**UNITED STATES BANKRUPTCY COURT**
**DISTRICT OF NEW JERSEY**

**Caption in Compliance with D.N.J. LBR 9004-1(b)**

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*Proposed Counsel to the DAMIS Debtors and Debtors in Possession*

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| In re:<br><br>DAMIS Holdings LLC, *et al.*,[1]<br><br>Debtors. | Chapter 11<br><br>Case No. 26-16439 (CMG)<br><br>(Jointly Administered) |

**DAMIS DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL; (II) GRANTING ADEQUATE PROTECTION TO PUTATIVE SECURED PARTIES; (III) MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING; AND (V) GRANTING RELATED RELIEF**

[1] A complete list of the DAMIS Debtors in these chapter 11 cases and each such Debtor's tax identification number may be obtained on the website of the DAMIS Debtors' proposed claims and noticing agent at https://restructuring.ra.kroll.com/DAMIS/. The location of DAMIS Holdings LLC's principal place of business and the DAMIS Debtors' service address in these chapter 11 cases is 50 Quality Street, #110357, Trumbull, CT 06611.

TO THE HONORABLE CHRISTINE M. GRAVELLE
CHIEF JUDGE, UNITED STATES BANKRUPTCY COURT:

DAMIS Holdings LLC ("DAMIS Holdings") and certain of its affiliates (collectively, the "DAMIS Debtors"), the debtors and debtors in possession in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), hereby file this motion (this "Motion") for the entry of interim and final orders, (i) authorizing the DAMIS Debtors to use Cash Collateral (as defined below) in accordance with the budget attached hereto as **Exhibit C** (the "Budget"); (ii) granting adequate protection to certain putative prepetition secured parties; (iii) modifying the automatic stay; (iv) scheduling a final hearing; and (v) granting related relief. In support of the Motion, the DAMIS Debtors rely upon and incorporate by reference the *Declaration of Perry Mandarino, Chief Restructuring Officer of the DAMIS Debtors, in Support of Chapter 11 Petitions and First Day Motions* (the "First Day Declaration").[2] In further support of this Motion, the DAMIS Debtors respectfully state as follows:

## PRELIMINARY STATEMENT

1. As described more fully in the First Day Declaration, the DAMIS Debtors commenced these chapter 11 cases to pursue a restructuring that benefits all stakeholders. Executing on this strategy, as well as funding ordinary course obligations and the administrative expenses of these chapter 11 cases, requires immediate access to liquidity. Because substantially all of the DAMIS Debtors' cash and cash equivalents may constitute collateral for various funded debt obligations, however, section 363(c)(2) of the Bankruptcy Code prohibits the DAMIS Debtors from accessing their cash on hand absent relief from this Court. The DAMIS Debtors therefore filed this Motion to obtain use of their cash (i) for an interim period extending from the Petition

[2] Capitalized terms used but not defined herein shall have the meaning ascribed to them in the First Day Declaration.

Date through July 10, 2026 (the "Interim Period"),[3] pursuant to interim orders substantially in the form attached hereto as **Exhibit A** (for DAMIS Holdings) and **Exhibit B** (for other DAMIS Debtors) (the "Interim Orders"),[4] and (ii) thereafter, pursuant to final orders substantially in the forms to be filed by the DAMIS Debtors in advance of the final hearing on this Motion (the "Final Orders"), which final orders will include traditional thirteen-week budgets.

2. The proposed uses of cash during the Interim Period include only critical operating expenses and do not include any chapter 11 expenses. And with the exception of expenses at certain Properties that, of necessity—and consistent with prepetition practices—would be funded by DAMIS Holdings, all of the proposed cash usage during the Interim Period is contained within the applicable "silo" of DAMIS Debtors and properties (e.g., cash on hand and post-petition cash receipts of a LandCo and OpCo Debtor are utilized in connection with the operations of that LandCo and OpCo).

3. More complicated issues—such as the mechanisms for funding the chapter 11 expenses and fairly allocating them across the various DAMIS Debtors' estates, any stipulations or challenges to the claims or liens of putative secured parties, waiver or enforcement of 11 U.S.C. § 506(c) surcharge rights, or waiver or application of the 11 U.S.C. § 552(b) "equities of the case" exception or equitable marshaling doctrines—are reserved for later, after the DAMIS Debtors have

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[3] For those DAMIS Debtors who previously obtained emergency use of cash collateral under prior orders of the Court [Docket No. 40, 71 & 137], the prior orders would govern the use of cash collateral for the time periods set forth therein, and the orders on this Motion would govern the use of cash collateral for subsequent periods.

[4] In the interest of providing more advance notice to putative secured parties, these proposed orders were filed on the docket on June 23, 2026 [Docket No. 138]. To be clear, it is envisioned that there would be a single Interim Order for DAMIS Holdings, and a number of other Interim Orders for the other DAMIS Debtors having cash collateral, the latter organized by secured party (i.e., an order governing the use of cash by any DAMIS Debtors whose cash constitutes collateral by X Bank, a separate order for Y Bank, etc.). Word versions of the secured-party specific form of order (**Exhibit B** hereto) were shared with a number of putative secured parties beginning on June 23, 2026, and the DAMIS Debtors hope to have a number of such orders in agreed form to present to the Court at the hearing on this Motion.

had more time to investigate the relevant facts and circumstances, and to engage in further discussions with the putative secured parties and any creditors' committee that may be formed.

