

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

| | |
|--|--------------------------------------|
| In Re: Vanity Shop of Grand Forks, Inc., Debtor. | Case No.: 17-30112 Chapter 11 |
|--|--------------------------------------|

INTERIM ORDER: (I) AUTHORIZING DEBTOR TO (A) CONTINUE PREPETITION INSURANCE POLICIES AND (B) PAY RELATED PREPETITION INSURANCE OBLIGATIONS; AND (II) AUTHORIZING BANKS TO HONOR RELATED CHECKS AND TRANSFERS

Debtor filed a Motion for Interim and Final Orders: (i) authorizing Debtor to (a) continue to maintain and administer prepetition insurance policies and revise, extend, renew, supplement, or change such policies, as needed, and (b) pay or honor obligations outstanding on account of prepetition insurance policies, if any; and (ii) authorizing the Banks to honor related checks and transfers. Debtor served the motion and notice of hearing.

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b) and venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b) and the Court finds that it has authority to enter a final order consistent with Article III of the United States Constitution.

After considering the First Day Declaration [Doc. 26] and other evidence offered at the hearing, reviewing other pleadings filed in this case and hearing arguments from counsel, the Court finds cause for granting the relief provided in this Order.¹ Specifically, the Court finds

¹ The findings and conclusions set forth in this Order constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute



that paying prepetition insurance obligations is necessary to protect and preserve the estate and critical to the operation of Debtor's business during the short term of its liquidation. Debtor also demonstrated that failure to pay insurance premiums would result in unreasonable risk. It also maintains that continuing insurance coverage is required by various contracts and laws that govern Debtor's operation. Further, there appear to be no practical or legal alternatives to payment of this prepetition claim. Accordingly, the Court concludes that the relief sought in the Motion is in the best interests of Debtor, its estate, its creditors and other parties in interest.

IT IS ORDERED:

1. The Motion is GRANTED on an interim basis as provided below.
2. Debtor is authorized to (i) continue to maintain and perform under its Insurance Program, and (ii) revise, extend, renew, supplement, or change the Policies or enter into new policies, if necessary, in the ordinary course of business consistent with Debtor's past practice, provided that Debtor's payments under its Insurance Program do not exceed \$61,000 as estimated in the Budget approved by the Court. See Doc. 23 at 28.
3. The Banks are authorized, when requested by Debtor, to process and honor all checks and fund transfer requests for prepetition obligations related to the Insurance Program that Debtor is authorized to pay pursuant to this Order, regardless of whether the checks were presented or fund transfer requests were submitted before or after the Petition Date, provided, funds are available in Debtor's accounts to cover the checks and fund transfers. The Banks

conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

are authorized to rely on Debtor's designation of any particular check or fund transfer request to be honored.

4. Debtor is authorized to issue postpetition checks or to effect postpetition fund transfer requests in replacement of any checks or fund transfer requests for any prepetition obligations authorized in this Order that were dishonored or rejected as a consequence of the commencement of this Chapter 11 case.

5. Nothing in this Interim Order shall alter any noticing or other obligations of Debtor relating to any of the Policies or payment of any obligation relating to the Insurance Program.

6. Nothing in the Motion or this Order, nor as a result of any payment made pursuant to this Order, shall be deemed or construed as (i) an admission as to the validity or priority of any claim or lien against Debtor or an approval or assumption of any agreement, contract, or lease pursuant to Section 365 of the Bankruptcy Code or (ii) a waiver of the right of Debtor, or shall impair the ability of Debtor, to contest the validity or amount of any payment made pursuant to this Order.

7. **Objections to entry of an order granting the Motion on a final basis must be filed by noon CST on March 22, 2017** and served on: (i) proposed counsel to Debtor, Vogel Law Firm 218 NP Avenue, PO Box 1389, Fargo, North Dakota 58107-1389, Attn: Jon R. Brakke, Caren W. Stanley; (ii) the U.S. Trustee, Office of the United States Trustee, 314 S. Main Avenue, Suite 303, Sioux Falls, South Dakota 57104; and (iii) counsel to any statutory committee appointed in this Chapter 11 case. A final hearing, if required, on the Motion will be held on March 23, 2017 at 9:00 a.m. CST. If no objections are filed to the Motion, this Court may enter a final order without further notice or hearing.

8. Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

9. Debtor shall serve this Order on the Insurance Carriers no later than two business days after the date this Interim Order is entered.

10. Debtor met its burden of showing that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to Debtor. See Fed. R. Bankr. Pro. 6003(b).

11. The requirements of Bankruptcy Rule 6004(a) are waived to avoid immediate and irreparable harm to Debtor.

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

13. This Court shall retain jurisdiction over any and all matters arising from or related to the interpretation or implementation of this Order.

Dated this 6th day of March, 2017.

A handwritten signature in black ink, appearing to read "Shon Hastings". The signature is written in a cursive, flowing style.

SHON HASTINGS, JUDGE
UNITED STATES BANKRUPTCY COURT