

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

In re:

SUGARFINA INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 19-11973 (MFW)

(Joint Administration Requested)

Re: D.I. 5

**INTERIM ORDER (I) AUTHORIZING PAYMENT OF CERTAIN PREPETITION
EMPLOYEE CLAIMS, INCLUDING WAGES AND SALARIES, (II) AUTHORIZING
PAYMENT OF CERTAIN EMPLOYEE BENEFITS AND CONFIRMING RIGHT
TO CONTINUE EMPLOYEE BENEFITS ON POSTPETITION BASIS, (III)
AUTHORIZING PAYMENT OF REIMBURSEMENT TO EMPLOYEES FOR
PREPETITION EXPENSES, (IV) AUTHORIZING PAYMENT OF WITHHOLDING
AND PAYROLL-RELATED TAXES, (V) AUTHORIZING PAYMENT OF
PREPETITION CLAIMS OWING TO ADMINISTRATORS AND THIRD
PARTY PROVIDERS AND (VI) ALLOWING BANKS TO HONOR
PREPETITION CHECKS AND FUND TRANSFERS FOR AUTHORIZED PAYMENTS**

Upon consideration of the motion (the “Motion”)² of the above-captioned debtors (the “Debtors”) for entry an order, pursuant to sections 105(a), 363(b), 507(a), and 541 of the Bankruptcy Code, (a) authorizing, but not directing, the Debtors, in accordance with their stated policies and in their discretion, to pay, honor, or otherwise satisfy the Prepetition Obligations, including amounts and obligations related to the period prior to the Petition Date, and (b) authorizing the Banks to honor and process check and electronic transfer requests related to the foregoing; and upon consideration of the Motion and all pleadings related thereto, including the First Day Declaration; and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required; and it appearing that the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian Revenue Agency, as applicable are (1) Sugarfina, Inc., a Delaware corporation (4356), (2) Sugarfina International, LLC, a Delaware limited liability company (1254) and (3) Sugarfina (Canada), Ltd. (4480). The location of the Debtors' corporate headquarters is 1700 E. Walnut Ave., 5th Floor, El Segundo, California 90245.

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

Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order; and it appearing that this is a core proceeding pursuant to 28 U.S.C. §157(b)(2); and it appearing that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§1408 and 1409; and it appearing that the relief requested in the Motion and provided for herein is in the best interest of the Debtors, their estates, and creditors; 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 ("Final Hearing") on the Motion shall be held on **September 24, 2019 at 3:00 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 September 17, 2019**, and shall be served on: (a) the Debtors, 1700 E. Walnut Ave., 5th Floor, El Segundo, California 90245, Attn: Lance Miller; (b) proposed counsel to the Debtors, Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, Delaware 19801 Attn: Brya M. Keilson and Eric J. Monzo and (c) Shulman Hodges & Bastian LLP, 100 Spectrum Center Drive, Suite 600, Irvine, CA 92618 Attn: Alan J. Friedman; (d) counsel to the Debtors' first lien lender, SFCC Loan Investors, LLC, Loeb & Loeb LLP, 345 Park Avenue, New York, NY 10154, Attn: Vadim J. Rubinstein, vrubinstein@loeb.com; (e) counsel to the Debtors' second lien lender, Goldman Sachs Specialty Lending Group L.P., King & Spalding LLP, 1180 Peachtree Street, Northeast, Suite 1600, Atlanta, Georgia 30309, Attn: W. Austin Jowers, ajowers@kslaw.com; (f) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Timothy J. Fox; and (g) the official committee of unsecured creditors (if any) appointed in these chapter 11 cases and

their counsel (collectively, the “Notice Parties”). If no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without further notice or hearing.

3. The Debtors are authorized, in their discretion, to pay, honor, or otherwise satisfy amounts and obligations on account of the Employee Programs, but not including the Bonus Program³, in the ordinary course of its business, including, without limitation, any amounts and obligations related to the period prior to the Petition Date; *provided, however*, that: (a) no payment to any Employee on account of unpaid Wages shall exceed, in the aggregate, the \$13,650 statutory cap provided for under section 507(a)(4) of the Bankruptcy Code; and (b) with respect to the Employee Programs set forth in the table immediately below, the Debtors shall not pay any prepetition obligations on account of such Employee Programs in excess of the amounts set forth therein.

Compensation and Benefit Program	Aggregate Amount
Employee Wages	\$454,607.98
Withholding Obligations	\$45,356.77
Employee Business Expenses and Reimbursements	\$15,000
Employee Vacation and Sick Leave	\$92,247.68
Employee Health Benefits - Medical and Dental Insurance	\$0
Employee Vision Insurance	\$0
Life, Accidental Death and Dismemberment	\$0
Flex Spending	\$0
Workers' Compensation Insurance	\$96,312
Total Employee Compensation Owed	\$390,425
Average Total Compensation Per Employee	\$1,388
Employee Deductions (owed to third parties)	\$14,276.19
Employee Payroll Taxes (owed to third	\$113,723.68

³ The Debtors shall seek approval of the Bonus Program on a final basis.

parties)	
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4. Subject to Paragraph 3 of this Order, the Debtors are authorized, in their discretion, in the ordinary course of its business, to: (a) continue to pay, honor or otherwise satisfy unpaid amounts due under the Employee Programs, including Wages, Employee expenses, and PTO; (b) withhold and remit to the applicable third-parties Wage deductions, trust fund taxes and payroll taxes; and (c) administer the Health Benefits and the Workers' Compensation Program.

5. The Debtors are authorized to continue all Employee Programs.

6. The banks and financial institutions are authorized, when requested by the Debtors, in the Debtors' discretion, to honor and process checks or electronic fund transfers drawn on the Debtors' bank accounts to pay prepetition obligations authorized to be paid hereunder, whether such checks or other requests were submitted prior to, or after, the Petition Date, provided that sufficient funds are available in the applicable bank accounts to make such payments. The banks and financial institutions may rely on the representation 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 or financial institution shall not have any liability to any party for relying on such representations by the Debtors, as provided for in this Order. The banks and financial institutions are prohibited from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for Employee Programs.

7. 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 Programs.

8. Nothing in this Interim Order: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors and their estates; (b) shall impair, prejudice, waive or otherwise affect the rights of the Debtors and their estates with respect to the validity, priority or amount of any claim against the Debtors and their estates; or (c) shall be construed as a promise to pay a claim.

9. Nothing in this Interim Order shall be deemed to (a) authorize the payment of any amounts subject to sections 503(c)(1) or 503(c)(2) of the Bankruptcy Code, or (b) authorize the Debtors to cash out unpaid PTO or leave time upon termination of an employee unless applicable state law requires such payment.

10. This Interim Order is effective only from the date of entry through this Court's disposition of the Motion on a final basis; provided that the Court's ultimate disposition of the Motion on a final basis shall not impair or otherwise affect any action taken pursuant to this Interim Order.

11. The Debtors are authorized to take any and all actions necessary to effectuate the relief granted herein.

12. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

13. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Interim Order shall be effective immediately and enforceable upon its entry; (b) the Debtors are not subject to any stay in the implementation, enforcement, or realization of the

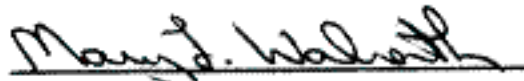
relief granted in this Interim Order; and (c) the Debtors are authorized and empowered, and may in its discretion and without further delay, take any action necessary or appropriate to implement this Interim Order.

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

Dated: September 9th, 2019
Wilmington, Delaware

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MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE