

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

In re:

CBC RESTAURANT CORP., et al.,¹

Debtors.

Chapter 11

Case No. 23-10245 (KBO)

(Jointly Administered)

Re: D.I. No. 7, 31

Objection Deadline: March 21, 2023, at 4:00 p.m. ET
Hearing Date: March 28, 2023 at 1:00 p.m.

**NOTICE OF ENTRY OF INTERIM ORDER AND FINAL HEARING REGARDING
MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER: (1) AUTHORIZING THE
DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, OTHER
COMPENSATION; AND (2) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE THAT on, February 22, 2023, CBC Restaurant Corp. and its debtor affiliates, as debtors and debtors in possession (collectively, the "Debtors"), filed a *Motion of the Debtors for Entry of an Order: (1) Directing Joint Administration of Chapter 11 Cases; and (2) Granting Related Relief* (the "Motion") [D.I. No. 7] in the above-captioned case with the United States Bankruptcy Court for the District of Delaware (the "Court"). A copy of the Motion is attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE THAT the Debtors presented the Motion at a hearing before the Honorable Karen B. Owens on February 24, 2023. The Court granted interim relief on the Motion and entered the *Interim Order: (I) Authorizing the Debtors to (A) Pay*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include CBC Restaurant Corp. (0801), Corner Bakery Holding Company (3981), and CBC Cardco, Inc. (1938). The Debtors' service address is 121 Friends Lane, Suite 301, Newtown PA 18940.



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Prepetition Wages, Salaries, Other Compensation; and (2) Granting Related Relief [D.I. No. 31] attached hereto as **Exhibit B**.

PLEASE TAKE FURTHER NOTICE that any objections or responses to entry of a final order on the Motion shall be filed on or before **4:00 p.m., prevailing Eastern Time, on March 21, 2023**, and shall be served on: (a) the Debtors, CBC Restaurant Corp., Attn: Jingnesh Pandya, 121 Friends Land, Suite 300, Newtown PA 18940; (b) proposed counsel to the Debtors, Culhane Meadows, PLLC, Attn: Mette Kurth (mkurth@cm.law); (d) counsel to the prepetition secured lender, Foley & Lardner LLP, Attn: Holland O'Neil (honeil@foley.com); (e) counsel to any statutory committee appointed in these cases; and (f) Office of The United States Trustee, Attn: Linda Casey.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE FINAL RELIEF REQUESTED BY THE MOTION WITHOUT FURTHER NOTICE OF HEARING.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE FINAL RELIEF SOUGHT IN THE MOTION WILL BE HELD ON MARCH 28, 2023, AT 1:00 P.M., PREVAILING EASTERN TIME BEFORE THE HONORABLE KAREN B. OWENS, UNITED STATES BANKRUPTCY JUDGE, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 6TH FLOOR, COURTROOM NO. 3, WILMINGTON, DELAWARE 19801.

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Dated: February 26, 2023
Wilmington, Delaware

/s/ Mette H. Kurth

Mette H. Kurth (DE Bar No. 6491)
CULHANE MEADOWS, PLLC
3411 Silverside Road
Baynard Building, Suite 104-13
Wilmington, Delaware 19810
Telephone: (302) 289-8839, Ext. 100
Email: mkurth@cm.law

Proposed Counsel to the Debtors and Debtors In Possession

Exhibit A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

CBC RESTAURANT CORP. *et al.*,¹

Debtors.

Chapter 11

Case No. 23-10245 (KBO)

(Joint Administration Requested)

**MOTION OF THE DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS: (1)
AUTHORIZING DEBTORS TO PAY PREPETITION EMPLOYEE OBLIGATIONS,
PREPETITION WITHHOLDING OBLIGATIONS, AND POSTPETITION EMPLOYEE
OBLIGATIONS IN THE ORDINARY COURSE; AND (B) AUTHORIZING BANKS TO
HONOR RELATED TRANSFERS**

CBC Restaurant Corp. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, "Corner Bakery" or the "Debtors"), respectfully state the following in support of this motion (this "Motion").

RELIEF REQUESTED

1. Corner Bakery seeks entry of interim and final orders, in substantially in the form attached hereto as **Exhibit A** and **Exhibit B** (the "Interim Order" and "Final Order," respectively):
(a) authorizing Corner Bakery to pay prepetition wages, salaries, expense reimbursements, and other compensation as well as payroll withholding taxes and other withholding amounts (including garnishments, employees' share of insurance premiums, taxes, and 401(k) contributions) in an aggregate amount of up to \$2,400,000 million pursuant to the Interim Order and \$3,000,000

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include CBC Restaurant Corp. (0801), Corner Bakery Holding Company (3981), and CBC Cardco, Inc. (1938). The Debtors' service address is 121 Friends Land, Suite 300, Newtown PA 18940.



