

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

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In re: : Chapter 11  
: :  
: Case No. 19-12606 (KBO)  
CELADON GROUP, INC., *et al.*,<sup>1</sup> :  
: (Jointly Administered)  
Debtors. :  
: **Re: D.I. 898**  
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**ORDER GRANTING STIPULATION WITH SESE LOGISTICS US, LLC REGARDING  
SETOFF OF CLAIMS PURSUANT TO SECTIONS 105(a), 363 AND 553 OF THE  
BANKRUPTCY CODE**

This matter coming before the Court upon the *Stipulation with Sese Logistics US, LLC  
Regarding Setoff of Claims Pursuant to Section 105(a), 363 and 553 of the Bankruptcy Code*  
(the “Stipulation”)<sup>2</sup>, and the Court having reviewed the Stipulation,

**IT IS HEREBY ORDERED THAT:**

1. The Stipulation attached hereto as Exhibit A is approved.
2. The automatic stay is modified as set forth in the Stipulation.
3. The mutual release of claims is approved as set forth in the Stipulation.
4. The Parties to the Stipulation are authorized to take all actions necessary or appropriate to implement the Stipulation.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celadon Group, Inc. (1050); A R Management Services, Inc. (3604); Bee Line, Inc. (5403); Celadon Canadian Holdings, Limited (2539); Celadon E-Commerce, Inc. (2711); Celadon International Corporation (5246); Celadon Logistics Services, Inc. (0834); Celadon Mexicana, S.A. de C.V. (6NL7); Celadon Realty, LLC (2559); Celadon Trucking Services, Inc. (6138); Distribution, Inc. (0488); Eagle Logistics Services Inc. (7667); Hyndman Transport Limited (3249); Jaguar Logistics, S.A. de C.V. (66D1); Leasing Servicios, S.A. de C.V. (9MUA); Osborn Transportation, Inc. (7467); Quality Companies LLC (4073); Quality Equipment Leasing, LLC (2403); Quality Insurance LLC (7248); Servicios Corporativos Jaguar, S.C. (78CA); Servicios de Transportación Jaguar, S.A. de C.V. (5R68); Stinger Logistics, Inc. (3860); Strategic Leasing, Inc. (7534); Taylor Express, Inc. (9779); and Vorbas, LLC (8936). The corporate headquarters and the mailing address for the Debtors listed above is 9503 East 33rd Street, One Celadon Drive, Indianapolis, IN 46235.

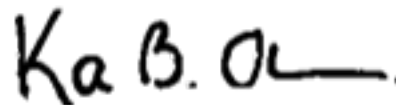
<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Stipulation.



5. This Court shall retain jurisdiction to resolve any and all disputes arising from or related to this Order.

6. This Stipulation shall become effective immediately upon entry of this Order.

Dated: April 24th, 2020  
Wilmington, Delaware

Handwritten signature of Karen B. Owens in black ink.

KAREN B. OWENS  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT A**

**(Stipulation)**

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

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In re: : Chapter 11
  
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CELADON GROUP, INC., *et al.*,<sup>1</sup> : Case No. 19-12606 (KBO)
  
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Debtors. : (Jointly Administered)
  
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**STIPULATION WITH SESE LOGISTICS US, LLC REGARDING  
SETOFF OF CLAIMS PURSUANT TO SECTIONS 105(a), 363 AND 553 OF THE  
BANKRUPTCY CODE**

Celadon Group, Inc. and its affiliated debtors (collectively, the “Debtors”), and Sese Logistics US, LLC (“Sese” and together with the Debtors, the “Parties”), by their respective undersigned counsel, hereby stipulate and agree (the “Stipulation”) as follows:

**RECITALS**

A. On December 8, 2019 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). The Debtors are continuing to operate their business and possess their assets as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celadon Group, Inc. (1050); A R Management Services, Inc. (3604); Bee Line, Inc. (5403); Celadon Canadian Holdings, Limited (2539); Celadon E-Commerce, Inc. (2711); Celadon International Corporation (5246); Celadon Logistics Services, Inc. (0834); Celadon Mexicana, S.A. de C.V. (6NL7); Celadon Realty, LLC (2559); Celadon Trucking Services, Inc. (6138); Distribution, Inc. (0488); Eagle Logistics Services Inc. (7667); Hyndman Transport Limited (3249); Jaguar Logistics, S.A. de C.V. (66D1); Leasing Servicios, S.A. de C.V. (9MUA); Osborn Transportation, Inc. (7467); Quality Companies LLC (4073); Quality Equipment Leasing, LLC (2403); Quality Insurance LLC (7248); Servicios Corporativos Jaguar, S.C. (78CA); Servicios de Transportación Jaguar, S.A. de C.V. (5R68); Stinger Logistics, Inc. (3860); Strategic Leasing, Inc. (7534); Taylor Express, Inc. (9779); and Vorbas, LLC (8936). The corporate headquarters and the mailing address for the Debtors listed above is 9503 East 33rd Street, One Celadon Drive, Indianapolis, IN 46235.

B. Celadon Group, Inc. and Sese are parties to that certain Broker Carrier Agreement, dated June 2, 2014 (the “Agreement”).

C. Pursuant to the Agreement, Celadon Group, Inc., as a Registered Motor Carrier under the Federal Motor Carrier Safety Administration, agreed to provide transportation of certain goods and supplies.

