



ENTERED  
08/08/2018

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

	§	
<b>In re:</b>	§	<b>Chapter 11</b>
	§	
<b>NEIGHBORS LEGACY HOLDINGS, INC.,</b>	§	<b>Case No. 18- <u>33836</u></b>
<i>et al.,</i>	§	
	§	<b>(Joint Administration Pending)</b>
<b>Debtors.<sup>1</sup></b>	§	

**FINAL ORDER (I) AUTHORIZING THE DEBTORS TO PAY PREPETITION WORKFORCE OBLIGATIONS; (II) AUTHORIZING THE DEBTORS TO CONTINUE CERTAIN WORKFORCE BENEFIT PROGRAMS; AND (III) AUTHORIZING APPLICABLE BANKS AND FINANCIAL INSTITUTIONS TO HONOR PREPETITION CHECKS FOR PAYMENT OF THE PREPETITION WORKFORCE OBLIGATIONS**

[Relates to Doc. No. \_\_\_\_\_]

The above-referenced debtors and debtors-in-possession (collectively, the “Debtors”) filed their motion (the “Motion”)<sup>2</sup> for Interim and Final Orders, pursuant to sections 363, 541, 1107(a), and 1108 of title 11 of the United States Code (the “Bankruptcy Code”), and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (i) authorizing, but not directing, the Debtors to pay, among other things, prepetition wages, salaries, employee benefits, and reimbursable expenses (“Workforce Obligations”); (ii) authorizing, but not directing, the Debtors to continue the post-petition maintenance of any or all employee, physician, and pharmacist (collectively, the “Workforce”) benefit programs, policies, and procedures in the ordinary course in accordance with prepetition practices; (iii) authorizing, but not directing, the applicable banks and financial institutions to honor all related checks and

<sup>1</sup> Due to the large number of Debtors in these chapter 11 cases, a complete list of the Debtors and the last four digits of their tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at [www.kccllc.net/neighbors](http://www.kccllc.net/neighbors). The location of Debtors’ principal place of business and the Debtors’ service address is: 10800 Richmond Avenue, Houston, Texas 77042.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.



electronic payment requests, provided that sufficient funds are available, in the applicable accounts to make the Workforce withholdings related thereto; and (iv) granting related relief as further described herein. The Court has jurisdiction over the Motion and the relief requested in the Motion pursuant to 28 U.S.C. § 1334 and venue is proper in this District pursuant to 11 U.S.C. § 1408. The Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and the Court may enter a final order on the Motion. The relief requested by the Motion is in the best interests of the Debtors, their estates, creditors, stakeholders, and other parties in interest and the Debtors' gave sufficient and proper notice of the Motion and related hearings. Upon consideration of the Motion and First Day Declaration and after hearing statements in support of the Motion during proceedings before this Court, the Court finds that good cause exists to grant the requested relief.

It is therefore **ORDERED THAT**

1. The Debtors are authorized, but not directed, in their sole discretion, to pay and honor certain prepetition Unpaid Compensation as and when obligations are due, provided that, in the aggregate, the Debtors do not pay Unpaid Compensation in an amount that exceeds \$700,000.

2. The Debtors are authorized, but not directed, in their sole discretion, to remit all Employee Withholdings to the appropriate third parties, as and when obligations are due, *provided further*, that pending entry of the Final Order, nothing herein shall be deemed to authorize the payment of any prepetition amounts on account of Insider or Non-Insider Severance Programs.

3. The Debtors are authorized to reimburse the Workforce with respect to all Reimbursable Expenses incurred prior to the Petition Date. In addition, the Debtors are

authorized to make direct payments to third parties owed amounts in connection with such Reimbursable Expenses.

4. The Debtors are authorized to pay any and all local, state, and federal withholding and payroll-related or similar taxes related to the Prepetition Employment Obligations and to withhold and pay amounts that are attributable to the deductions, including, but not limited to, all withholding taxes, social security taxes, and Medicare taxes, whether such taxes relate to the period before or after the Petition Date.

5. All applicable banks and other financial institutions are authorized, but not directed, (a) to receive, process, honor, and pay all such checks and electronic payment requests authorized pursuant to this Order, provided that sufficient funds are available in the applicable accounts to make the payments, and (b) to rely on the Debtors' direction to pay amounts in accordance with this Order provided that sufficient funds are available in the applicable accounts to make the payments without any duty of further inquiry and without liability for following the Debtors' instructions. Further, the Debtors are authorized to issue new post-petition checks and initiate new post-petition electronic fund transfers to replace any checks or electronic fund transfers that may be dishonored and to reimburse any related expenses that may be incurred as a result of any bank's failure to honor a prepetition check or electronic fund transfer.

6. The Debtors' banks and financial institutions may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this Order, and any such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for in this Order.

7. Notwithstanding the relief granted herein and any actions taken hereunder, nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any Employee or other third party.

8. Nothing in the Motion or this Order shall be construed as impairing the Debtors' right to contest the validity, priority, or amount of any Prepetition Employee Obligations allegedly due or owing, and all of the Debtors' rights with respect thereto are hereby reserved.

9. Any party receiving payment from the Debtors are authorized and directed to rely upon the representations of the Debtors as to which payments are authorized by this Order.

10. Nothing in the Motion or this Order or the relief granted (including any actions taken or payments made by the Debtors pursuant to the relief) shall (a) be construed as a request for authority to assume any executory contract under Bankruptcy Code section 365; (b) waive, affect, or impair any of the Debtors' rights, claims, or defenses, including, but not limited to, those arising from Bankruptcy Code section 365, other applicable law, and any agreement; (c) grant third-party beneficiary status or bestow any additional rights on any third party; or (d) be otherwise enforceable by any third party.

11. Authorizations given to the Debtors in this Order empower but do not direct the Debtors to effectuate the payments specified herein.

12. Notwithstanding Bankruptcy Rule 6004(h), this order shall be effective and enforceable immediately upon entry hereof.

13. Notwithstanding any other provision, nothing in this Order shall authorize the Debtors to make any payment to, or on behalf of, any Employee, Physician, or Pharmacist on account of wages and other compensation obligations in excess of the statutory caps set forth in sections 507(a)(4) and (5) of the Bankruptcy Code.

14. Nothing herein shall be deemed to authorize the payment of any amounts which are subject to section 503(c) of the Bankruptcy Code.

15. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

16. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: Houston, Texas  
August 8, 2018

  
\_\_\_\_\_  
**MARVIN ISGUR**  
**UNITED STATES BANKRUPTCY JUDGE**