4. The DAMIS Debtors are hopeful that their measured approach to cash collateral usage will be appreciated by the putative secured parties and facilitate the negotiation of consensual forms of Interim Orders ahead of the initial hearing on the Motion. But if not, the DAMIS Debtors will have no choice—and, to be clear, will be ready—to proceed on a contested basis to obtain this critical relief.

## CONCISE STATEMENT PURSUANT TO BANKRUPTCY RULE 4001

5. Pursuant to Bankruptcy Rule 4001(b) and (d) and Local Rule 4001-3, the following is a concise statement and summary of the proposed material terms of the proposed Interim Orders:

| **Summary of Material Terms**[5] | |
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| **Parties with an Interest in Cash Collateral**<br>Bankruptcy Rule 4001(b)(1)(B)(i) | Each of the Mortgage Lenders, the SBA, and the MCA Lenders (the "Prepetition Secured Parties") either has asserted or might yet assert an interest in Cash Collateral. |
| **Purposes for Use of Cash Collateral**<br>Bankruptcy Rule 4001(b)(1)(B)(ii) | The DAMIS Debtors seek authorization to use Cash Collateral for the purpose of funding their operations during these Chapter 11 Cases to preserve the value of their assets, all as provided in the Budget.<br>The Interim Order for DAMIS Holdings authorizes the creation of a Professional Fee Escrow for the benefit of the Professionals (as defined below). But as noted above, the Budget does not provide for any funding for that escrow during the Interim Period.[6] |

[5] Capitalized terms not otherwise defined in this table have the meanings ascribed to them in the body of this Motion.

[6] Authorization for the creation of the account in an order of the Court is necessary to get the process of opening the account started with the third-party institutional escrow agent, so that the account can be ready immediately if and when the DAMIS Debtors are authorized to begin funding it.

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| **Budget**<br><br>Bankruptcy Rule 4001(b)(1)(B)(ii)<br><br>Local Rule 4001-3(a)(2)(A) | An initial Budget setting forth the DAMIS Debtors' projected cash receipts and disbursements on a consolidated basis, as well as a separate Debtor/Property-level basis, for the period from the Petition Date through July 10, 2026. The Applicable Debtors' (as defined in the applicable Interim Order) use of Cash Collateral shall be limited to the items set forth in the Budget.<br><br>The Budget may be amended or extended with the consent of the Secured Parties pursuant to a process set forth in the Interim Order. |
| **Proposed Adequate Protection and Professional Fees and Expenses**<br><br>Bankruptcy Rule 4001(b)(1)(B)(iv)<br><br>Local Rules 4001-3(a)(2)(B); 4001-3(c)(2) | The Proposed Orders will provide that, as adequate protection for any post-petition diminution in value of the Prepetition Secured Parties' respective interests in any prepetition collateral (any "Diminution in Value"), each of the Prepetition Secured Parties shall receive (collectively, the "Adequate Protection"):<br><br>• continued payment of interest post-petition on the Applicable Prepetition Obligations, at the contractual non-default rate, to the extent provided in the Budget;<br><br>• to the extent of any Diminution in Value, valid and perfected senior, first priority liens (the "First Priority Adequate Protection Liens") on all property, whether now owned or hereafter acquired or existing and wherever located, that would constitute prepetition collateral of such Prepetition Secured Party, subject to (A) the Carve-Out (as defined below), (B) all valid, enforceable and non-avoidable liens and security interests in such property that were perfected prior to the Petition Date (or perfected thereafter to the extent permitted by section 546(c) of the Bankruptcy Code), which are not subject to avoidance, disallowance, or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law and which are senior to such Prepetition Secured Party's liens in such prepetition collateral as of the Petition Date; *provided*, *however*, that any First Priority Adequate Protection Liens shall not attach to causes of action arising under chapter 5 of the Bankruptcy Code or the proceeds thereof;<br><br>• to the extent of any Diminution in Value, a superpriority administrative expense claim as provided in section 507(b) of the Bankruptcy Code against the applicable DAMIS Debtor; *provided*, *however*, that such superpriority administrative expense claim is subordinate to the Carve-Out; *and provided*, *further*, that until entry of the Final Order, such superpriority administrative expense claim shall not be paid out of proceeds of causes of action arising under chapter 5 of the Bankruptcy Code or the proceeds thereof. |

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| **Carve-Out**<br><br>Bankruptcy Rule 4001(b)(1)(B)(iii)<br><br>Local Rule 4001-3(c)(9) | An amount equal to sum of: (i) the payment of fees required to be paid to the clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code, plus interest at the statutory rate ("U.S. Trustee Fees"), (ii) subject to entry of the Final Order, the Applicable Debtor's allocable share of all allowed professional fees and expenses incurred during the period commencing on the Petition Date and ending on the Trigger Date by any professionals retained by the DAMIS Debtors under sections 363 or 327 of the Bankruptcy Code (the "Professionals"), as determined by agreement with the Prepetition Secured Parties or order of the Court, and (iii) subject to entry of the Final Order, the Applicable Debtor's allocable share of allowed professional fees and expenses incurred after the Trigger Date by the Professionals, as determined by agreement with the Prepetition Secured Parties or order of the Court, in an aggregate amount (i.e., for all estates, prior to any allocation) not to exceed $3,000,000. |
| **Events of Default/Cash Collateral Termination Events**<br><br>Bankruptcy Rule 4001(b)(1)(B)(iii)<br><br>Local Rule 4001-3(c)(3) | The applicable DAMIS Debtors' right to use Cash Collateral pursuant to each proposed Interim Order shall terminate upon the date that is the earliest of (i) twelve-months from the entry of the Interim Order, (ii) the entry of a final order on the Motion with respect to the Cash Collateral that is subject to that Interim Order (the "Final Order"), (iii) the effective date of a chapter 11 plan in these Chapter 11 Cases, or (iv) the conversion of these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code (such date, the "Trigger Date"). |
| **Stipulations**<br><br>Local Rule 4001-3(c)(7) | N/A. |
| **Validity, Perfection, and Amount of Obligations Securing Prepetition Liens, Binding Effect of Stipulations on Third Parties, and Challenge Period**<br><br>Bankruptcy Rule 4001(b)(1)(B)(iii)<br><br>Local Rule 4001-3(c)(1) | N/A. |

