

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

In re:)	
)	Chapter 11
)	
ANAGRAM HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 23-90901 (MI)
)	
Debtors.)	(Joint Administration Requested)
)	(Emergency Hearing Requested)

**DEBTORS' EMERGENCY MOTION FOR ENTRY
OF INTERIM AND FINAL ORDERS (I) AUTHORIZING
THE DEBTORS TO (A) CONTINUE TO OPERATE THEIR
CASH MANAGEMENT SYSTEM, (B) HONOR CERTAIN PREPETITION
OBLIGATIONS RELATED THERETO, (C) MAINTAIN EXISTING BUSINESS
FORMS AND BOOKS AND RECORDS, AND (D) CONTINUE TO PERFORM
INTERCOMPANY TRANSACTIONS AND (II) GRANTING RELATED RELIEF**

Emergency relief has been requested. Relief is requested not later than 3:30 p.m. (prevailing Central Time) on November 9, 2023.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on November 9, 2023 at 3:30 p.m. (prevailing Central Time) in Courtroom 404, 4th floor, 515 Rusk Street, Houston, Texas 77002.

Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at 832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Isgur's conference room number is 954554. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Isgur's home page. The meeting code is "JudgeIsgur." Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Isgur's home page. Select the case name, complete the required fields and click "submit" to complete your appearance.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Anagram Holdings, LLC (8535); Anagram International, Inc. (2523) and Anagram International Holdings, Inc. (5837). The location of the Debtors' service address for purposes of these chapter 11 cases is: 7700 Anagram Drive, Eden Prairie, MN 55344. For the avoidance of doubt, the Debtors' chapter 11 cases are not proposed to be consolidated with the Party City (as defined herein) debtors which emerged from chapter 11 cases in this Court on October 12, 2023. *See In re Party City Holdco Inc., et. al.*, Case No. 23-90005 (MI) (Bankr. S.D. Tex). Any reference herein to the Debtors does not include the debtor-entities that were administered in the Party City chapter 11 cases.



The above-captioned debtors and debtors in possession (collectively, the “Debtors”) respectfully state as follows in support of this motion:

Relief Requested

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** (the “Interim Order”) and **Exhibit B** (the “Final Order”), respectively, (a) authorizing, but not directing, the Debtors to (i) continue to operate their Cash Management System (as defined herein), (ii) honor certain prepetition obligations related thereto, (iii) maintain existing Business Forms (as defined herein) and books and records in the ordinary course of business, and (iv) continue to perform Intercompany Transactions (as defined herein) consistent with past practices and (b) granting related relief.

2. In addition, the Debtors request that the Court (as defined herein) schedule a final hearing to consider approval of this motion on a final basis.

Jurisdiction and Venue

3. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of Texas*, dated May 24, 2012 (the “Amended Standing Order”). This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The Debtors confirm their consent to the entry of a final order by the Court.

4. Venue is proper pursuant to 28 U.S.C. § 1408.

5. The statutory bases for the relief requested herein are sections 105, 345, 363, 364, and 503(b) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and

rules 1075-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

Background

6. On the date hereof (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) substantially contemporaneously herewith. 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.

7. A detailed description of the Debtors and their businesses, including the facts and circumstances giving rise to the Debtors’ chapter 11 cases, is set forth in the *Declaration of Adrian Frankum in Support of Debtors’ Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed substantially contemporaneously herewith and incorporated herein by reference.²

The Cash Management System

8. In the ordinary course of business, the Debtors operate a cash management system (the “Cash Management System”) that facilitates the timely and efficient collection, management, and disbursement of funds important to their operations. The Cash Management System functions independently from Party City (as defined below) cash management system, enabling the Debtors to (a) fund their operations and pay their financial obligations, (b) monitor and forecast their cash

² Capitalized terms used but not defined in this motion have the meanings ascribed to them in the First Day Declaration.

needs, (c) track the collection and disbursement of funds, and (d) maintain control over the administration of their bank accounts. Maintaining the Cash Management System is critical to the Debtors' ability to preserve their uninterrupted business operations and avoiding costly delays and distractions that would accompany any disruption in the Cash Management System. Any such disruption could, among other things, delay or prevent the Debtors from making ordinary course payments to their employees and vendors, delay delivery of balloons to customers, and interfere with the Debtors' ability to implement a successful reorganization. Accordingly, the Debtors request authority to continue using the Cash Management System to facilitate a smooth transition into these chapter 11 cases and to maximize value for the Debtors' stakeholders.

9. The Cash Management System is similar to cash management systems utilized by other comparably-sized and situated companies. It has several main components: (a) a collection account, utilized for the collection of payments made to the Debtors from revenue generated in the ordinary course of its businesses; (b) a concentration account, into which receipts from operations are concentrated and from which certain disbursements are funded via the disbursement account; (c) a disbursement account, through which the Debtors makes cash disbursements to fund their operations, including payroll, trade payables, taxes, postage and shipping, royalty payments under IP licenses, rent, and payment for certain corporate services and other operational expenses; and (d) cash transfers among the Debtors and certain non-Debtor affiliates, including payments to Party City (as defined below) pursuant to the Anagram-Party City Intercompany Agreements.

10. To provide a general overview of the movement of cash through the Cash Management System, a schematic diagram illustrating the flow of funds through the Cash Management System is attached as **Exhibit C** to this motion. The Cash Management System is comprised of eight (8) bank accounts, which are all maintained by the Debtors (together with any

other bank accounts that the Debtors may open in the ordinary course of business, the “Bank Accounts”). The Bank Accounts reside at two different banks (the “Banks”). Five accounts are located at Wells Fargo Bank, N.A. (“Wells Fargo”), the Debtors’ primary cash management bank. The other three Bank Accounts are located at Bank of America N.A. (“Bank of America”). Each Bank is a financially stable bank that is insured by the Federal Deposit Insurance Corporation (“FDIC”) (up to an applicable limit per Debtor per institution) and is an approved depository for cases in the Southern and Western Districts of Texas as described below. The Bank Accounts are listed on Schedule 1 to the Interim Order and the Final Order.

I. Description of the Funds Processing

11. The Cash Management System is tailored to meet the Debtors’ operating needs, enabling it to control and monitor company funds, ensure cash availability and liquidity, comply with requirements in their financing arrangements, and reduce administrative expenses incurred in connection with the movement of funds and the reporting of accurate account balances. As of the Petition Date, there is approximately \$6.7 million cash on hand in the Bank Accounts. Cash generally moves through the Cash Management System as described below.

12. ***Collection Account.*** The Debtors’ primary source of income consists of payments from customers of the Debtors’ products. The Debtors’ revenues and receipts enter the Cash Management System by cash deposits, paper checks, wire transfers, automated clearing house (“ACH”) transfers and credit and debit card payments. These proceeds are deposited into the Debtors’ collection account (ending 2726) (the “Collection Account”), maintained with Wells Fargo in the name of Debtor Anagram International, Inc. The Collection Account is a “zero-balance” account such that there is no cash balance at the end of each day.

13. The Collection Account receives deposits of operating revenues from the sale of its

products, including sales proceeds received from Party City and other non-Debtor affiliates that purchase balloons from the Debtors. The Collection Account also receives deposits from the Debtors' lockbox services, located at (i) PO Box 856355, Minneapolis, MN 55485-6355 (the "Minneapolis Lockbox") and (ii) Lockbox Services 856355, 1801 Parkview Dr., 1st Floor, Shoreview, MN 55126 (the "St. Paul Lockbox" and, together with the Minneapolis Lockbox, the "Lockboxes"). The Lockboxes are physical locations that primarily receive checks and other non-wire deposits.

14. On October 31, 2023, the Debtors became subject to cash dominion by Wells Fargo (the "Cash Dominion"). As a result the Debtors' cash receipts in the Collection Account have been swept daily by Wells Fargo and applied against amounts outstanding under the prepetition ABL Facility. Cash Dominion will also be a feature of the DIP ABL Facility with amounts in the Collection Account being applied against amounts outstanding under the DIP ABL Facility.

15. ***Master Concentration Account.*** Excess funds from the DIP Notes Proceeds Account are transferred on an as-needed basis into a main concentration account (ending 2734) (the "Master Concentration Account") maintained with Wells Fargo in the name of Debtor Anagram International, Inc. Funds in the Master Concentration Account are used on an as-needed basis to fund controlled disbursements from the Disbursement Account. The Master Concentration Account may also receive excess amounts collected by the DIP ABL Lender (as defined in the DIP Order) pursuant to the Cash Dominion at such times when there are no DIP ABL Obligations (as defined in the DIP Order) outstanding.