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pursuant to the Final Order; and (b) authorizing all banks to honor the Debtors' prepetition transfers for payment of any of the foregoing.

JURISDICTION AND VENUE

2. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012 (Sleet, C.J.).

3. The Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

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

BASIS FOR RELIEF

5. The bases for the relief requested in this Motion are sections 105(a), 363(b), and 507(a) of title 11 of the United States Code (the "Bankruptcy Code"), Rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Rule 9013-1(m).

BACKGROUND

A. The Business and Events Leading to These Bankruptcy Filings

6. Corner Bakery is a fast-casual restaurant serving kitchen-crafted breakfast, lunch, and dinner and catering to guests. Its restaurants have been a neighborhood favorite since the brand was established in 1991. The original American Italian bakery cafe was founded on a philosophy

of creating a warm and comfortable place for people to relax with friends, family, and neighbors. Today, the restaurant features artisan-inspired, seasonal menu options made with fresh ingredients, while delivering a premier bakery cafe experience in the heart of neighborhoods and urban markets across California, Texas, Pennsylvania, Illinois, Virginia, Maryland, and the District of Columbia.

7. A detailed description of Corner Bakery's business and the facts and circumstances supporting this Motion as well as the events leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Jignesh Pandya, Chief Executive Officer and Chief Operating Officer of Corner Bakery, in Support of Chapter 11 Petitions and Certain First Day Emergency Motions* (the "First Day Declaration") that is being filed contemporaneously with this Motion.

8. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases and no official committees have been appointed or designated.

B. Corner Bakery's Employees

9. Corner Bakery currently employs approximately 2,000 individuals, approximately 150 of whom are full-time, salaried employees and the remainder of whom are hourly employees (collectively, the "Employees"). None of the Employees are represented by a union or collective bargaining unit. The Employees perform a variety of critical functions for Corner Bakery, including administration, human resources, information technology, marketing, food and beverage management, managing the "front of the house," food preparation, kitchen or "back of the house" management, food service, cashiering, and dishwashing. Without the continued, uninterrupted services of these Employees, Corner Bakery's chapter 11 efforts will be materially impaired.

10. Corner Bakery's Employees rely on their compensation to pay daily living expenses and support their families. These individuals will be exposed to significant financial harm if Corner Bakery is not permitted to continue paying their compensation. Accordingly, the relief requested herein is necessary and appropriate under the facts and circumstances of these chapter 11 cases.

C. Employee Compensation

1. Wages Owed to Corner Bakery's Employees

11. In the ordinary course of the Debtors' businesses, Corner Bakery pays wages, salaries, and compensation ("Wages") to its Employees on a bi-weekly basis by direct deposit or check, with a small number of Employees being paid daily by pay card. Employees who are paid on a bi-weekly basis are paid in arrears for the period ending one week before the date that their Wages are paid. February 24, 2023, is the next scheduled date for Corner Bakery's bi-weekly payroll.

12. Corner Bakery's gross payroll is roughly \$5.0 million per month. As of the Petition Date, the Debtors estimate that they owe their Employees an aggregate of approximately \$2,314,000 million in accrued Wages earned during the period prior from February 6, 2023, through February 19, 2023 and to be paid in their regular payroll due on February 24th. Additional accrued, unpaid Wages earned for the period from February 20, 2023, through February 22, 2023, which are to be paid as part of the March 10th payroll, are estimated to be, in aggregate, up to approximately \$600,000. No individual is owed in excess of the \$15,150 statutory cap under Bankruptcy Code section 507(a)(4) on account of such Wages.

13. By way of this Motion, Corner Bakery requests authority, in the ordinary course of business, to pay accrued, prepetition Wages to its Employees, up to the statutory priority amount of \$15,150 per individual (inclusive of other Employee obligations that are subject to section

507(a)(4) of the Bankruptcy Code), and to continue to otherwise pay its Employees in the ordinary course of business (and subject to and in accordance with any orders authorizing postpetition financing and the use of cash collateral and the applicable budget thereunder).

2. Wisely Pay Cards.

14. Corner Bakery pays a small number of Employees via Wisely™ pay cards. Instead of a traditional bank account, pay is loaded into the pay card account. These pay card accounts have many of the features of a traditional bank account but also may have fewer fees. Two Corner Bakery Employees are owed \$1,588.62 in aggregate prepetition Wages to be funded using pay cards.

3. Payroll Taxes & Garnishments

15. As an employer, Corner Bakery is required by law: (a) to withhold federal, state, and local taxes from Wages for remittance to appropriate tax authorities; and (b) to pay, from its own funds, social security and Medicare taxes and pay, based on a percentage of gross payroll and subject to state-imposed limits, additional amounts for state and federal unemployment insurance and similar programs (collectively, “Payroll Taxes”) and remit the same to the appropriate authorities (collectively, the “Taxing Authorities”).

16. In the aggregate, the Debtors estimate that Payroll Taxes total approximately \$1.1 million per month, based on actual monthly Payroll Taxes incurred during February 2023. The Debtors hereby seek authority (subject to and in accordance with any orders authorizing postpetition financing and the use of cash collateral and the applicable budget thereunder) to remit Payroll Taxes associated with the Wages to the appropriate Taxing Authorities as needed.

17. In the ordinary course of processing payroll checks for their Employees, the Debtors may be required by law, in certain circumstances, to withhold from certain Employees’

wages amounts for various garnishments, such as tax levies, child support, and other court-ordered garnishments (collectively, the “Garnishments”). The Debtors then remit the Garnishments to the appropriate state agencies. The Debtors estimate that they withhold approximately \$6,000 per pay period employees on account of Garnishments. As of the Petition Date, the Debtors estimate that there will be roughly \$6,000 in accrued and unpaid Garnishments. The Debtors seek authority to continue deducting and remitting amounts to the appropriate third parties in a manner consistent with historical practice for any unpaid Garnishments and to continue to honor the Garnishments in the ordinary course of their business and consistent with past practices.

BASIS FOR RELIEF

A. Cause Exists to Authorize the Debtors to Honor the Employee Compensation.

1. Certain Employee Compensation Is Entitled to Priority Treatment.

18. Bankruptcy Code sections 507(a)(4) and 507(a)(5) entitle certain of the compensation owed to the Employees to priority treatment. As priority claims, Corner Bakery is required to pay these claims in full to confirm a chapter 11 plan. *See* 11 U.S.C. § 1129(a)(9)(b) (requiring payment of certain allowed unsecured claims for (a) wages, salaries, or commissions, including sick leave pay earned by an individual and (b) contributions to an employee benefit plan). Thus, granting the relief sought herein should only affect the timing of certain payments to its Employees and should not negatively affect recoveries for general unsecured creditors. Indeed, Corner Bakery submits that payment of the Wages, Payroll Taxes, and Garnishments (the “Employee Compensation”) at this time enhances value for the benefit of all interested parties.

2. Payment of Certain Employee Compensation Is Required by Law.

19. Corner Bakery seeks authority to pay the applicable Payroll Taxes and Garnishments to the appropriate third-party entities. These amounts principally represent Employee earnings that governments, the company's Employees, and judicial authorities have

designated for deduction from the paychecks of Employees. Indeed, certain Payroll Taxes and Garnishments are not property of the Debtors' estates because Corner Bakery has withheld such amounts from individual paychecks on another party's behalf. *See* 11 U.S.C. §§ 541(b)(1), (d). Further, federal and state laws require the Debtors to withhold certain tax payments from individual paychecks and to pay such amounts to the appropriate taxing authority. *See* 26 U.S.C. §§ 6672, 7501(a); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–97 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes); *In re DuCharmes & Co.*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes). Because the Payroll Taxes and Garnishments may not be property of the Debtors' estates, the Debtors request that the Court authorize them to transmit the Payroll Taxes and Garnishments on account of its Employees to the proper parties in the ordinary course of business.

3. Payment of the Employee Compensation Is Proper Pursuant to Bankruptcy Code Section 363 and the Doctrine of Necessity.

20. Bankruptcy Code section 363(c)(1) expressly grants Corner Bakery the authority to “enter into transactions . . . in the ordinary course of business” and “use property of the estate in the ordinary course of business without notice or a hearing.” Therefore, Corner Bakery believes it is permitted to pay all postpetition amounts due pursuant to Employee Compensation as such actions are in the ordinary course of the Debtors' business. Out of an abundance of caution, however, Corner Bakery seeks entry of an order granting the relief requested herein to avoid any disruptions to its business operations.