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| **Waiver/Modification of Automatic Stay**<br>Bankruptcy Rule 4001(b)(1)(B)(iii) | The automatic stay imposed under section 362(a) of the Bankruptcy Code shall be modified solely to the extent necessary to implement and effectuate the terms and conditions of the Interim Orders. |
| **506(c) and 552(b) Waiver**<br>Bankruptcy Rule 4001(b)(1)(B)(x)<br>Local Rule 4001-3(c)(6) | N/A |
| **Marshaling Waiver** | N/A |

## JURISDICTION AND VENUE

6. The United States Bankruptcy Court for the District of New Jersey (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference to the Bankruptcy Court Under Title 11*, entered July 23, 1984, and amended on June 6, 2025 (Bumb, C.J.) (the "Standing Order"). This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution.[7] Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

7. The statutory and legal predicates for the relief sought herein are sections 105(a), 361, 362, 363, 503, 506(c), 507 and 552 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), Rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 4001-3 and 9013-5 of the Local Rules of the United States Bankruptcy Court for the District of New Jersey ("the "Local Rules").

[7] The DAMIS Debtors consent to the Court's entry of a final judgment or order with respect to this Motion if it is determined that the Court, absent consent of the parties, cannot enter a final order consistent with Article III of the United States Constitution.

## GENERAL BACKGROUND

8. On June 4, 2026 (the "Petition Date"), each of the DAMIS Debtors filed with the Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The DAMIS Debtors are authorized to operate their businesses and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or an examiner. The Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

9. As set forth in the First Day Declaration, the DAMIS Debtors own, lease, and operate various multifamily properties, offices, hotels, and retail spaces throughout the United States. Additional information regarding the DAMIS Debtors' businesses, capital structure, and the circumstances leading to the filing of the Chapter 11 Cases is set forth in the First Day Declaration.

## BACKGROUND RELATING TO THE MOTION

### A. DAMIS Debtors' Prepetition Secured Debt[8]

10. As discussed in the First Day Declaration, the DAMIS Debtors generally have four types of funded secured indebtedness: (i) Fee Mortgages, (ii) Leasehold Mortgages, (iii) EIDL Loans, and (iv) MCA Agreements.

#### (i) Fee Mortgages and Leasehold Mortgages

11. The DAMIS Debtors have approximately $466 million in aggregate principal amount of Fee Mortgages and Leasehold Mortgages outstanding from various lenders (the "Mortgage Lenders," and each, a "Mortgage Lender"), as set forth in the following table:

[8] Description of debts or parties as "secured" is for ease of reference only and is not intended, nor should it be construed, as an admission as to the existence, validity, or extent of any lien or security interest in property of the DAMIS Debtors' estates. The DAMIS Debtors reserve all rights as to such issues, as well as to the validity and amount of any putative secured party's claim.

| **Mortgage Lender** | **DAMIS Debtor Obligor(s)/Pledgor(s)**[9] |
|---|---|
| Ace Funding Source LLC | 201 Centre Drive Leasing LLC; 201 Centre Drive Real Estate LLC; 2203 Grand Canal Boulevard Real Estate LLC; 2203 Grand Canal Boulevard Leasing LLC; 4200 Park Avenue Leasing LLC |
| Bank Iowa | 4200 Park Avenue Leasing LLC; Woodlands Eagle Timber Leasing LLC; DAMIS Holdings LLC, SIMAD Holdings LLC |
| Bank of America, N.A. | 2203 Grand Canal Boulevard Real Estate LLC |
| Bank of Clarke County | 201 Centre Drive Real Estate LLC; 201 Centre Drive Leasing LLC |
| Bank of New Hampshire | 2195 Harlem Road Real Estate LLC; 2195 Harlem Road Leasing LLC; SIMAD Holdings LLC; DAMIS Holdings LLC |
| Busey Bank, an Illinois Banking Corporation | 1101 East Glendale Boulevard Real Estate LLC; 1101 East Glendale Boulevard Leasing LLC; 7335 Gladiolus LLC |
| Easthampton Savings Bank | 12 Cambridge Drive Realty LLC; 12 Cambridge Drive Leasing LLC; 149 Emerald Street Real Estate LLC; 149 Emerald Street Leasing LLC; 11200 West Florissant Avenue Realty LLC; 11200 West Florissant Avenue Leasing LLC |
| Farmers & Merchants State Bank | 2302 Windsong Drive Leasing LLC; 2302 Windsong Drive Real Estate LLC |
| Fidelity Co-operative Bank | 44 Southpoint Drive Leasing LLC; SIMAD Holdings LLC |
| First Citizens Community Bank | 1000 Acres Holdings, LLC; Stony Creek Operating Co, LLC |
| First Financial Bank | 400 Greens Road Leasing LLC; 400 Greens Road Real Estate LLC; 771 Corporate Drive Real Estate LLC; 771 Corporate Drive Leasing LLC; 2974 Coppercreek Road Leasing LLC; 3413 Tittabawassee Road Leasing LLC; 3413 Tittabawassee Road Real Estate LLC; 4328 Bay Road Leasing LLC; 4328 Bay Road Real Estate LLC; 5707 MacCorkle Avenue Real Estate LLC; 5707 MacCorkle Avenue Leasing LLC; South Loop West Leasing LLC; South Loop West Real Estate LLC |