16. ***Disbursement Account.*** Funds are transferred from the Master Concentration Account to a disbursement account (ending 2742) (the "Disbursement Accounts") maintained with Wells Fargo in the name of Debtor Anagram International, Inc. on an as-needed basis to make

payments to vendors, process employee payroll and fund employee benefits, and pay taxes, postage and shipping, royalty payments under IP licenses, rent, and other operational expenses. The Debtors also transfer funds from the Disbursement Account to Party City in connection with the Intercompany Transactions on an as-needed basis. The Disbursement Account is a “zero-balance” account where any excess funds are swept daily back to the Master Concentration Account.

17. Other than payments in connection with payroll, payroll fees, withholding taxes and wage garnishments and certain credit cards (which are each automatically withdrawn from the Disbursement Account), all disbursements from the Disbursement Account are fully controlled and centralized by a small internal finance team at the Debtors.

II. Bank Accounts Summary

18. In addition to the Bank Accounts described above, the Debtors maintain several additional Bank Accounts in the ordinary course of business. The following table summarizes each of the Debtors’ Bank Accounts in the Cash Management System.³

³ These descriptions and categories of Bank Accounts are for illustrative purposes only. A single Bank Account may fall into more than one of the categories described below.

Accounts ⁴	Account Description
Master Concentration Account <i>Wells Fargo—2734</i>	<p>The Master Concentration Account receives excess funds from the DIP Notes Proceeds Account on an as-needed basis. It is also used to fund controlled disbursements on an as-needed basis into the Disbursement Account.</p> <p>The Master Concentration Account may also receive excess amounts collected by the DIP ABL Lender pursuant to the Cash Dominion at such times when there are no DIP ABL Obligations outstanding.</p>
Collection Account (ZBA) <i>Wells Fargo—2726</i>	<p>The Collection Account receives deposits of operating revenues from the Debtors’ consumer products operations and from certain non-Debtor affiliates, including in connection with the Intercompany Transactions. The Collection Account also receives deposits from the Debtors’ Lockboxes. The Collection Account is, and will continue to be, subject to Cash Dominion. The Collection Account is a “zero-balance” account that maintains no cash balance at the end of each day.</p>
Disbursement Account (ZBA) <i>Wells Fargo—2742</i>	<p>The Disbursement Account is funded on an as-needed basis from the Master Concentration Account and used to make payments to vendors, process employee payroll checks for the Debtors’ employees, fund employee benefits and benefit administrator fees and pay taxes, shipping and postage costs, royalty payments under IP licenses, rent and other operational expenses related to the Debtors’ businesses.</p> <p>Funds are also transferred out of the Disbursement Account to make payments pursuant to certain Intercompany Transactions with Party City. The Disbursement Account is also used to pay associated processing fees on account of credit and debit card sales.</p>
DIP Notes Proceeds Account <i>Wells Fargo—2759</i>	<p>The Debtors intend to use the DIP Notes Proceeds Account to receive the proceeds of the contemplated debtor in possession notes financing⁵, with such proceeds to be remitted into the Master Concentration Account or Disbursement Account on an as-needed basis.</p> <p>The DIP Notes Proceeds Account also receives miscellaneous cash deposits of operating revenues from the Debtors’ consumer products operations. Funds received in the DIP Notes Proceeds Account are used for cash refunds and some manual payroll checks.</p>
Restricted Cash Account <i>Wells Fargo—2767</i>	<p>Pursuant to the requirement under the Debtors’ ABL Facility, First Lien Notes and Second Lien Notes that the Debtors maintain at all times unrestricted cash on a consolidated basis of not less than \$1.0 million, the Debtors maintain such amount in the Restricted Cash Account.</p>
Other Accounts <i>Bank of America—8408; 2566; 0057; 3407</i>	<p>The Debtors maintain three accounts with Bank of America (ending in 8408; 2566; 0057) that they are in the process of winding down or repurposing. There are some small miscellaneous charges that continue to flow through these accounts related to bank fees and wage garnishments. The Debtors’ plan to use the account ending in 2566 to hold the adequate assurance utility deposits throughout the course of these chapter 11 cases.</p> <p>The Debtors maintain one account with Bank of America (ending in 3407) as collateral in connection with the Corporate Card Program.</p>

III. The Bank Fees and Processing Fees

19. The Debtors incur periodic service charges and other fees in connection with the maintenance of the Cash Management System. Specifically, such fees include (a) service charges from the Banks incurred in connection with maintaining the Bank Accounts (the “Bank Fees”), and (b) processing fees from payment processors incurred in connection with credit and debit card transactions (the “Processing Fees”).⁶

20. The Debtors pay approximately \$7,900 per month in Bank Fees and Processing Fees, which are each paid by the Debtors from the Disbursement Account. As of the Petition Date, the Debtors estimate that they owe the Banks *de minimis* amounts of unpaid Bank Fees and Processing Fees, which the Debtors seek authority to pay in the ordinary course of business pursuant to this motion.

IV. The Debtors’ Corporate Cards

21. As part of the Cash Management System, the Debtors either reimburse or provide certain of their employees corporate credit cards (the “Corporate Cards” and, such programs, the “Corporate Card Programs”) for authorized expenses, including miscellaneous expenses related to air and ground shipping fees, information technology, storage, general marketing, transportation costs and retail costs. The Corporate Card Programs are provided pursuant to certain agreements

⁴ Certain of the Bank Accounts are subject to account control agreements by and among the applicable Debtor and the corresponding Bank, as indicated on the schematic diagram attached as Exhibit C to this Motion.

⁵ The Debtors are seeking approval of debtor in possession financing in the Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Debtors To (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Liens and Provide Superpriority Administrative Expense Claims, (II) Granting Adequate Protection to Certain Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief (the “DIP Motion”) filed substantially concurrently herewith.

⁶ Generally, the Processing Fees range from 2-3% of gross sales on credit card transactions and 1% of sales on debit card transactions.

with Bank of America, American Express Travel Related Services Company Inc., Wells Fargo and The Home Depot (collectively, as amended, supplemented, restated, or replaced from time to time, the “Corporate Card Agreements”). Amounts outstanding under the Corporate Cards are paid directly from the Disbursement Account. As of the Petition Date, the Debtors maintain approximately 21 Corporate Cards.

22. The Corporate Card Programs are an integral part of the Debtors’ Cash Management System. Employees’ continued use of the Corporate Cards for procurement of qualifying expenses is essential to the continued operation of the Debtors’ businesses. On average, in the 12 months prior to the Petition Date, the Debtors’ monthly spend using the Corporate Cards was approximately \$63,200. The Debtors have implemented internal mechanisms that will permit them, with the assistance of their advisors, to accurately track the balances incurred on the Corporate Cards.

23. As of November 6, 2023, the Debtors estimate that they owe approximately \$141,000 on account of the Corporate Card Programs, approximately \$130,000 of which will become due during the interim period. Accordingly, the Debtors seek authority to pay any amounts due and owing, whether related to the prepetition or postpetition period, under the Corporate Card Programs and to continue these programs in the ordinary course of business on a postpetition basis.

V. Intercompany Transactions

24. Anagram International, Inc. conducts various business transactions with certain non-Debtor affiliates, including Party City Holdings Inc. and certain of its affiliates, which emerged from chapter 11 cases in this Court on October 12, 2023, *In re Party City Holdco Inc., et al.*, No. 23-90005 (MI) (Bankr. S.D. Tex. January 17, 2023), (collectively, “Party City”) in the ordinary course of business (the “Intercompany Transactions” and, each intercompany receivable

and payable generated pursuant to an Intercompany Transaction, an “Intercompany Claim”), including selling products to their non-Debtor affiliates.⁷ As a result, there may be Intercompany Claims owing between the Debtors and their non-Debtor affiliates at any given time, including outstanding prepetition Intercompany Claims. With the help of the Cash Management System and the Debtors’ treasury and accounting personnel, the Debtors are able to track and account for each Intercompany Transaction and the resulting Intercompany Claims. Certain of the Intercompany Transactions between the Debtors and their non-Debtor affiliates are described below. The Debtors do not, in the ordinary course of business, provide liquidity support to any non-Debtor affiliates and any such Intercompany Transactions between the Debtors and their non-Debtor affiliates are limited to those described herein.

