UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

SHELTERING ARMS CHILDREN AND FAMILY SERVICES, INC.

Debtor.

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Chapter 11

Case No. 24-41037 (JMM)

INTERIM ORDER: (A) AUTHORIZING PAYMENT OF PREPETITION WAGES, COMPENSATION, EMPLOYEE BENEFITS, AND OTHER OBLIGATIONS; (B) AUTHORIZING AND DIRECTING BANKS TO HONOR CHECKS AND ELECTRONIC FUNDS TRANSFER REQUESTS WITH RESPECT THERETO; AND (C) GRANTING RELATED RELIEF

Upon consideration of the motion (the "**Motion**")[1] **[ECF No. 3] (JMM)** of Sheltering Arms Children and Family Services, Inc. ("**Sheltering Arms**" or the "**Debtor**"), seeking entry of an order, pursuant to sections 105(a) and 363(b) of Title 11, the United States Code (as amended, the "**Bankruptcy Code**"), (a) authorizing, but not directing, the Debtor to: (i) pay all Prepetition Wages, (ii) pay all Withholdings in the ordinary course, (iii) pay all amounts associated with the Employee Benefits in the ordinary course, (iv) allow the use of accrued PTO (as defined below) by its Employees in the ordinary course; (b) directing the Debtor's Banks to honor prepetition checks and EFTs with respect thereto; and (c) granting related relief, all as described more fully in the Motion; and the Court having subject matter jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157(a) and 1334(b); and the Motion being a core proceeding under 28 U.S.C. § 157(b)(2); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided with respect to the interim relief granted herein as set forth in the Motion; and no other or further notice needing to be provided except as set forth herein; and the relief requested in the Motion

[1] Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

and granted herein being in the best interests of the Debtor, its estate and its creditors; and upon the record of the hearing held by the Court on the Motion on March 12, 2024 (the "**Hearing**"); and just cause having been established at the Hearing; and upon the Pincus Affidavit; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis to the extent provided herein.

2. The Debtor is hereby authorized, but not directed, to pay, subject to the Priority Cap, all Prepetition Employee Obligations, including, without limitation, all unpaid Prepetition Wages, all unpaid amounts on account of Employee Benefits, and related Withholdings.

3. The Debtor is authorized, but not directed, to continue Employee Benefits on a postpetition basis and to amend, modify, or discontinue such programs and policies as the Debtor may deem necessary or appropriate in the ordinary course of business, without further notice to or order of the Court; provided, however, that nothing herein modifies the Debtor's obligations under section 1113 of the Bankruptcy Code. Notwithstanding the foregoing, to the extent that relief is granted in the Order authorizing the payment of any amount that is otherwise required by applicable nonbankruptcy law to be paid, including, without limitation, the Withholdings, the Debtor shall comply with applicable nonbankruptcy law in the exercise of its discretion in connection therewith.

4. The Debtor is authorized, but not directed, to continue to allocate and distribute the Withholdings in accordance with its existing policies and prepetition practices and as

required by applicable non-bankruptcy law, without regard to whether such amounts arose prior to, on, or after the Petition Date.

5. To the extent that checks or EFTs are issued to Employees or other entities in connection with any Prepetition Employee Obligations, the Banks upon which any such checks or EFTs are drawn in payment thereof, either prior to, on, or after the Petition Date, are hereby authorized to honor such checks upon presentation.

6. The Banks are authorized and directed, when so requested by the Debtor, to receive, process, honor, and pay any and all checks and EFTs payable under the terms of this order, which are drawn on the Debtor's accounts, whether presented prior to, on, or after the Petition Date. The Banks are further authorized and directed to rely on the representations of the Debtor as to which checks and EFTs are issued or authorized to be paid pursuant to this order.

7. The Debtor is authorized, but not directed, to reissue any checks, EFTs, or other transfers that were drawn in payment of any claims arising from, or related to, any Prepetition Employee Obligations which are not cleared by a Bank.

8. The Debtor is authorized, but not directed, to take any and all actions necessary and proper to the implementation of the relief granted in this Order

9. Any payment or transfer made, service rendered, or other action taken by the Debtor pursuant to, or in connection with this order is not, and shall not be deemed, should be construed as: (a) an admission of the validity, priority, or classification of any claim against the Debtor; (b) a waiver of the Debtor's rights to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a

type specified in the Motion, this order, or any other order granting the relief requested in the Motion; (e) a request or authorization to assume any agreement, contract, or lease under section 365 of the Bankruptcy Code; or (f) a waiver of the rights or claims of the Debtor, or any other party, under the Bankruptcy Code, Bankruptcy Rules, or any applicable non-bankruptcy law. The Debtor retains the discretion to not make the payments contemplated by this order or the Motion for particular Employees and nothing in this order will, in and of itself, constitute a promise or guarantee of any payment to any Employee.

10. The requirements set forth in Bankruptcy Rule 6004(a) are hereby waived.

11. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this order shall be immediately effective and enforceable upon its entry.

12. The final hearing to consider entry of an order granting the relief requested in the Motion on a final basis shall be held on April 10, 2024 at 2:30 p.m. (Prevailing Eastern time), and any objections to entry of such order shall be in writing, filed with the Court, in accordance with the Local Bankruptcy Rules for the United States Bankruptcy Court for the Eastern District of New York, and served upon: (a) counsel for the Debtor, Garfunkel, Wild, P.C., 111 Great Neck Road, Great Neck, New York 11021 (Attn: Adam T, Berkowitz, Esq.) and (b) all Notice Parties specified in the motion, so as to be received no later than 4:00 p.m. (Prevailing Eastern Time) on April 3, 2024. **The final hearing may be held in person, by phone, or by videoconference. Regardless of whether you intend to appear in person, by phone, or by videoconference, those intending to appear at the final hearing must register with eCourt Appearances no later than two (2) days prior to the final hearing. The phone number or video link for the final hearing will be emailed only to those that register with eCourt**

Appearances in advance of the final hearing. Instructions for registering with eCourt Appearances can be found at https://www.nyeb.uscourts.gov/node/2126. If you do not have internet access or are otherwise unable to register with eCourt Appearances, you may call or email Judge Mazer-Marino's courtroom deputy for instructions at (347) 394-1844, JMM_Hearings@nyeb.uscourts.gov (JMM).

13. The Debtor shall effectuate service of this Interim Order on all Notice Parties by not later than March 18, 2024.

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

Dated: March 14, 2024
Brooklyn, New York

Jil Mazer-Marino
United States Bankruptcy Judge