[9] For brevity, (i) this table does not include any obligors or pledgors that are not DAMIS Debtors, and (ii) the DAMIS Debtors identified in this column may be principal obligors (i.e., borrowers), secondary obligors (i.e., guarantors), pledgors of collateral, or some combination of the foregoing. This table is based on the current state of the Debtor Advisors' review and analysis of the underlying loan and security documents, and the information herein is qualified in its entirety by the actual loan and security documents, which control.

| Mortgage Lender | DAMIS Debtor Obligor(s)/Pledgor(s)[9] |
|---|---|
| First Merchants Bank | 250 Progressive Real Estate LLC; 250 Progressive Leasing LLC; 3385 Newmark Drive LLC |
| First National Bank of McGregor | 2434 South Interstate 35E Real Estate LLC; 2434 South Interstate 35E Leasing LLC; Oklahoma Wilshire Lofts Real Estate LLC; Oklahoma Wilshire Lofts Leasing LLC; SIMAD Holdings LLC |
| First Technology Federal Credit Union | 1600 Eastchase Parkway Real Estate LLC; 1600 Eastchase Parkway Leasing LLC; 2203 Grand Canal Boulevard Real Estate LLC; 2203 Grand Canal Boulevard Leasing LLC; East Hartford Properties Real Estate LLC; East Hartford Properties Leasing LLC; Fairplain Plaza Real Estate LLC; Fairplain Plaza Leasing LLC; Highland Park Partners LLC; SIMAD Holdings LLC; DAMIS Holdings LLC; Belmont Apartment Partners LLC |
| Goba Capital, Inc. | 348 Morris Avenue Real Estate LLC |
| H2 Development, LLC | WG Operatingco LLC; DAMIS Holdings, LLC; SIMAD Holdings LLC |
| Heartland Bank and Trust Company | Matteson Center Leasing LLC; Matteson Center Real Estate LLC; SIMAD Holdings LLC, and DAMIS Holdings, LLC |
| Hometown Bank | Turnpike Road Holdings LLC |
| Inland Bank and Trust | 1133 Northwest L Street Leasing LLC; 1133 Northwest L Street Real Estate LLC |
| Kennebec Savings Bank (with Kennebunk Savings Bank as participant) | 45 Commerce Drive Real Estate LLC; SIMAD Holdings LLC |
| MAX Credit Union | 4800 USH 280 Real Estate LLC; 4800 Leasing 280 Real Estate LLC; DAMIS Holdings, LLC |
| Mizzen Capital, LP and Mizzen Capital II, LP | Rocking Horse Ranch Landco LLC; Rocking Horse Ranch Operatingco LLC; DAMIS Holdings, LLC; SIMAD Holdings LLC; Splashdown Beach Landco LLC; Splashdown Beach Operating Co LLC; SIMAD Ventures LLC |
| NBT Bank, National Association | Splashdown Beach Operatingco LLC; Splashdown Beach Landco LLC |
| North Avenue Capital, LLC | 1401 US Highway 49B Real Estate LLC; 1912 Memorial Drive Real Estate LLC |

| Mortgage Lender | DAMIS Debtor Obligor(s)/Pledgor(s)[9] |
|---|---|
| Northern Bank & Trust Company | 90 Pleasant Valley Street Leasing LLC; 90 Pleasant Valley Street Real Estate LLC |
| S&T Bank | 2547 Brindle Drive Real Estate LLC; 2547 Brindle Drive Leasing LLC |
| Saratoga National Bank & Trust Company | 194 Washington Avenue Real Estate LLC; 194 Washington Avenue Leasing LLC |
| Sherando Towne Centre LC | WG Operating Co LLC |
| Southern States Bank | 1323 Augusta West Parkway Real Estate LLC; 1323 Augusta West Parkway Leasing LLC |
| The Bank of Greene County | Dasmas Landco LLC |
| TriState Capital Bank | 830 County Road 64 Real Estate LLC; 830 County Road 64 Leasing LLC |
| Visions Federal Credit Union | Rocking Horse Ranch Landco LLC; Rocking Horse Ranch Operatingco LLC; Michael Shabsels, David Shabsels, DAMIS Holdings, LLC; SIMAD Holdings LLC |
| Wayne Bank | 1135 East Chocolate Avenue Leasing LLC |
| Windsor Federal Savings and Loan Association | 200 Great Pond Drive Leasing LLC; 200 Great Pond Drive Real Estate LLC; SIMAD Holdings LLC |
| Woodforest National Bank | 4650 Westway Park Boulevard Real Estate LLC; 4650 Westway Park Boulevard Leasing LLC |

Fee Mortgages are typically secured by a pledge of the real property as well as a collateral assignment of rents under leases relating to the particular Property. Leasehold Mortgages are typically secured by a pledge of the building, improvements, and Ground Lease, as well as a collateral assignment of rents under leases relating to the particular Property.