25. *Transactions with Party City.* Pursuant to certain intercompany agreements described below and in more detail in the First Day Declaration, the Debtors make payments to, and receive payments from, Party City in the ordinary course of business. Such payments are recorded on the Debtors’ books and records as Intercompany Claims until they are settled in cash or set off against other Intercompany Claims. Specifically, the Debtors make monthly payments to Party City pursuant to the terms of an intercompany services agreement (the “Services Agreement”), under which Party City provides corporate and administrative services to the Debtors that ensure the efficient operation of the Debtors’ businesses.

26. Separately, (a) Amscan Inc. (“Amscan”), a Party City affiliate, makes periodic payments to the Debtors in exchange for the purchase from the Debtors of balloons that the Debtors

⁷ Because the Debtors engage in Intercompany Transactions on a regular basis and such transactions are common among enterprises similar to the Debtors, the Debtors believe the Intercompany Transactions are ordinary course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and, thus, do not require the Court’s approval. Nonetheless, out of an abundance of caution, the Debtors are seeking express authority to engage in such transactions on a postpetition basis. The continued performance of the ordinary course Intercompany Transactions are integral to ensuring the Debtors’ ability to operate their businesses.

supply to Amscan pursuant to a supply agreement among such parties (the “Supply Agreement”) and (b) Party City cross-licenses certain intellectual property with the Debtors pursuant to an intellectual property license agreement between such parties (together with the Supply Agreement, the Services Agreement and any other material agreement between the Debtors, on the one hand, and Party City or any of Party City’s direct or indirect subsidiaries (other than the Debtors), on the other hand, the “Anagram-Party City Intercompany Agreements”). To the extent payments are not settled through set-off, the Debtors make these payments to Party City from the Disbursement Account and receive payments from Party City and Amscan into the Collection Account (which is subject to Cash Dominion). The Debtors’ personnel regularly record and document Intercompany Transactions and related Intercompany Claims on their books and records.

27. ***Joint Venture Payments.*** As described in the First Day Declaration, the Debtors maintain a 49.9% ownership interest in Convergram de Mexico S. de R.L. (the “Convergram JV”), a joint venture that provides wholesale distribution of the Debtors’ balloons in Mexico and Latin America. Pursuant to a certain supply agreement between Anagram International, Inc. and the Convergram JV, the Debtors sell products to the Convergram JV for distribution to vendors based in Mexico and Latin America. The Convergram JV makes payments to the Debtors for such products into the Collection Account and the Convergram JV receives any sale proceeds directly from the vendors. As with the other Intercompany Transactions, the Debtors regularly record and document payments made from the Convergram JV on the Debtors’ books and records.

28. The Intercompany Transactions ensure the efficient and smooth functioning and operations of the Debtors’ businesses because certain non-Debtor affiliates are major customers of the Debtors and provide the Debtors key services and licenses. If the Debtors were required to abruptly cease the Intercompany Transactions, their operations would be disrupted and certain of

their key customers would be lost, resulting in possible degradation of value to the detriment of their estates and creditors. Additionally, the Debtors respectfully request authority to grant administrative expense status pursuant to sections 364(a) and 503(b) of the Bankruptcy Code to any Intercompany Transactions that arise after the Petition Date, similar to the protections provided to intercompany transactions under Party City's cash management order.

VI. The Cash Management System's Compliance with the U.S. Trustee Guidelines and the Bankruptcy Code

A. U.S. Trustee Authorized Depositories

29. The *Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees* (the "U.S. Trustee Guidelines") generally require chapter 11 debtors to, among other things, deposit all estate funds into an account with an authorized depository that agrees to comply with the requirements of the Office of the United States Trustee for the Southern District of Texas (the "U.S. Trustee"). The Debtors are in compliance with the U.S. Trustee Guidelines because all of the Bank Accounts are maintained with authorized depositories under the U.S. Trustee Guidelines.

B. Compliance with Section 345(b) of the Bankruptcy Code

30. Section 345(a) of the Bankruptcy Code authorizes deposits of money as "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." Section 345(b) of the Bankruptcy Code requires debtors to obtain, from the entity with which the money is deposited, a bond in favor of the United States and secured by the undertaking of an adequate corporate surety, or "the deposit of securities of the kind specified in Section 9303 of Title 31," unless the court "for cause" orders otherwise. A bond or deposit of securities described in section 345(b)(1) and (2), however, is not required "with respect to a deposit or investment that is insured or guaranteed by the United States or by a department, agency, or

instrumentality of the United States or backed by the full faith and credit of the United States.” 11 U.S.C. § 345(b). The Debtors are in compliance with Section 345(b) of the Bankruptcy Code because all of the Bank Accounts are insured by the FDIC and maintained at Banks that are well-capitalized and sophisticated financial institutions.

C. Business Forms and Books and Records

31. As part of the Cash Management System, the Debtors use a variety of preprinted business forms (including checks, letterhead, correspondence forms, invoices, and other business forms) in the ordinary course of business (collectively, the “Business Forms”). The Debtors also maintain books and records to document their financial results and a wide array of operating information (collectively, the “Books and Records”). To avoid a significant disruption to their business operations and to minimize administrative expense to their estates, the Debtors request authorization to continue using all of the Business Forms and Books and Records in a manner consistent with prepetition practice, without reference to the Debtors’ status as chapter 11 debtors in possession.

Basis for Relief

I. The Court Should Approve the Debtors’ Continued Use of the Cash Management System and Payment of the Bank Fees and the Processing Fees

32. The U.S. Trustee Guidelines require debtors in possession to, among other things: (a) close all existing bank accounts and open new debtor in possession bank accounts; (b) establish one debtor in possession account for all estate monies required for payment of taxes including payroll taxes; (c) physically set aside all monies required by law to be withheld from employees or collected from others for taxes; (d) open a new set of books and records as of the commencement date of the case; (e) use new business forms indicating the debtor in possession status of the chapter 11 debtor, including checks that bear the designation “debtor in possession” and reference the

bankruptcy case number on such checks; and (f) make all disbursements of estate funds by check with a notation representing the reason for the disbursement. *See* U.S. Trustee Guidelines; Region 7 Guidelines for Chapter 11 Cases. These guidelines are intended to provide a clear line of demarcation between prepetition and postpetition transactions and operations and to prevent inadvertent payment of prepetition claims. Considering, however, the complexity of the Debtors' businesses and financial affairs and the volume of collections, disbursements, and movement of funds through the Cash Management System on a daily basis, enforcement of these provisions of the U.S. Trustee Guidelines during these chapter 11 cases would severely disrupt the Debtors' operations. Accordingly, the Debtors respectfully request that the Court allow them to operate each of the Bank Accounts that comprise the Cash Management System as each was maintained in the ordinary course of business before the Petition Date and as described herein.

33. Continuation of the Cash Management System is permitted pursuant to section 363(c)(1) of the Bankruptcy Code, which authorizes the debtor in possession to "use property of the estate in the ordinary course of business without notice or a hearing." Bankruptcy courts treat requests for authority to continue utilizing existing cash management systems as a relatively "simple matter," *see In re Baldwin-United Corp.*, 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987), and have recognized that an integrated cash management system "allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash." *In re Columbia Gas Sys. Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *aff'd in part and rev'd in part*, 997 F.2d 1039 (3d Cir. 1993). As a result, courts have concluded that the requirement to maintain all accounts separately "would be a huge administrative burden and economically inefficient." *In re Columbia Gas Sys. Inc.*, 997 F.2d 1039, 1061 (3d Cir. 1993); *see also In re Southmark Corp.*, 49 F.3d 1111, 1114 (5th Cir. 1995) (cash management

system allows debtor “to administer more efficiently and effectively its financial operations and assets”).

34. Requiring the Debtors to adopt a new, segmented cash management system during these chapter 11 cases would be expensive, burdensome, and unnecessarily disruptive to the Debtors’ operations. The Cash Management System provides the Debtors with the ability to, among other things, quickly assess the location and amount of funds, which, in turn, allows management to track and control such funds, ensure cash availability, and reduce administrative costs through a centralized method of coordinating the collection and movement of funds. The mechanics of the Debtors’ ABL Facility and proposed DIP ABL Facility are also based in part on the Debtors’ existing Cash Management System so any interruption in the current system may also jeopardize the Debtors’ financing arrangements. By contrast, maintaining the current Cash Management System will facilitate the Debtors’ smooth transition into chapter 11 by, among other things, minimizing delays in paying postpetition debts and eliminating administrative inefficiencies. Finally, maintaining the current Cash Management System will allow the Debtors’ treasury and accounting employees to focus on their daily responsibilities as opposed to reconstructing the Cash Management System.