D. On the Petition Date, Celadon was in the process of transporting five (5) loads of goods from Volkswagen’s plant in Mexico to Volkswagen’s plant in Chattanooga. After the Petition Date, Sese was notified by representatives of Celadon that the loads in transit would not meet their final destination. In the days after the Petition Date, the five (5) trailers were quarantined at a facility in Mexico.

E. Sese then worked to obtain the release of these five (5) loads, and after several weeks, Sese obtained release of all the loads.

F. Sese asserts that it incurred \$152,433 in fees and expenses in obtaining the release of the five (5) loads.

G. As of the Petition Date, Celadon was owed \$608,617.25 for open invoices issued to Sese on account of goods and supplies transported by Celadon pursuant to the Vendor Agreement (“PrePetition Claim”).

H. The Parties have agreed to entry of an order in accordance with the terms and conditions of this Stipulation, among other things, (i) that the above-referenced debts may be setoff pursuant to 11 U.S.C. § 553; (ii) that Sese, subject to the Court’s approval, is allowed to setoff \$125,000 against the PrePetition Claim, (iii) providing for Sese to pay \$483,617 to Celadon Group, Inc. as consideration for the release of claims and other provisions of this Stipulation as set forth

herein; (iv) modification of the automatic stay; and (v) a mutual release of claims by and among the Parties.

NOW, THEREFORE, subject to the approval of the Bankruptcy Court, in order to avoid the costs, risks and inconveniences of litigation, it is hereby stipulated and agreed as follows:

1) Upon entry of an order approving this Stipulation, Sese shall be permitted to setoff \$125,000 against the Prepetition Claim (the "Setoff").

2) Sese shall pay Debtors the remaining amount of \$483,617 as follows:

a. \$50,000 by Friday, April 17, 2020;

b. \$25,000 every week starting the week of May 4, with the first \$25,000 payment made on or before Thursday, May 7, and continuing every Thursday thereafter. But if and when the Economic Injury Disaster Loan proceeds<sup>2</sup> are received in any of the amounts noted in section c below, then the \$25,000 weekly payments stop, and Celadon will be paid the remaining amount pursuant to Sections c and d below:

c. If Sese receives the EIDL, Sese will pay Celadon as follows:

i. If \$500,000 is received, Sese will pay \$100,000 to Celadon within 7 days of receipt of the loan proceeds;

ii. If \$750,000 is received, Sese will pay \$150,000 to Celadon within 7 days of receipt of the loan proceeds; or

iii. If \$1,000,000 is received, Sese will pay \$200,000 to Celadon within 7 days of receipt of the loan proceeds.

d. Assuming Sese receives EIDL loan proceeds, the remaining balance will be paid in 2 equal installments, the first upon the later of 30 days following the receipt of loan proceeds or June 30, and the second upon the later of 60 days following the receipt of loan proceeds or July 31.

3) The automatic stay, to the extent applicable, shall be modified for the sole and limited purpose of allowing Sese to effectuate the Setoff and for the effectiveness of this

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<sup>2</sup> Sese has applied for the Economic Injury Disaster Loan ("EIDL") set out by the Small Business Administration. As of the date of this Stipulation, Sese has not been notified whether or not it will receive any EIDL proceeds.

Stipulation. The fourteen-day automatic stay in Rule 4001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the extent applicable, shall not apply.

4) The Parties are authorized to take all actions necessary, including the execution of any and all documents necessary, to effectuate the terms of this Stipulation.

5) This Stipulation may be signed in counterparts and signatures may be delivered by facsimile or email, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Each person who executes this Stipulation on behalf of a Party hereto represents that he or she is duly authorized to execute this Stipulation on behalf of such Party.

6) This Stipulation is the entire agreement between the Parties in respect of the subject matter hereof and shall not be modified, altered, amended, or vacated without the prior written consent of all Parties hereto. No statement made or action taken in the negotiation of this Stipulation may be used by any party for any purpose whatsoever.

7) Each Party represents and warrants to the other party that it: (a) made this Stipulation freely and voluntarily and with full knowledge of its significance; and (b) has been represented by counsel of its own choice in the negotiations preceding the execution of this Stipulation and in connection with the preparation and execution of this Stipulation.

8) Each Party shall bear its own attorneys’ fees and costs with respect to the execution and delivery, and implementation of this Stipulation. Each of the undersigned are duly authorized and empowered to execute this Stipulation.

9) All of the recitals set forth above are incorporated by reference as if fully set forth herein. This Stipulation constitutes the complete express agreement of the Parties hereto concerning the subject matter hereof, and no modification or amendment to this Stipulation shall

be valid unless it is in writing, signed by the Party or Parties to be charged and approved by the Bankruptcy Court.

10) Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), 7062, 9014, or otherwise, the terms and conditions of this Stipulation are immediately effective and enforceable upon approval from the Court.

11) Sese shall not be required to file a Proof of Claim pursuant to this Court's Order of March 30, 2020 (Doc. No. 794).

12) This Stipulation and any order of the Court approving this Stipulation shall be binding upon Merchsource, the Debtors, the Debtors' bankruptcy estates, and all other parties in interest in the Debtors' chapter 11 cases, and all of their successors and assigns, including any chapter 7 trustee, plan administrator, liquidating trust, or other estate representative.

13) The Bankruptcy Court shall retain exclusive jurisdiction to resolve any disputes or controversies arising from or related to this Stipulation.

*SIGNATURES ON NEXT PAGE*



Dated: April 23, 2020

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