

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

In re:

GRACEWAY PHARMACEUTICALS, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 11-13036 (PJW)

Jointly Administered

Ref. Doc. Nos. 8 & 46

**ORDER (A) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO REMIT
AND PAY CERTAIN TAXES AND FEES AND (B) AUTHORIZING AND DIRECTING
BANKS AND OTHER FINANCIAL INSTITUTIONS TO HONOR RELATED CHECKS
AND ELECTRONIC PAYMENT REQUESTS**

("Final Prepetition Taxes Order")

Upon consideration of the motion (the "**Motion**")² of the Debtors for entry of an order (a) authorizing, but not directing, the Debtors to remit and pay certain sales, use, income, real property, personal property and other taxes, as well as fees for licenses, permits, and other similar charges and assessments and (b) authorizing and directing banks and other financial institutions to receive, process, honor, and pay checks presented for payment and electronic payment requests relating to the foregoing; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175), Case No. 11-13037 (PJW); Graceway Holdings, LLC, a Delaware limited liability company (2502), Case No. 11-13038 (PJW); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385), Case No. 11-13036 (PJW); Chester Valley Holdings, LLC, a Delaware limited liability company (9457), Case No. 11-13039 (PJW); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713), Case No. 11-13041 (PJW); Graceway Canada Holdings, Inc., a Delaware corporation (6663), Case No. 11-13042 (PJW); and Graceway International, Inc., a Delaware corporation (2399), Case No. 11-13043 (PJW). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy). On October 4, 2011, Graceway Canada Company filed an application in the Ontario Superior Court of Justice (Commercial List) pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C. 43.

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

appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Motion and opportunity for objection having been given, with no objections or requests for hearing having been filed, or all objections having been overruled, as the case may be; and it appearing that no other notice need be given; and after due deliberation and sufficient cause therefore, it is hereby ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED as provided herein.
2. The Debtors are authorized, but not required, to pay and remit to the Authorities (a) taxes, including, but not limited to, sales, use, income, franchise, personal property, real property, business and other taxes incurred or collected by the Debtors from their customers on behalf of the Authorities (collectively, the "Taxes"), and (b) fees including, but not limited to, permitting fees, license fees, regulatory fees, user fees and other similar charges and assessments (collectively, the "Fees"), in an aggregate amount not to exceed \$700,000 with respect to Taxes or Fees accrued or arising before the Petition Date.
3. The banks and other financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay such checks and electronic payment requests when presented for payment, and all such banks and other financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.
4. The Debtors are authorized to reissue any check or electronic payment that originally was given in payment of any prepetition amount authorized to be paid under this Order and is not cleared by the applicable bank or other financial institution.

5. Nothing in the Motion or this Order, nor as a result of the Debtors' payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission as to the validity or priority of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any claim; or (c) an approval or assumption of any agreement, contract or lease pursuant to Section 365 of the Bankruptcy Code.

6. The Debtors do not concede that any liens (contractual, common law, statutory, or otherwise) described in the Motion and that may be asserted by the Authorities are valid, and the Debtors expressly reserve the right to contest the extent, validity, or perfection, or seek the avoidance, of all such liens.

7. All time periods set forth in this Order shall be calculated in accordance with Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

8. This court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested herein is necessary to avoid immediate and irreparable harm.

9. Notwithstanding the provisions of Bankruptcy Rule 6004 and Bankruptcy Rule 6006 or any applicable provisions of the Local Rules, this Order shall not be stayed for fourteen (14) days after the entry hereof, but shall be effective and enforceable immediately upon entry, and the fourteen (14) day stay provided in such rules is hereby expressly waived and shall not apply.

10. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any approved debtor-in-possession financing facility, or any order regarding the use of cash collateral.

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

12. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Oct 17 2011



Peter J. Walsh
United States Bankruptcy Judge