**(ii) EIDL Loans**

12. The following DAMIS Debtors have approximately $1.1 million in aggregate principal amount of EIDL Loans outstanding from the U.S. Small Business Administration (the "SBA"), which loans are typically secured by all-asset pledges: 1000 Acres Holdings LLC; 11200

West Florissant Avenue Leasing LLC; 149 Emerald Street Leasing , LLC; 149 Emerald Street Real Estate LLC; 1912 Memorial Drive Real Estate LLC; 201 Centre Drive Leasing LLC; 2203 Grand Canal Boulevard Real Estate LLC; 2434 South Interstate 35E Leasing LLC; 2547 Brindle Drive Real Estate LLC; 635 Gravois Road Leasing LLC; 635 Gravois Road Real Estate LLC; 7650 FM78 Leasing LLC; Bayberry Wells Leasing, LLC; and Matteson Center Leasing LLC.

**(iii) MCA Obligations**

13. The DAMIS Debtors have approximately $134 million in aggregate principal amount of MCA Obligations outstanding from various lenders (the "MCA Lenders," and each, an "MCA Lender"), as set forth in the following table:

| **MCA Lender** | **Debtor Merchant(s)/Borrower(s)**[10] |
|---|---|
| ACE Funding Source LLC | DAMIS Holdings |
| Agile Lending, LLC | DAMIS Holdings and numerous others |
| American Choice Capital LLC | DAMIS Holdings |
| Austin Business Finance, LLC (d/b/a Backd) | DAMIS Holdings and numerous others |
| BLOC Funding | DAMIS Holdings and numerous others |
| Clearview Funding Group | DAMIS Holdings and several others |
| E Advance | DAMIS Holdings and several others |
| Fairpark Capital LLC | DAMIS Holdings and numerous others |
| FinWise Bank (serviced by Mulligan Funding) | DAMIS Holdings and several others |
| Funders West | Island Lake Campco LLC |

[10] For brevity, this table does not include (i) principal obligors (i.e., merchants/borrowers) that are not DAMIS Debtors, (ii) complete lists of all DAMIS Holdings subsidiaries that may be principal obligors in addition to DAMIS Holdings, or (iii) secondary obligors (i.e., guarantors). This table is based on the current state of the Debtor Advisors' review and analysis of the underlying loan and security documents, and the information herein is qualified in its entirety by the actual loan and security documents, which control.

| **MCA Lender** | **Debtor Merchant(s)/Borrower(s)**[10] |
|---|---|
| Funding Club | DAMIS Holdings |
| Lifetime Funding | DAMIS Holdings |
| LNS Group LLC | DAMIS Holdings |
| Newco Capital Group VI LLC | DAMIS Holdings and numerous others |
| Ocean Funding Corp | DAMIS Holdings and Rocking Horse Ranch Operatingco LLC |
| Optimum Lending Partners | DAMIS Holdings |
| OrcaFunding LLC | DAMIS Holdings and numerous others |
| Redstone Advance Inc. | DAMIS Holdings |
| The Merchant Marketplace Holdings Corp. | DAMIS Holdings and numerous others |
| Transparency Advance | DAMIS Holdings and numerous others |
| Vault 26 Capital LLC | DAMIS Holdings and numerous others |
| Wynwood Capital Group LLC | DAMIS Holdings and numerous others |

14. MCA Agreements vary in form and substance, but typically purport to pledge a security interest in future accounts, receivables, receipts, or revenue streams (or sometimes, in all assets of the borrower), which security interest is often conditional in nature—e.g., it is only granted upon a payment default, or if it is granted upon signing, then the MCA Lender is only authorized to file a UCC-1 in the event of a payment default.

**B. DAMIS Debtors' Cash Position and Bank Accounts**

15. As discussed in the DAMIS Debtors' motion relating to their cash management system, the DAMIS Debtors currently hold approximately $10.3 million cash in ninety-five (95) bank accounts maintained with multiple banks. (Cash position by particular Debtor/Property is shown in the Budget.)

16. Importantly for present purposes, the DAMIS Debtors are unaware of any deposit account control agreements ("DACAs") with any putative secured party, which would be necessary under Article 9 of the U.C.C. to perfect a non-possessory security interest in any of these bank accounts (e.g., in favor of the SBA on account of an EIL Loan, or in favor of an MCA Lender having an "all asset" pledge).

**C. DAMIS Debtors' Need for Use of Cash Collateral**

17. It is essential to the DAMIS Debtors' efforts to preserve and maximize the value of their assets that the DAMIS Debtors obtain the authority to use their cash on hand as of the Petition Date, as well the cash derived from the continued operation of their businesses post-petition (collectively, the "Cash Collateral"). In particular, during the Interim Period, the DAMIS Debtors require the use of Cash Collateral to fund their critical operating expenses as reflected in the Budget attached hereto as **Exhibit C**. Such expenses include, but are not limited to, employee payroll and other benefits, necessary capital expenditures (e.g., for the continuation of pending construction projects to build out of spaces for new tenants under contract), and other expenses related to the DAMIS Debtors' business operations. The Budget was prepared by the DAMIS Debtors, with the assistance of their professionals, and reflects the DAMIS Debtors' projected expenditures during the period from the Petition Date through and including the week ending July 10, 2026. The DAMIS Debtors believe that the use of Cash Collateral in accordance with the Budget will be sufficient to fund the DAMIS Debtors' operations through this Interim Period.

18. The reasons supporting the DAMIS Debtors' need to use Cash Collateral during the course of these Chapter 11 Cases are compelling. The use of Cash Collateral is required to fund the day-to-day operating expenses, including payments to employees and otherwise sustaining the going-concern value of the DAMIS Debtors' business. Unless the Court authorizes

the use of the Cash Collateral, the DAMIS Debtors will be unable to pay for services and expenses necessary to preserve and maximize the value of the DAMIS Debtors' assets. In fact, absent sufficient funds to support the DAMIS Debtors' business operations, the value of the DAMIS Debtors' assets will quickly erode. Therefore, authorization to use Cash Collateral pending the Final Hearing is in the best interests of the DAMIS Debtors' estates and creditors.

## RELIEF REQUESTED

19. By this Motion, the DAMIS Debtors request that the Court enter interim orders substantially in the form of the proposed Interim Orders:

(i) authorizing the DAMIS Debtors to use any Cash Collateral in connection with the Chapter 11 Cases, in accordance with the Budget and any limitations provided herein;

(ii) granting adequate protection, solely to the extent provided in the proposed Interim Orders;

(iii) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms of the proposed Interim Orders;

(iv) scheduling a final hearing (the "Final Hearing") to consider approval of this Motion on a final basis; and

(v) granting the DAMIS Debtors such other and further relief as is just and proper.

## BASIS FOR RELIEF

### A. The Proposed Use of Cash Collateral Should be Approved.

#### (i) The DAMIS Debtors' Use of Cash Collateral is Critical to the Success of These Chapter 11 Cases

20. A debtor's cash is "the life's blood of the business" and the bankruptcy court must assure that such cash "is available for use even if to a limited extent." *See In re Mickler*, 9 B.R. 121, 123 (Bankr. M.D. Fla. 1981). Courts have repeatedly recognized that a debtor's access to cash collateral is warranted when needed to preserve the debtor's ability to reorganize and thus maximize the value of the estate for all parties-in-interest. *See, e.g.*, *Chrysler Credit Com. v.*

*George Ruggiere Chrysler-Plymouth, Inc. (George Ruggiere Chrysler-Plymouth, Inc.)*, 727 F.2d 1017, 1019 (11th Cir. 1984) (allowing debtor to use cash collateral over a secured creditor's non-consent after noting that "[w]ithout the availability of cash to meet daily operating expenses such as rent, payroll, utilities, etc., the congressional policy favoring rehabilitation over economic failure would be frustrated."); *see also MBank Dallas, N.A. v. O'Connor, (In re O'Connor)*, 808 F.2d 1393, 1399 (10th Cir. 1987) (permitting debtor to use cash collateral to expand operations after finding there was only a low risk that the secured creditor's interest would diminish); *In re Dynaco Corp.*, 162 B.R. 389, 394 (Bankr. D.N.H. 1993) (granting a motion for the use of cash collateral and stating that "the purpose of [c]hapter 11 is to rehabilitate debtors and generally access to cash collateral is necessary in order to operate a business"); *Stein v. U.S. Farmers Home Admin. (In re Stein)*, 19 B.R. 458, 459 (Bankr. E.D. Pa. 1982) (granting cash collateral motion and declaring that access to cash is imperative for a debtor to operate its business).

21. The DAMIS Debtors' ability to continue to fund their business operations and restructuring efforts through use of the Cash Collateral is critical to the success of these Chapter cases. The DAMIS Debtors require immediate access to Cash Collateral to ensure that they are able to continue the operation of their businesses. The Cash Collateral is the DAMIS Debtors' sole source of funding for their operations and the costs of administering the chapter 11 process. Absent authority to immediately use Cash Collateral, the DAMIS Debtors, their creditors and the estates generally would suffer irreparable harm because the DAMIS Debtors would be forced to cease operations, which, in turn, would cause an immediate and pronounced deterioration in the recoverable value for the DAMIS Debtors' estates of the DAMIS Debtors' businesses while undergoing liquidation. Thus, the DAMIS Debtors' access to Cash Collateral is absolutely

necessary to preserve and maximize value for the benefit of all of the DAMIS Debtors' stakeholders.

22. In particular, the Debtors' immediate access to Cash Collateral is needed to allow the DAMIS Debtors to maintain their business relationships with tenants, vendors, suppliers, contractors, and Property Managers, each of which are critical to preserve and enhance the going-concern value of the Properties for the benefit of all parties-in-interest. Moreover, access to the Cash Collateral is essential to ensure timely payment of employee wages, salaries, and other employee-related obligations. These parties need to be assured that the DAMIS Debtors will not only continue their business operations in the immediate near-term, but also that the DAMIS Debtors will have access to necessary funds in the coming months. Simply put, without access to the Cash Collateral, the alternative in these cases is "to force the debtors to close down their operations and thus doom any effort at reorganization which will hopefully extract the maximum value of the assets involved to the benefit of all classes of creditors and other constituencies involved in this case." *Dynaco*, 162 B.R. at 396. Because this result would stand in diametrical opposition to the rehabilitative purpose of chapter 11, approval of the Motion is warranted.