21. The relief requested herein may also be granted by the Court pursuant to Bankruptcy Code sections 363(b) and 105(a). Bankruptcy Code section 363 provides, in relevant

part, that “[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” *See* 11 U.S.C. § 363(b)(1). Under Bankruptcy Code section 363(b), courts require only that the debtor “show that a sound business purpose justifies such actions.” *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (internal citations omitted) (requiring that the debtor show a “sound business purpose” to justify its actions under section 363 of the Bankruptcy Code). “Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (citation omitted); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) (stating that “[o]vercoming the presumptions of the business judgment rule on the merits is a near-Herculean task”).

22. In addition, the Court may authorize payment of prepetition claims in appropriate circumstances under Bankruptcy Code section 105(a). Bankruptcy Code section 105(a), which codifies the inherent equitable powers of a bankruptcy court, empowers bankruptcy courts to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” The Court may use its power under Bankruptcy Code section 105(a) to authorize payment of the Employee Compensation under the “necessity of payment” rule (also referred to as the “doctrine of necessity”). The United States Court of Appeals for the Third Circuit recognized the “necessity of payment” doctrine in *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981). The Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. *Id.* (stating a court may authorize payment of prepetition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”).

23. The necessity of payment doctrine is designed to foster a debtor's rehabilitation, which courts have recognized is "the paramount policy and goal of Chapter 11." *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (finding that payment of prepetition claims to certain trade vendors was "essential to the survival of the debtor during the chapter 11 reorganization"); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) ("[P]ayment by a debtor-in-possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code," but "[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment."); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of prepetition unsecured claims of toolmakers as "necessary to avert a serious threat to the Chapter 11 process").

24. Payment of the Employee Compensation is warranted under this authority and the facts and circumstances of these chapter 11 cases. The majority of the Employees rely exclusively on the Employee Compensation to satisfy their daily living expenses. Consequently, Corner Bakery's Employees will be exposed to significant financial difficulties if it is not permitted to honor obligations for unpaid Employee Compensation.

25. Moreover, the Debtors' Employees provide Corner Bakery with services necessary to conduct its business, and the Debtors believe that absent the payment of the Employee Compensation, Corner Bakery may experience turnover and instability at this critical time in these chapter 11 cases. Corner Bakery operates in the fast casual restaurant space, which has always been prone to high turnover but which is especially vulnerable in today's post-COVID economy. Corner Bakery believes that without these payments, its Employees may become demoralized and

unproductive because of the potential significant financial strain and other hardships these individuals face. Employees may then elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtors' business is tied to their Employees, which cannot be replaced without significant efforts—which efforts may not be successful given the overhang of these chapter 11 cases. Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario. The Debtors therefore believe that payment of the prepetition obligations with respect to the Employee Compensation is a necessary and critical element of the Debtors' efforts to preserve value and will give the Debtors the greatest likelihood of retention of their Employees as the Debtors seek to operate their business in these chapter 11 cases.

26. Indeed, courts in this district have recognized the importance of satisfying employee obligations in cases requesting relief similar to that requested here. *See, e.g., In re Town Sports Intl., LLC*, 20-12168 (CSS) (Bankr. D. Del. Sept. 14, 2020) (authorizing debtors to continue employee compensation and pay certain prepetition obligations related thereto on a postpetition basis); *In re Brooks Brothers Grp., Inc.*, 20-11785 (CSS) (Bankr. D. Del. Jul. 8, 2020) (same); *In re Extraction Oil and Gas, Inc.*, 20-11548 (CSS) (Bankr. D. Del. Jun. 14, 2020) (same); *In re Longview Power, LLC*, 20-10951 (BLS) (Bankr. D. Del. Apr. 14, 2020) (same); *In re Quorum Health Corp.*, 20-10766 (KBO) (Bankr. D. Del. Apr. 7, 2020) (same).² Accordingly, the Debtors respectfully request that the Court authorize the Debtors to pay the Employee Compensation in the ordinary course of the Debtors' business and consistent with past practice.

B. Processing of Checks and Electronic Fund Transfers Should Be Authorized

² Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

27. Corner Bakery has sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral. In addition, under its existing cash management system, Corner Bakery can readily identify checks or wire transfer requests relating to an authorized payment in respect of the amounts requested in this Motion. Accordingly, Corner Bakery believes that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, Corner Bakery respectfully requests that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

RESERVATION OF RIGHTS

28. Nothing contained in this Motion is intended or should be construed as an admission as to the validity of any claim against Corner Bakery, a waiver of the Debtors' rights to dispute any claim, or an approval or assumption of any agreement, contract, or lease under Bankruptcy Code section 365. Corner Bakery expressly reserves its right to contest any claim related to the relief sought in this Motion. Likewise, if the Court grants the relief sought in this Motion, any payment made pursuant to an order of the Court is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

29. Furthermore, nothing contained in this Motion is intended or should be constructed as waiver of Corner Bakery's right to seek authority to honor prepetition benefits owed to its Employees. To the contrary, Corner Bakery intends to shortly file a motion seeking authority to honor prepetition benefits.