35. Parties in interest will not be harmed by the Debtors’ maintenance of the Cash Management System, including maintenance of the Bank Accounts and performance of the Intercompany Transactions, because the Debtors have implemented appropriate mechanisms to ensure that Debtor entities will not make unauthorized payments on account of prepetition obligations. Specifically, with the assistance of their advisors, the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debts without the prior approval of the Debtors’ treasury and accounting departments. In light of such protective

measures, maintaining the Cash Management System (including the continuation of Cash Dominion) is in the best interests of the Debtors' estates and creditors.

36. Finally, the Debtors request that the Court authorize the Debtors to continue to pay the Bank Fees and the Processing Fees, including any prepetition Bank Fees or prepetition Processing Fees. Authority to make such payments is necessary to the Debtors' operations, which are predicated on an uninterrupted flow of funds between Bank Accounts. If the Debtors do not pay their Bank Fees and the Processing Fees, then their relationships with the Banks and payment processors, which are crucial to their ongoing business operations, may be materially damaged. Further, the Debtors' management and advisors may be forced to spend time and resources on unnecessary disputes with the Banks and payment processors at this critical juncture. The Debtors believe that any interference or delay in payment of the Bank Fees or Processing Fees is unnecessary and unduly burdensome. In light of the material benefit of maintaining the Cash Management System in order to avoid unnecessary disruption and costly delay, such relief is warranted under the circumstances.

II. Authorizing the Banks to Continue to Maintain, Service, and Administer the Bank Accounts in the Ordinary Course of Business is Warranted

37. The Debtors request that the Court authorize and direct the Banks to receive, process, honor, and pay, to the extent funds are available in each applicable Bank Account, any and all checks, electronic funds transfers, credit and debit card, ACH payments and other instructions, and drafts payable through, or drawn or directed on, such Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto, irrespective of whether such checks, drafts, electronic fund transfers, credit or debit card, or ACH payments are dated prior or subsequent to the Petition Date. The Debtors also request that, to the extent a Bank honors a prepetition check or other item drawn on any account that is the subject of

this motion, either at the direction of the Debtors or in a good faith belief that the Court has authorized such prepetition check or item to be honored, such Bank will not be deemed to be liable to the Debtors or their estates on account of such prepetition check or other item honored postpetition. Such relief is reasonable and appropriate because the Banks are not in a position to independently verify or audit whether the Debtors may pay a particular item in accordance with a Court order or otherwise. Considering the complexity of their operations, the Debtors need to conduct transactions by debit and credit card payments, electronic fund, ACH payments, checks and other similar methods. If the Debtors are denied the opportunity to conduct transactions by debit or credit card payments, electronic fund, ACH payments, checks or other methods used in the ordinary course of business, the Debtors likely would have difficulty performing on their contracts and the Debtors' business operations would be disrupted unnecessarily, burdening the Debtors and their creditors with additional costs.

III. The Court Should Authorize the Debtors to Continue the Corporate Card Programs and Pay Any Prepetition Amounts Related Thereto

38. As part of the Cash Management System, the Debtors request authority to continue the Corporate Card Programs in the ordinary course of business, as well as pay any prepetition amounts related thereto. Historically, the Debtors have used the Corporate Card Programs to directly fund necessary business expenses and purchases.

39. Section 363(b) of the Bankruptcy Code permits a debtor, subject to court approval, to pay prepetition obligations where a sound business purpose exists for doing so. *See In re Ionosphere Clubs*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (noting that section 363(b) of the Bankruptcy Code provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification). In addition, under section 1107(a) of the Bankruptcy Code, a debtor in possession has, among other things, the "implied duty . . . to

‘protect and preserve the estate, including an operating business’ going-concern value.” *In re CEIRoofing, 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)); *see also In re Equalnet Commc’ns Corp.*, 258 B.R. 368, 369 (Bankr. S.D. Tex. 2000) (noting that courts authorize debtors to pay, outside of a plan, prepetition claims from “business transactions which are at once individually minute but collectively immense and critical to the survival of the business of the debtor.”).

40. Additionally, under section 105(a) of the Bankruptcy Code, “the court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code. 11 U.S.C. § 105(a); *CoServ, L.L.C.*, 273 B.R. at 497 (finding that sections 105 and 1107 of the Bankruptcy Code provide the authority for a debtor in possession to pay prepetition claims); *In re Mirant Corp.*, 296 B.R. 427, 429 (Bankr. N.D. Tex. 2003) (noting that non-payment of prepetition claims may seriously damage a debtor’s business).

41. Section 363(c)(1) of the Bankruptcy Code also authorizes the debtor in possession to “use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). The Debtors engage in the Corporate Card Programs on a regular basis, such that payment of the Corporate Cards are ordinary course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and do not require court approval. However, the Debtors are seeking this relief out of an abundance of caution.

42. The Corporate Card Programs provide the Debtors with a streamlined and efficient system for funding necessary business expenses. If the Corporate Card Programs are discontinued, employees may have to carry the costs of incurred expenses and the overall operation of the Debtors’ businesses would suffer. Therefore, the Debtors request that the Court authorize the Debtors to continue the Corporate Card Programs in the ordinary course of business, subject to the

terms and conditions thereof, as applicable.

IV. The Debtors Should Be Granted Authority to Use Existing Business Forms and Books

43. To avoid disruption of the Cash Management System and unnecessary expense, the Debtors request that they be authorized to continue to use their Business Forms and Books and Records, substantially in the forms existing immediately before the Petition Date, without reference to their status as debtors in possession. Parties doing business with the Debtors undoubtedly will be aware of their status as debtors in possession and, thus, changing forms such as letterhead would be an unnecessary additional expense and unduly burdensome.

44. The Debtors should be permitted to maintain their existing Books and Records rather than open a new set as required under the U.S. Trustee Guidelines. The Debtors use a sophisticated recordkeeping system that enables them to consolidate their Books and Records for financial reporting purposes while maintaining separate records on an entity-by-entity basis to track the operations and results of individual entities across their corporate structure. Continued use of the Debtors' current Books and Records, therefore, will maximize efficiency and decrease administrative burden while maintaining the precise entity-by-entity reporting contemplated by the U.S. Trustee.

V. The Court Should Authorize the Debtors to Continue Engaging in Postpetition Intercompany Transactions and Grant Administrative Expense Status to Postpetition Intercompany Balances

45. Allowing the Debtors to engage in postpetition Intercompany Transactions is in the best interests of the Debtors' estates and their creditors, and the Debtors seek authority to enter into such Intercompany Transactions in the ordinary course of business. The Debtors will continue to maintain records of Intercompany Transactions, including records of all current intercompany accounts receivables and payables. If the Intercompany Transactions were to be discontinued, the Cash Management System would be disrupted to the Debtors' and their estates' detriment. In

addition, a number of critical services currently provided to Debtor entities on an intercompany basis would be interrupted.

46. Further, granting the Debtors relief to continue Intercompany Transactions between Debtors and non-Debtor affiliates is warranted under the circumstances. The Debtors do not in the ordinary course of business provide liquidity support to any non-Debtor affiliates, and the Intercompany Transactions between the Debtors and non-Debtor affiliates are limited to those involving critical services, cross-company licenses and sales of products in the ordinary course of the Debtors' business primarily with Party City and the Convergram JV. Accordingly, the Debtors believe that the Intercompany Transactions preserve and enhance the value of the Debtors' estates. Abruptly ending the ability to engage in Intercompany Transactions could have adverse, value-destructive consequences across the Debtors' entire corporate structure, including breaches of certain of the Debtors' agreements and customer attrition.

47. Additionally, the Debtors anticipate that postpetition Intercompany Transactions with non-Debtor affiliates will be consistent with those that occurred prior to the Petition Date. Permitting the settling of the Intercompany Claims through the Debtors' existing accounting and cash management practices will help ensure that funds are available to satisfy obligations to third parties in the ordinary course. The continued performance of the Intercompany Transactions is in the best interest of the Debtors' estates and their creditors. The Debtors request the authority to continue conducting the Intercompany Transactions in the ordinary course of business without need for further Court order.

48. Further, to ensure that the Debtors' creditors are sufficiently protected, the Debtors request that each payment (or other transfer of cash) to or from a Debtor to or from a non-Debtor affiliate under any postpetition Intercompany Transaction be granted administrative expense status

under section 503(b) of the Bankruptcy Code.⁸ This relief will ensure that each entity receiving payments from a Debtor will continue to bear ultimate repayment responsibility for such ordinary course transactions, thereby reducing the risk that these transactions would jeopardize the recoveries available to each Debtors' respective creditors.