**(ii) The DAMIS Debtors Will Satisfy the Requirements for Using Cash Collateral Under Section 363(c)(2) of the Bankruptcy Code**

23. Pursuant to section 363(c)(2) of the Bankruptcy Code, a debtor may use cash collateral so long as "(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section." 11 U.S.C. § 362(c)(2). As noted above, the Debtors are hopeful that they will be able to negotiate consensual orders with many of the Prepetition Secured Parties.

24. With respect to the Cash Collateral of any non-consenting Prepetition Secured Parties, the DAMIS Debtors will seek use "in accordance with the provisions of [section 363],"

which bankruptcy courts generally understand to be a reference to section 363(e) of the Bankruptcy Code, which provides, in pertinent part, as follows:

> At any time, on request of an entity that has an interest in property used, sold, or leased, or proposed to be used, sold or leased, by the trustee, the court . . . shall prohibit or condition such use, sale, or lease as is necessary to provide adequate protection of such interest.

11 U.S.C. § 363(e); *see, e.g.*, *In re McCormick*, 354 B.R. 246, 251 (Bankr. C.D. Ill. 2006) (finding that, to use the cash collateral of a secured creditor, the debtor must have the consent of such creditor or must establish to the court that the creditor's interest in the cash collateral is adequately protected).

25. Section 363(p) of the Bankruptcy Code allocates the burdens of proof for purposes of any hearing with respect to the use of cash collateral. It provides that "the entity asserting an interest in property has the burden of proof on the issue of the validity, priority, or extent of such interest," 11 U.S.C. § 363(p)(2), and the representative of the bankruptcy estate "has the burden of proof on the issue of adequate protection," 11 U.S.C. § 363(p)(1).

26. The Bankruptcy Code does not explicitly define the phrase "adequate protection." When adequate protection is required under the Bankruptcy Code, section 361 suggests that a debtor may provide a secured creditor with adequate protection of its collateral through: (i) periodic cash payments to the extent there is a diminution in the value of the creditor's interest in the collateral; (ii) providing the creditor with additional or replacement liens to the extent of such diminution in value; or (iii) other relief resulting in the realization of the "indubitable equivalent" of the value of the creditor's interest in the collateral. *See* 11 U.S.C. § 361. This third possibility is regarded as a "catch-all" provision, affording bankruptcy courts discretion, on a case-by-case basis, to determine whether a secured creditor has received adequate protection for the use of its collateral. *See, e.g.*, *Resolution Trust Corp. v. Swedeland Dev. Grp., Inc. (In re Swedeland*

*Dev. Grp., Inc.)*, 16 F.3d 552, 564 (3d Cir. 1993) ("[A] determination of whether there is adequate protection is made on a case-by-case basis."); *see also In re Satcon Tech. Corp.*, Case No. 12-12869, 2012 WL 6091160, at *6 (Bankr. D. Del. Dec. 7, 2012); *In re N.J. Affordable Homes Corp.*, No. 05-60442, 2006 WL 2128624, at *14 (Bankr. D.N.J. June 29, 2006); *In re Columbia Gas Sys., Inc.*, Nos. 91-803, 91-804, 1992 WL 79323, at *2 (Bankr. D. Del. Feb. 18, 1992); *see also In re Dynaco Corp.*, 162 B.R. 389, 394 (Bankr. D.N.H. 1993) (citing 2 *Collier on Bankruptcy* ¶ 361.01 [1] at 361-66 (15th ed. 1993)) (explaining that adequate protection can take many forms and "must be determined based upon equitable considerations arising from the particular facts of each proceeding"); *In re Mosello*, 195 B.R. 277, 289 (Bankr. S.D.N.Y. 1996) ("The determination of adequate protection is a fact-specific inquiry . . . left to the vagaries of each case . . . ." (cleaned up)).

27. Generally speaking, the purpose of adequate protection is to maintain the status quo and afford secured creditors some protection from a diminution or loss in the value of their collateral during the debtor's chapter 11 case. *See, e.g.*, *In re Delta Res., Inc.*, 54 F.3d 722, 730 (11th Cir. 1995); *In re Timbers of Inwood Forest Assocs., Ltd.*, 793 F.2d 1380, 1388-89 (5th Cir. 1986), *on reh'g*, 808 F.2d 363 (5th Cir. 1987), *aff'd sub nom.*, *United Sav. Ass'n of Tex. v. Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365 (1988). Section 361 of the Bankruptcy Code, however, plainly states that a secured creditor's "interest in property" demands protection only to the extent that the debtor's use of the creditor's collateral will result in a decrease in the "value of such entity's interest in such property." *See* 11 U.S.C. § 361; *see also In re Pursuit Athletic Footwear, Inc.*, 193 B.R. 713, 716 (Bankr. D. Del. 1996). In determining whether a creditor holding liens on cash collateral is adequately protected, courts must consider the debtor's need for access to cash collateral to further its reorganization efforts and balance such need against the

secured creditor's desire for adequate protection. *See Stein v. U.S. Farmers Home Admin. (In re Stein)*, 19 B.R. 458, 459 (Bankr. E.D. Pa. 1982).

28. Against this backdrop, the DAMIS Debtors are confident that they will be able to satisfy section 363(c)(2)(B) with respect to any Prepetition Secured Parties who do not consent to the proposed use of Cash Collateral, for the reasons set forth below.