THE REQUIREMENTS OF BANKRUPTCY RULES 6003 ARE SATISFIED

30. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date “to the extent that relief is necessary to avoid immediate and irreparable harm.” For the reasons discussed above, authorizing the relief requested in this Motion is integral to Corner Bakery's ability to transition its operations into these chapter 11 cases. Failure to receive such authorization and other relief during the first 21 days of these chapter 11 cases would severely disrupt its operations at this critical juncture. For the reasons discussed herein, the relief requested in this Motion is necessary in order for Corner Bakery to operate its business in the ordinary course and preserve the ongoing value of its operations and maximize the value of its estates for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

WAIVER OF BANKRUPTCY RULES 6004(a) and 6004(h)

31. To implement the foregoing successfully, Corner Bakery requests that the Court enter an order providing that notice of the relief requested in this Motion satisfies Bankruptcy Rule 6004(a) and that it has established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

NOTICE

32. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the Debtors’ prepetition secured lender and counsel thereto; (d) the United States Attorney’s Office for the District of Delaware; (e) the Internal Revenue Service; (f) the office of the attorneys general for the states in which the Debtors operate; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002.

As this Motion is seeking “first day” relief, the Debtors will serve copies of this Motion and any order entered on this Motion as required by Local Rule 9013-1(m). Corner Bakery submits that, in light of the nature of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

33. No prior request for the relief sought in this Motion has been made by Corner Bakery to this or any other court.

WHEREFORE, Corner Bakery respectfully requests that the Court enter an Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Dated: February 23, 2023
Wilmington, Delaware

/s/ Mette H. Kurth

Mette H. Kurth (DE Bar No. 6491)
CULHANE MEADOWS, PLLC
3411 Silverside Road
Baynard Building, Suite 104-13
Wilmington, Delaware 19810

Telephone: (302) 289-8839, Ext. 100
Email: mkurth@cm.law

Proposed Counsel to the Debtors and Debtors In Possession

Exhibit A

Proposed Interim Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

CBC RESTAURANT CORP. *et al.*,¹

Debtors.

Chapter 11

Case No. 23-10245 (KBO)

(Joint Administration Requested)

**INTERIM ORDER: (1) AUTHORIZING THE DEBTORS
TO (A) PAY PREPETITION WAGES, SALARIES, OTHER
COMPENSATION; AND (2) 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 interim order (this “Interim Order”), (a) authorizing the Debtors (a) to pay prepetition wages, salaries, other compensation, and reimbursable expenses and, 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. §§ 157 and 1334 and the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that 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 1409; 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

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include CBC Restaurant Corp. (0801), Corner Bakery Holding Company (3981), and CBC Cardco, Inc. (1938). The Debtors’ service address is 121 Friends Land, Suite 300, Newtown PA 18940.

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



of the relief requested therein at a hearing before this Court (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.

2. The final hearing (the “Final Hearing”) on the Motion shall be held on **March 28, 2023 at 1:00 p.m., prevailing Eastern Time**. Any objections or responses to entry of a final order on the Motion shall be filed on or before **4:00 p.m., prevailing Eastern Time, on March 21, 2023**, and shall be served on: (a) the Debtors, CBC Restaurant Corp., Attn: Jingnesh Pnadya, 121 Friends Land, Suite 300, Newtown PA 18940; (b) proposed counsel to the Debtors, Culhane Meadows, PLLC, Attn: Mette Kurth (mkurth@cm.law); (d) counsel to the prepetition secured lender, Foley & Lardner LLP, Attn: Holly O'Neil (honeil@foley.com); (e) counsel to any statutory committee appointed in these cases; and (f) Office of The United States Trustee, Attn: Linda Casey.

3. The Debtors are authorized in their discretion, to pay and honor prepetition amounts related to the Employee Compensation in an aggregate interim amount not to exceed \$2,400,000, subject to entry of the Final Order; *provided* that any amounts in excess of the \$15,150 priority caps imposed by sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code shall only be paid pursuant to the Final Order.

4. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors’ right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition

claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens.

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

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Employee Compensation.

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

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

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

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

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

Dated: February 24th, 2023
Wilmington, Delaware


KAREN B. OWENS
UNITED STATES BANKRUPTCY JUDGE