VI. The Court Should Authorize the Debtors' Financial Institutions to Honor and Process the Debtors' Payments

49. The Debtors have sufficient funds to pay the amounts described herein in the ordinary course of business by virtue of expected cash flows from ongoing business operations, anticipated access to cash collateral, and the proceeds of the DIP Notes Facility and the DIP ABL Facility. Additionally, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the relief requested herein. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this motion.

Emergency Consideration

50. Pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first 21 days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm," and Bankruptcy Local Rule 9013-1(i), the Debtors respectfully request emergency consideration of this motion. An immediate and orderly transition

⁸ Notwithstanding the administrative expense status requested for the Intercompany Transactions between Debtors and non-Debtor affiliates, each Debtor reserves the right to dispute any Intercompany Transaction (or payment made on account of an Intercompany Transaction) on any ground, including the methodology for calculation of such transaction or payment, and to claw back or avoid such transactions and/or payments.

into chapter 11 is critical to the viability of the Debtors' operations. Failure to obtain the requested relief during the first 21 days of these chapter 11 cases would imperil the Debtors' restructuring. The Debtors have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and, therefore, respectfully request that the Court approve the relief requested in this motion on an emergency basis.

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

51. 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).

Reservation of Rights

52. Nothing contained herein is intended to be or should be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion or any order granting the relief requested by this motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this

motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

Notice

53. The Debtors will provide notice of this motion to the following parties or their respective counsel: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the ABL Agent and to the agent under the DIP ABL Facility; (d) counsel to the Ad Hoc Group; (e) counsel to the First Lien Notes Trustee; (f) counsel to the Second Lien Notes Trustee; (g) counsel to the PC Noteholder Group; (h) counsel to the trustee under the DIP Notes Facility; (i) the United States Attorney's Office for the Southern District of Texas; (j) the Internal Revenue Service; (k) the United States Securities and Exchange Commission; (l) the state attorneys general for states in which the Debtors conduct business; (m) other regulatory agencies having a regulatory or statutory interest in these cases; (n) the Banks; (o) counsel to Party City; (p) counsel to Barings, LLC, Arnold & Porter Kaye Scholer LLP, 70 West Madison Street Suite 4200, Chicago, IL 60602-4231, Attn: Tyler Nurnberg (Tyler.Nurnberg@arnoldporter.com) and Alex Hevia (alexander.hevia@arnoldporter.com); and (q) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

November 8, 2023

Respectfully submitted,

By: /s/ Tom A. Howley

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Proposed Counsel to the Debtors and the Debtors in Possession

Certificate of Accuracy

I certify that the facts and circumstances described in the above pleading giving rise to the emergency request for relief are true and correct to the best of my knowledge, information, and belief. This statement is made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Tom A. Howley

Tom A. Howley

Certificate of Service

I certify that on November 8, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Tom A. Howley

Tom A. Howley

Exhibit A

Interim Order

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

In re:

ANAGRAM HOLDINGS, LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 23-90901 (MI)
)
) (Jointly Administered)
)

**INTERIM ORDER (I) AUTHORIZING
THE DEBTORS TO (A) CONTINUE TO
OPERATE THEIR CASH MANAGEMENT SYSTEM,
(B) HONOR CERTAIN PREPETITION OBLIGATIONS
RELATED THERETO, (C) MAINTAIN EXISTING BUSINESS
FORMS AND BOOKS AND RECORDS, AND (D) CONTINUE TO PERFORM
INTERCOMPANY TRANSACTIONS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Interim Order”) (a) authorizing, but not directing, the Debtors to (i) continue to operate the Cash Management System (including, for the avoidance of doubt, the continuation of Cash Dominion), (ii) honor certain prepetition obligations related thereto, (iii) maintain existing Business Forms and Books and Records in the ordinary course of business, and (iv) continue to perform Intercompany Transactions consistent with past practices and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Anagram Holdings, LLC (8535); Anagram International, Inc. (2523) and Anagram International Holdings, Inc. (5837). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 7700 Anagram Drive, Eden Prairie, MN 55344. For the avoidance of doubt, the Debtors’ chapter 11 cases are not proposed to be consolidated with the Party City debtors which emerged from chapter 11 cases in this Court on October 12, 2023. *See In re Party City Holdco Inc., et. al.*, Case No. 23-90005 (MI). Any reference herein to the Debtors does not include the debtor-entities that were administered in the Party City chapter 11 cases.

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

and the Amended Standing Order; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. § 1408; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court; 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 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 final hearing on the Motion shall be on [____], 2023, at[_____]: _____].m., prevailing Central Time. Any objections or responses to entry of the Final Order on the Motion shall be filed on or before [4:00] p.m., prevailing Central Time, on [____], 2023. If no objections to entry of the Final Order on the Motion are timely received, the Court may enter such Final Order without need for the final hearing.

1. Unless otherwise provided in this Interim Order, the Debtors are authorized, but not directed, to continue operating the Cash Management System, honor their prepetition obligations related thereto, maintain existing Business Forms and Books and Records, and continue to perform Intercompany Transactions in the ordinary course of business and consistent with historical practice; *provided* that the Debtors shall provide reasonable notice to counsel to the Ad Hoc Group of any material changes to their Cash Management System.

2. The Debtors are authorized, but not directed, to: (a) continue to use, with the same

account numbers, the Bank Accounts in existence as of the Petition Date, including those accounts identified on Schedule 1 attached thereto; (b) use, in their present form, all preprinted correspondence and Business Forms (including letterhead); *provided* that once the Debtors' existing check stock and preprinted stock of Business Forms has been exhausted, the Debtors shall include, or direct others to include, the designation "Debtor-in-Possession" and the corresponding bankruptcy case number on all checks and Business Forms as soon as it is reasonably practicable to do so; provided further that with respect to any Business Forms that are generated electronically, the Debtors shall use reasonable efforts to ensure that such electronic Business Forms are clearly labeled "Debtor In Possession" within ten (10) business days; (c) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; (d) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; (e) pay the Bank Fees and the Processing Fees, including any prepetition and postpetition amounts, and any ordinary course Bank Fees and Processing Fees incurred in connection with the Bank Accounts; and (f) to otherwise perform their obligations under the documents governing the Bank Accounts.

3. Those certain prepetition deposit, cash management, and treasury services agreements existing between the Debtors and the Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks and, subject to applicable bankruptcy or other law, all of the provisions of such agreements, including the termination, fee provisions, rights, benefits, collateral and offset rights and remedies afforded under such agreements, shall remain in full force and effect absent further order of the Court or, with respect to any such agreement with any Bank (including, for the avoidance of doubt, any rights of a Bank to use funds from the Bank Accounts to remedy any overdraft of another Bank Account or other

cash management obligations, whether prepetition or postpetition, to the extent permitted under the applicable agreement), unless the Debtors and such Bank agree otherwise. Any other legal rights and remedies afforded to the Banks under applicable law shall be preserved, subject to applicable bankruptcy law.

4. The Debtors are authorized, but not directed, to continue to use in the ordinary course of business the Corporate Card Programs, subject to any terms and conditions under the applicable servicing agreements (including the Corporate Card Agreements), on a postpetition basis. The Debtors are authorized, but not directed, to (i) honor all past and future obligations arising under the Corporate Card Programs (the “Corporate Card Obligations”) and (ii) make timely payments in respect of all Corporate Card Obligations, whether arising prepetition or postpetition.

5. To the extent any of the Debtors’ Bank Accounts are not in compliance with section 345(b) of the Bankruptcy Code or any of the U.S. Trustee’s requirements or guidelines, the Debtors shall have until December 21, 2023, without prejudice to seeking an additional extension or waiver, to come into compliance with section 345(b) of the Bankruptcy Code; *provided* that nothing herein shall prevent the Debtors or the U.S. Trustee from seeking further relief from the Court to the extent that an agreement cannot be reached. The Debtors may obtain a further extension of the period referenced above by entering into a written stipulation with the U.S. Trustee and filing such stipulation on the Court’s docket without the need for further Court order.

6. The Banks are authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card or debit card payments, and ACH transfers issued and drawn

on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be. The Debtors and the Banks may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including the closing of Bank Accounts or the opening of new bank accounts. The Debtors are authorized, but not directed, to open new bank accounts so long as (a) any such new account is with one of the Debtors' existing Banks or with a bank that is (i) insured with the FDIC or the Federal Savings and Loan Insurance Corporation, (ii) designated as an authorized depository by the U.S. Trustee pursuant to the U.S. Trustee Guidelines, (iii) agrees to be bound by the terms of this Interim Order, and (iv) designated as a "debtor in possession" account by the relevant bank; and (b) the Debtors provide notice within ten days to counsel to the Ad Hoc Group of the opening of such account; *provided, further* that such opening shall be timely indicated on the Debtors' monthly operating reports.

