep your copy of this agreement to protect your legal rights.

Signature of Insured or Authorized Agent

DATE

The undersigned hereby warrants and agrees to Agent's Representations set forth herein.

SIGNATURE OF AGENT

DATE

EXHIBIT D

Insurance Policy Schedule

EXHIBIT D

Insurance Policy Schedule

| Debtor | Type of Policy | Policy Number | Insurer | Term | Annual Premium | Financed | Next Payment |
|--------------------|---|---------------|------------------------------------|-----------------------|----------------|------------------|--------------|
| Blitz U.S.A., Inc. | Property Insurance | EM163 | Affiliated FM | 10/01/2011-10/01/2012 | \$85,169 | Acct. No. 109975 | |
| Blitz U.S.A., Inc. | Commercial General Liability (Excluding Products) | HGL0027759 | Burlington Insurance Company | 07/31/2011-07/31/2012 | \$8,480 | ICC Agreement | |
| Blitz U.S.A., Inc. | Excess Products Liability | MWZY 59256 | Old Republic Insurance Company | 07/31/2011-07/31/2012 | \$125,000 | ICC Agreement | |
| Blitz U.S.A., Inc. | Automobile Liability Coverage | 37UECKD3296 | The Hartford | 10/01/2011-10/01/2012 | \$760 | | |
| Blitz U.S.A., Inc. | Excess Worker's Compensation | EWC007368 | Midwest Employers Casualty Company | 07/31/2011-10/01/2012 | \$20,840 | | |
| Blitz U.S.A., Inc. | Worker's Compensation | 37WECRO9931 | The Hartford | 07/31/2011-07/31/2012 | \$1,402 | | |
| Blitz U.S.A., Inc. | Foreign Package | WR10003112 | Chartis | 07/31/2011-07/31/2012 | \$2,500 | ICC Agreement | |
| Blitz U.S.A., Inc. | Umbrella Policy | IRE 984451 | First Specialty Insurance Co. | 07/31/2011-07/31/2012 | \$2,332,000 | ICC Agreement | |
| Blitz U.S.A., Inc. | Excess Liability | CEGA000307 | First Mercury Insurance Co. | 07/31/2011-07/31/2012 | \$166,950 | ICC Agreement | |

| Debtor | Type of Policy | Policy Number | Insurer | Term | Annual Premium | Financed | Next Payment |
|--------------------|--|---------------|--------------------------------------|-----------------------|----------------|---------------|--------------|
| Blitz U.S.A., Inc. | Excess Liability | EXCAT0687653 | Liberty Insurance Underwriters, Inc. | 07/31/2011-07/31/2012 | \$151,200 | ICC Agreement | |
| Blitz U.S.A., Inc. | Excess Liability | UXP004536700 | Arch Insurance Group | 07/31/2011-07/31/2012 | \$45,000 | ICC Agreement | |
| Blitz U.S.A., Inc. | Executive Risk (Including F3 Brands LLC) | 8209-0317 | Chubb | 10/01/2011-10/01/2012 | \$25,629 | | |
| Blitz U.S.A., Inc. | Flood (404 26th Ave. NW) | 9904557730210 | The Hartford | 12/12/2010-12/12/2011 | \$10,722 | | |
| F3 Brands LLC | Property Insurance | EM160 | Affiliated FM | 10/01/2011-10/01/2012 | \$30,684 | | |
| F3 Brands LLC | Commercial General Liability | FMGA002224 | First Mercury Insurance Company | 10/01/2011-10/01/2012 | \$80,295 | PFS Agreement | |
| F3 Brands LLC | Automobile Liability Coverage | 37UECKD3295 | The Hartford | 10/01/2011-10/01/2012 | \$960 | | |
| F3 Brands LLC | Excess Worker's Compensation | EW0008553 | Midwest Employers Casualty Company | 10/01/2011-10/01/2012 | \$20,011 | PFS Agreement | |
| F3 Brands LLC | Worker's Compensation | 37WECBG9973 | The Hartford | 10/01/2011-10/01/2012 | \$923 | | |
| F3 Brands LLC | Foreign Package | WS11002974 | Chartis | 10/01/2011-10/01/2012 | \$2,500 | | |
| F3 Brands LLC | Umbrella Policy | FFX4030851681 | Continental Casualty Company | 10/01/2011-10/01/2012 | \$24,301 | | |

| Debtor | Type of Policy | Policy Number | Insurer | Term | Annual Premium | Financed | Next Payment |
|---------------|---|----------------|--------------|---------------------------|---------------------------------|----------|--------------|
| F3 Brands LLC | Executive Risk | 8209-0317 | Chubb | 10/01/2011- 10/01/2012 | Included in Blitz Premium | | |
| F3 Brands LLC | Flood (2400 Industrial Pkwy) | 87045034842011 | The Hartford | 10/04/2011- 10/04/2012 | \$2,547 | | |
| F3 Brands LLC | Flood (2400 Industrial Pkwy - Tool Shed) | 87045034922011 | The Hartford | 10/04/2011- 10/04/2012 | \$1,659 | | |
| F3 Brands LLC | Flood (2400 Industrial Pkwy - Small Warehouse) | 87045034932011 | The Hartford | 10/04/2011- 10/04/2012 | \$1,189 | | |
| F3 Brands LLC | Flood (2400 Industrial Pkwy - Admin Offices) | 87045034952011 | The Hartford | 10/04/2011- 10/04/2012 | \$1,289 | | |