7. Each of the Banks is authorized to debit the Bank Accounts in the ordinary course of business without the need for further order of this Court for: (a) all checks, items, and other payment orders drawn on the Bank Accounts that are cashed at such Bank's counters or exchanged for cashier's checks by the payees thereof prior to the Bank's receipt of notice of the Petition Date or that are required to be honored by the Banks pursuant to applicable local law; (b) all checks, automated clearing house entries, and other items deposited in or credited to one of the Bank Accounts with such Bank prior to the Petition Date that have been dishonored, reversed or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

8. The Debtors are authorized, but not directed, to: (a) pay undisputed prepetition amounts outstanding as of the Petition Date, if any, owed in the ordinary course to the Banks as service charges for the maintenance of the Cash Management System; and (b) reimburse the Banks for any claims arising before or after the Petition Date in connection with customer checks deposited with the Banks that have been dishonored or returned as a result of insufficient funds in the Bank Accounts in the ordinary course of business, to the same extent the Debtors were responsible for such items prior to the Petition Date.

9. Subject to the applicable DIP Order (as defined below) and the documents governing the DIP Notes Facility and the DIP ABL Facility, immediately upon entry of this Interim Order, Wells Fargo is authorized, but not obligated or directed, without further order of this Court, to recommence the automatic transfers, or “sweeps,” in the Collection Account subject to Cash Dominion without regard to whether the funds swept and/or transferred include funds deposited prior to the Petition Date.

10. The relief granted in this Interim Order is extended to any new bank account opened by the Debtors in the ordinary course of business after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Bank.

11. The Debtors are authorized, but not directed, to promptly place stop payments on any unauthorized prepetition checks or ACH payments that should not be honored by a Bank. Any Bank that is provided with notice of this Interim Order shall not honor or pay any bank payments drawn on any listed Bank Account or otherwise issued before the Petition Date for which the Debtors specifically issue a stop payment order in accordance with the documents governing such Bank Accounts.

12. Subject to the terms set forth herein, any bank, including a Bank, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this or any order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for herein, and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Interim Order (a) at the direction of the Debtors or (b) in a good faith belief that this Court has authorized such prepetition check or item to be honored shall be deemed to be, nor shall be liable to the Debtors or their estates on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Interim Order.

13. Notwithstanding anything to the contrary in any other order of this Court, any bank, including the Banks, is (a) authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold the Debtors' funds in accordance with the Debtors' instructions, (b) authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH transfers should be honored or dishonored, consistent with any order of this Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated prior to, on, or subsequent to the Petition Date, and (c) not bound by any duty to independently inquire as to whether such payments are authorized by an order of this Court; *provided* that the Banks shall not have any liability to any party for relying on such representations.

14. The Debtors are authorized, but not directed, to coordinate with the Banks to implement reasonable handling procedures designed to effectuate the terms of this Interim Order. No Bank that implements such handling procedures and then honors a prepetition check or other item drawn on any Bank Account that is the subject of this Interim Order either (a) in good faith

belief that the Court has authorized such prepetition check or item to be honored or (b) as a result of an innocent mistake made despite implementation of such handling procedures, shall be deemed to be liable to the Debtors or their estates otherwise in violation of this Interim Order.

15. As soon as practicable after entry of this Interim Order, the Debtors shall serve a copy of this Interim Order on the Banks.

16. The Debtors are authorized, but not directed, to continue Intercompany Transactions arising from or related to the operation of their business in the ordinary course, including Intercompany Transactions with non-Debtor affiliates. The Debtors are authorized, but not directed, to enter into, engage in, and satisfy any payments in connection with any Intercompany Transaction, including any Intercompany Transaction with non-Debtor affiliates, and to take any actions related thereto, in each case on the same terms as, and materially consistent with, the Debtors' operation of the businesses in the ordinary course during the prepetition period. The Debtors are authorized, but not directed, to set off mutual postpetition obligations relating to intercompany receivables and payables through the Cash Management System in the ordinary course of business consistent with prepetition practices and subject to preexisting agreements. All Intercompany Claims arising after the Petition Date are hereby accorded administrative expense status under section 503(b) of the Bankruptcy Code; *provided* that all Intercompany Claims shall be junior and subordinate to any superpriority administrative expense claims or liens granted under the DIP Order, including DIP Superpriority Claims, DIP Liens, Adequate Protection 507(b) Claims, Adequate Protection Liens, and the Carve-Out (each as defined in the DIP Order).

17. The Debtors shall maintain accurate and complete records of all transfers within the Cash Management System, including without limitation Intercompany Transactions, so that all post-petition transfers and transactions shall be adequately and promptly documented in, and

readily ascertainable from, their books and records, to the same extent maintained by the Debtors before the Petition Date. The Debtors shall (a) maintain records of all Intercompany Transactions, and (b) make such records available, on a confidential basis, to the Ad Hoc Group, the U.S. Trustee, the DIP ABL Agent (as defined in the DIP Order) and any statutory committee upon request. To the extent that the transfers within the Cash Management system are disbursements, they will be noted and reflected on the monthly operating reports and post confirmation reports filed by Debtors. Notwithstanding the Debtors' use of a consolidated cash management system, the Debtors shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of which entity makes the disbursements or pays those disbursements.

18. For the avoidance of doubt, the relief granted in this Interim Order with respect to the postpetition Intercompany Transactions and the intercompany balances resulting therefrom shall not constitute a finding as to the validity, priority, or status of any prepetition intercompany balance or any Intercompany Transaction from which such intercompany balance may have arisen, and the Debtors expressly reserve any and all rights with regard to the validity, priority, or status of any prepetition intercompany balance or any Intercompany Transaction from which such intercompany balance may have arisen. The Debtors also expressly reserve any and all rights to contest the validity, priority, or status of any prepetition intercompany balance or any Intercompany Transaction from which such intercompany balance may have arisen.

19. Notwithstanding the foregoing, a non-Debtor affiliate shall not set off any postpetition obligations owed to a Debtor against any prepetition obligations owed by a Debtor to such non-Debtor affiliate. With the prior written consent of the Debtors, a non-Debtor affiliate may, however, to the extent permitted under applicable law and subject to paragraph 18 above, setoff any prepetition obligations owed to a Debtor against any prepetition obligations owed by a

Debtor to such non-Debtor affiliate in the ordinary course of business consistent with past practice; *provided*, that the Debtors expressly reserve any and all rights to contest the validity of such setoff.

20. Nothing contained in the Motion or this Interim Order shall be construed to (a) alter or impair any security interest or the validity, priority, enforceability, or perfection thereof, in favor of any person or entity that existed as of the Petition Date or that arises after the Petition Date or (b) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date.

21. The banks and financial institutions on which checks were drawn or electronic fund transfer requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic fund transfer 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 fund transfer requests as approved by this Interim Order.

22. The Debtors are authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

23. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing in the Motion or this Interim Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion

or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

24. Notwithstanding the relief granted in this Interim Order, any payment made or to be made by the Debtors pursuant to the authority granted herein, and any relief or authorization granted herein, shall be subject to and in compliance with each interim and final order entered by the Court in respect of the DIP Motion, filed substantially contemporaneously herewith (collectively, such interim and final orders, the "DIP Order"), including compliance with any budget or cash flow forecast in connection therewith and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Order, the DIP Notes Documents (as defined in the DIP Order), or the DIP ABL Agreement (as defined in the DIP Order). To the extent there is any inconsistency between the terms of the DIP Order and the terms of this Interim Order or any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

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

26. Notice of the Motion as provided therein is hereby deemed good and sufficient

notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

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

28. The Debtors are authorized, but not directed, to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

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

Houston, Texas

Dated: _____, 2023

UNITED STATES BANKRUPTCY JUDGE

Schedule 1**Bank Accounts**

Debtor	Bank	Account Number (Last 4 Digits)	Account Designation	Approximate Balance as of the Petition Date
Anagram International, Inc	Wells Fargo	2726	Collection Account	\$0
Anagram International, Inc	Wells Fargo	2742	Disbursements Account	\$(1,407,842.54)
Anagram International, Inc	Wells Fargo	2734	Master Concentration Account	\$6,917,609.65
Anagram International, Inc	Wells Fargo	2759	DIP Notes Proceeds Account	\$79,536.56
Anagram International, Inc	Wells Fargo	2767	Restricted Cash Account	\$1,000,000.00
Anagram International, Inc	Bank of America	8408	Checking Account	\$14,771.13
Anagram International, Inc	Bank of America	2566	Disbursements Account	\$0
Anagram International, Inc	Bank of America	0057	Master Account	\$27,597.57
Anagram International, Inc	Bank of America	3407	Collateral Account	\$50,003.64

Exhibit B

Final Order

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

In re:)	
)	Chapter 11
)	
ANAGRAM HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 23-90901 (MI)
)	
Debtors.)	(Jointly Administered)
)	

**FINAL ORDER (I) AUTHORIZING
THE DEBTORS TO (A) CONTINUE TO
OPERATE THEIR CASH MANAGEMENT SYSTEM,
(B) HONOR CERTAIN PREPETITION OBLIGATIONS
RELATED THERETO, (C) MAINTAIN EXISTING BUSINESS
FORMS AND BOOKS AND RECORDS, AND (D) CONTINUE TO PERFORM
INTERCOMPANY TRANSACTIONS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Final Order”) (a) authorizing, but not directing, the Debtors to (i) continue to operate the Cash Management System (including, for the avoidance of doubt, the continuation of Cash Dominion), (ii) honor certain prepetition obligations related thereto, (iii) maintain existing Business Forms and Books and Records in the ordinary course of business, and (iv) continue to perform Intercompany Transactions consistent with past practices and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Anagram Holdings, LLC (8535); Anagram International, Inc. (2523) and Anagram International Holdings, Inc. (5837). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 7700 Anagram Drive, Eden Prairie, MN 55344. For the avoidance of doubt, the Debtors’ chapter 11 cases are not proposed to be consolidated with the Party City debtors which emerged from chapter 11 cases in this Court on October 12, 2023. *See In re Party City Holdco Inc., et. al.*, Case No. 23-90005 (MI). Any reference herein to the Debtors does not include the debtor-entities that were administered in the Party City chapter 11 cases.

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

Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the Amended Standing Order; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. § 1408; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court; 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 upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. Unless otherwise provided in this Final Order, the Debtors are authorized, but not directed, to continue operating the Cash Management System, honor their prepetition obligations related thereto, maintain existing Business Forms and Books and Records, and continue to perform Intercompany Transactions in the ordinary course of business and consistent with historical practice; *provided* that the Debtors shall provide reasonable notice to counsel to the Ad Hoc Group of any material changes to their Cash Management System.

2. The Debtors are authorized, but not directed, to: (a) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date, including those accounts identified on Schedule 1 attached thereto; (b) use, in their present form, all preprinted correspondence and Business Forms (including letterhead); *provided* that once the Debtors' existing

check stock and preprinted stock of Business Forms has been exhausted, the Debtors shall include, or direct others to include, the designation “Debtor-in-Possession” and the corresponding bankruptcy case number on all checks and Business Forms as soon as it is reasonably practicable to do so; *provided*, further, that with respect to any Business Forms that are generated electronically, the Debtors shall use reasonable efforts to ensure that such electronic Business Forms are clearly labeled “Debtor In Possession” within 10 business days; (c) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; (d) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; (e) pay the Bank Fees and the Processing Fees, including any prepetition and postpetition amounts, and any ordinary course Bank Fees and Processing Fees incurred in connection with the Bank Accounts; and (f) to otherwise perform their obligations under the documents governing the Bank Accounts.

3. Those certain prepetition deposit, cash management, and treasury services agreements existing between the Debtors and the Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks and, subject to applicable bankruptcy or other law, all of the provisions of such agreements, including the termination, fee provisions, rights, benefits, collateral and offset rights and remedies afforded under such agreements, shall remain in full force and effect absent further order of the Court or, with respect to any such agreement with any Bank (including, for the avoidance of doubt, any rights of a Bank to use funds from the Bank Accounts to remedy any overdraft of another Bank Account or other cash management obligations, whether prepetition or postpetition, to the extent permitted under the applicable agreement), unless the Debtors and such Bank agree otherwise. Any other legal rights and remedies afforded to the Banks under applicable law shall be preserved, subject to applicable bankruptcy law.

4. The Debtors are authorized, but not directed, to continue to use in the ordinary course of business the Corporate Card Programs, subject to any terms and conditions under the applicable servicing agreements (including the Corporate Card Agreements), on a postpetition basis. The Debtors are authorized, but not directed, to (i) honor all past and future obligations arising under the Corporate Card Programs (the “Corporate Card Obligations”) and (ii) make timely payments in respect of all Corporate Card Obligations, whether arising prepetition or postpetition.

5. The Banks are authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card or debit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be. The Debtors and the Banks may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including the closing of Bank Accounts or the opening of new bank accounts. The Debtors are authorized, but not directed, to open new bank accounts so long as (a) any such new account is with one of the Debtors’ existing Banks or with a bank that is (i) insured with the FDIC or the Federal Savings and Loan Insurance Corporation, (ii) designated as an authorized depository by the U.S. Trustee pursuant to the U.S. Trustee Guidelines, (iii) agrees to be bound by the terms of this Final Order, and (iv) designated as a “debtor in possession” account by the relevant bank; and (b) the Debtors provide notice within ten days to counsel to the Ad Hoc Group of the opening of such account; *provided, further* that such opening shall be timely indicated on the Debtors’ monthly operating reports.

6. Each of the Banks is authorized to debit the Bank Accounts in the ordinary course

of business without the need for further order of this Court for: (a) all checks, items, and other payment orders drawn on the Bank Accounts that are cashed at such Bank's counters or exchanged for cashier's checks by the payees thereof prior to the Bank's receipt of notice of the Petition Date or that are required to be honored by the Banks pursuant to applicable local law; (b) all checks, automated clearing house entries, and other items deposited in or credited to one of the Bank Accounts with such Bank prior to the Petition Date that have been dishonored, reversed or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

7. The Debtors are authorized, but not directed, to: (a) pay undisputed prepetition amounts outstanding as of the Petition Date, if any, owed in the ordinary course to the Banks as service charges for the maintenance of the Cash Management System; and (b) reimburse the Banks for any claims arising before or after the Petition Date in connection with customer checks deposited with the Banks that have been dishonored or returned as a result of insufficient funds in the Bank Accounts in the ordinary course of business, to the same extent the Debtors were responsible for such items prior to the Petition Date.

8. Subject to the applicable DIP Order (as defined below) and the documents governing the DIP Notes Facility and the DIP ABL Facility, Wells Fargo is authorized, but not obligated or directed, without further order of this Court, to recommence the automatic transfers, or "sweeps," in the Collection Account subject to Cash Dominion without regard to whether the funds swept and/or transferred include funds deposited prior to the Petition Date.

9. The relief granted in this Final Order is extended to any new bank account opened

by the Debtors in the ordinary course of business after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Bank.

10. The Debtors are authorized, but not directed, to promptly place stop payments on any unauthorized prepetition checks or ACH payments that should not be honored by a Bank. Any Bank that is provided with notice of this Final Order shall not honor or pay any bank payments drawn on any listed Bank Account or otherwise issued before the Petition Date for which the Debtors specifically issue a stop payment order in accordance with the documents governing such Bank Accounts.

11. Subject to the terms set forth herein, any bank, including a Bank, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this or any order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for herein, and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Final Order (a) at the direction of the Debtors or (b) in a good faith belief that this Court has authorized such prepetition check or item to be honored shall be deemed to be, nor shall be liable to the Debtors or their estates on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Final Order.

12. Notwithstanding anything to the contrary in any other order of this Court, any bank, including the Banks, is (a) authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold the Debtors' funds in accordance with the Debtors' instructions, (b) authorized to accept and honor all representations from the Debtors as to

which checks, drafts, wires, or ACH transfers should be honored or dishonored, consistent with any order of this Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated prior to, on, or subsequent to the Petition Date, and (c) not bound by any duty to independently inquire as to whether such payments are authorized by an order of this Court; *provided* that the Banks shall not have any liability to any party for relying on such representations.

13. The Debtors are authorized, but not directed, to coordinate with the Banks to implement reasonable handling procedures designed to effectuate the terms of this Final Order. No Bank that implements such handling procedures and then honors a prepetition check or other item drawn on any Bank Account that is the subject of this Final Order either (a) in good faith belief that the Court has authorized such prepetition check or item to be honored or (b) as a result of an innocent mistake made despite implementation of such handling procedures, shall be deemed to be liable to the Debtors or their estates otherwise in violation of this Final Order.

14. The Debtors are authorized, but not directed, to continue Intercompany Transactions arising from or related to the operation of their business in the ordinary course, including Intercompany Transactions with non-Debtor affiliates. The Debtors are authorized, but not directed, to enter into, engage in, and satisfy any payments in connection with any Intercompany Transaction, including any Intercompany Transaction with non-Debtor affiliates, and to take any actions related thereto, in each case on the same terms as, and materially consistent with, the Debtors' operation of the businesses in the ordinary course during the prepetition period. The Debtors are authorized, but not directed, to set off mutual postpetition obligations relating to intercompany receivables and payables through the Cash Management System in the ordinary course of business consistent with prepetition practices and subject to preexisting agreements. All Intercompany Claims arising after the Petition Date are hereby accorded administrative expense status under section 503(b) of the

Bankruptcy Code; *provided* that all Intercompany Claims shall be junior and subordinate to any superpriority administrative expense claims or liens granted under the DIP Order, including DIP Superpriority Claims, DIP Liens, Adequate Protection 507(b) Claims, Adequate Protection Liens, and the Carve-Out (each as defined in the DIP Order).

15. The Debtors shall maintain accurate and complete records of all transfers within the Cash Management System, including without limitation Intercompany Transactions, so that all post-petition transfers and transactions shall be adequately and promptly documented in, and readily ascertainable from, their books and records, to the same extent maintained by the Debtors before the Petition Date. The Debtors shall (a) maintain records of all Intercompany Transactions, and (b) make such records available, on a confidential basis, to the Ad Hoc Group, the U.S. Trustee, the DIP ABL Agent (as defined in the DIP Order) and any statutory committee upon request. To the extent that the transfers within the Cash Management system are disbursements, they will be noted and reflected on the monthly operating reports and post confirmation reports filed by Debtors. Notwithstanding the Debtors' use of a consolidated cash management system, the Debtors shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of which entity makes the disbursements or pays those disbursements.

16. For the avoidance of doubt, the relief granted in this Final Order with respect to the postpetition Intercompany Transactions and the intercompany balances resulting therefrom shall not constitute a finding as to the validity, priority, or status of any prepetition intercompany balance or any Intercompany Transaction from which such intercompany balance may have arisen, and the Debtors expressly reserve any and all rights with regard to the validity, priority, or status of any prepetition intercompany balance or any Intercompany Transaction from which such intercompany balance may have arisen. The Debtors also expressly reserve any and all rights to contest the

validity, priority, or status of any prepetition intercompany balance or any Intercompany Transaction from which such intercompany balance may have arisen.

17. Notwithstanding the foregoing, a non-Debtor affiliate shall not setoff any postpetition obligations owed to a Debtor against any prepetition obligations owed by a Debtor to a non-Debtor affiliate. With the prior written consent of the Debtors, a non-Debtor affiliate may, however, to the extent permitted under applicable law and subject to paragraph 18 above, setoff any prepetition obligations owed to a Debtor against any prepetition obligations owed by a Debtor to such non-Debtor affiliate in the ordinary course of business consistent with past practice; *provided*, that the Debtors expressly reserve any and all rights to contest the validity of such setoff.

18. Nothing contained in the Motion or this Final Order shall be construed to (a) alter or impair any security interest or the validity, priority, enforceability, or perfection thereof, in favor of any person or entity that existed as of the Petition Date or that arises after the Petition Date or (b) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date.

19. The banks and financial institutions on which checks were drawn or electronic fund transfer requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic fund transfer 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 fund transfer requests as approved by this Final Order.

20. The Debtors are authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in

connection with the relief granted herein.

21. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing in the Motion or this Final Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

22. Notwithstanding the relief granted in this Final Order, any payment made or to be made by the Debtors pursuant to the authority granted herein, and any relief or authorization granted herein, shall be subject to and in compliance with each interim and final order entered by the Court in respect of the DIP Motion, filed substantially contemporaneously herewith (collectively, such interim and final orders, the "DIP Order"), including compliance with any budget or cash flow forecast in connection therewith and any other terms and conditions thereof. Nothing herein is

intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Order, the DIP Notes Documents (as defined in the DIP Order), or the DIP ABL Agreement (as defined in the DIP Order). To the extent there is any inconsistency between the terms of the DIP Order and the terms of this Final Order or any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

23. Notice of the Motion as provided therein is hereby deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

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

25. The Debtors are authorized, but not directed, to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

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

Houston, Texas

Dated: _____, 2023

UNITED STATES BANKRUPTCY JUDGE

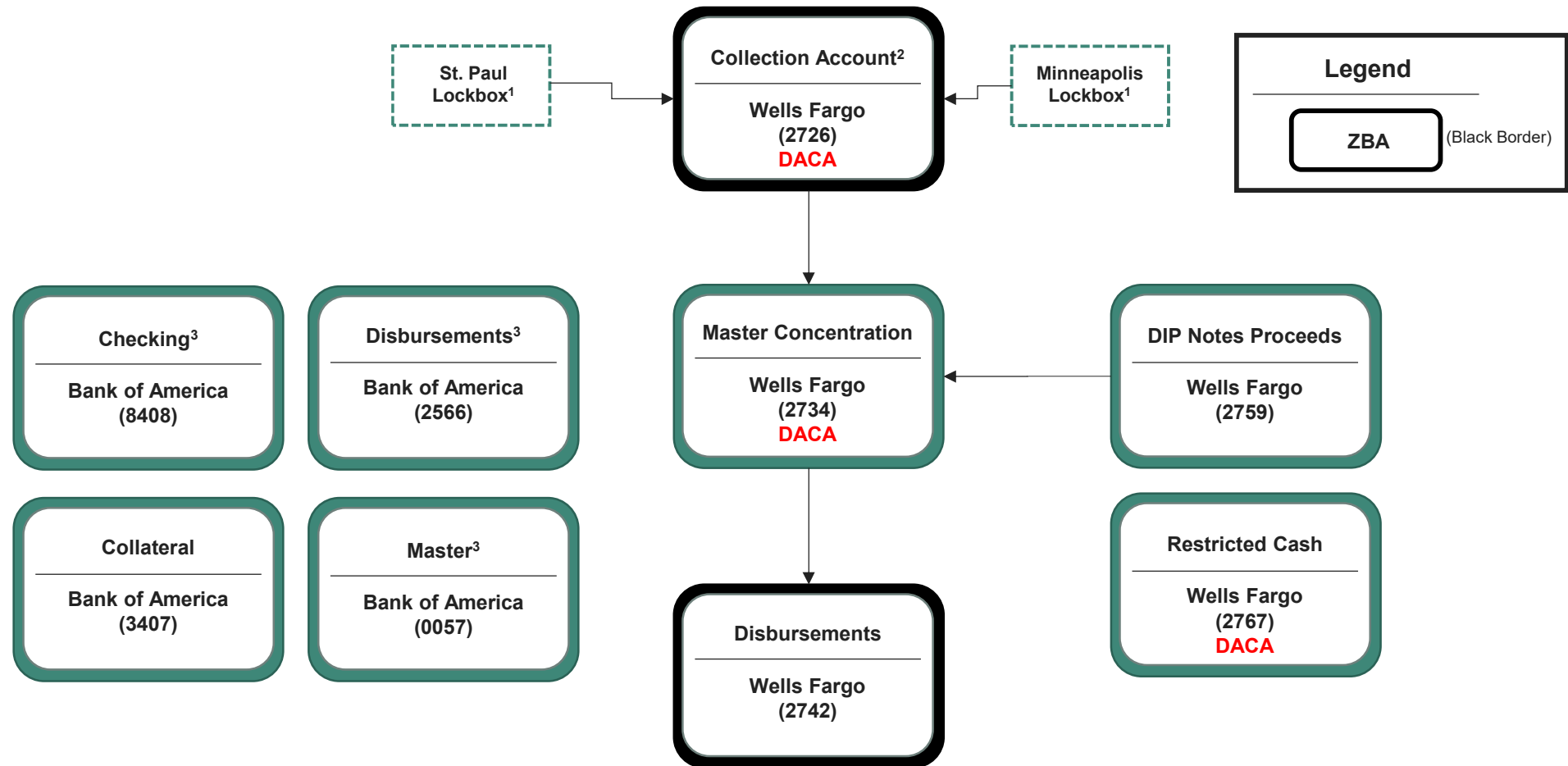
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Exhibit C

Cash Management Schematic

Anagram - Account Structure



1: A physical location that primarily receives checks and other non-wire deposits

2: The Collection Account is subject to cash dominion by Wells Fargo, as lender under the DIP ABL Facility

3: In the process of being wound down or repurposed