**(a) As a Threshold Matter, Prepetition Secured Parties Must Satisfy Their Burden of Establishing the Validity, Priority, and Extent of Their Interests in Cash Collateral**

29. As noted above, at any hearing on this Motion, a non-consenting Prepetition Secured Party would bear the initial burden of establishing the validity, priority, and extent of its interest in Cash Collateral. *See* 11 U.S.C. § 363(p)(2).

30. With respect to the DAMIS Debtors' cash on hand, any Prepetition Secured Party that is not itself a cash management bank in possession of a deposit account will have a difficult time establishing that its putative interest in cash on hand is perfected and non-avoidable. (And even a cash management bank's interest would only extend to those deposit accounts in its possession.)

31. Similarly with respect to the DAMIS Debtors' post-petition cash receipts, any Prepetition Secured Party whose interest in such receipts either attached or was perfected within the 90 days prior to the Petition Date (e.g., an MCA Lender whose security interest only attached, or who only filed its UCC-1, upon the occurrence of a payment default within that period) will have a difficult time establish that its putative interest in such receipts, even if perfected, is not avoidable as a preference under 11 U.S.C. § 547. And any Prepetition Secured Party with an assignment of rents or similar instrument may still need to establish that, under applicable state law, the assignment was properly perfected and would prevent the use of such rents by the DAMIS Debtors.

32. The foregoing is by no means an exhaustive list of the issues that may arise depending on the nature of a particular Prepetition Secured Party and the interest in Cash Collateral they assert, but is offered just to illustrate that the mere *assertion* of an interest in Cash Collateral should not be enough to prevent the DAMIS Debtors' use of it under section 363 of the Bankruptcy Code. The DAMIS Debtors reserve the right to respond to any particular evidence or arguments offered at any hearing on this Motion by a non-consenting Prepetition Secured Party with respect to the validity, priority, and extent of its interest in Cash Collateral.

**(b) Even if Prepetition Secured Parties Establish a Valid Interest in Cash Collateral, Adequate Protection is Only Necessary if There Is a Diminution in Value of Such Interest**

33. As noted above, section 361 of the Bankruptcy Code makes clear that the purpose of adequate protection is to guard against diminution in the value of an entity's interest in property of the estate. Thus, even assuming a Prepetition Secured Party can establish a valid interest in Cash Collateral, when determining what adequate protection "is necessary" as a condition for a the DAMIS Debtors' use of such Cash Collateral under section 363(e) of the Bankruptcy Code, the Court must consider whether there is likely to be any actual diminution in value of the Prepetition Secured Party's interest in property of the estate. *See In re Continental Airlines, Inc.*, 146 B.R. 536, 539-40 (Bankr D. Del. 1992) (denying request for adequate protection absent actual diminution in value). This, in turn, requires an understanding of the Prepetition Secured Party's entire collateral package, and the value thereof, to determine if there is an equity cushion or, even if there is no equity cushion, whether the value of the Prepetition Secured Party's liens (i.e., as a whole) is actually declining. *See, e.g.*, *In re Indian Palms Assocs., Ltd.*, 61 F.3d 197, 207 (3d Cir. 1995) (discussing equity cushion analysis); *In re May*, 169 B.R. 462, 472 (Bankr. S.D. Ga. 1994) (equity cushion in property may provide creditor with adequate protection of its interest, sufficient to permit the debtor to use cash collateral); *In re Southwest Assocs.*, 140 B.R. 360, 66 (Bankr.

S.D.N.Y. 1992) (same); *In re Dynaco Corp.*, 162 B.R. 389, 394 (Bankr. D. N.H. 1993) (secured creditor was adequately protected and debtor was authorized to use cash collateral where level of collateral was not declining).

34. In this connection, the DAMIS Debtors note that, as discussed in the First Day Declaration, Leasehold Mortgages were typically originated at a 65%-75% loan-to-value ratio to the purchase price for the Secondary Acquisition, which implies an initial, built-in equity cushion of 25%-35%. While the DAMIS Debtors of course acknowledge that values can change, and they are still in the process of engaging a strategic real estate advisor to assist with appraisals of the various Properties, they highlight this fact because under the case law, an equity cushion of 20% or more is generally considered sufficient to provide adequate protection of a secured party's interest in property of the estate. *See, e.g.*, *In re C.B.G. Ltd.*, 150 B.R. 570, 573 (Bankr. M.D. Pa. 1992) (surveying cases and noting that an equity cushion of 20% or more is considered adequate protection); *see also In re Utah 700, L.L.C.*, 2008 WL 2654919, at *5-6 (Bankr. D. Utah July 3, 2008) (finding approximate 23% equity cushion in the debtor's assets, which were primarily real property, was substantial and provided significant protection to the prepetition lenders); *In re 1606 New Hampshire Ave. Assocs.*, 85 B.R. 298, 310 (Bankr. E.D. Pa. 1998) (concluding that 20% equity cushion was sufficient to establish adequate protection under section 362(d)(1)).

35. Again, the foregoing is by no means an exhaustive list of the issues that may arise in determining whether there is an actual or threatened diminution in the value of a Prepetition Secured Party's interest in estate property, but is offered just to illustrate that even the *establishment* of an interest in Cash Collateral is not, in itself, enough to prevent the DAMIS Debtors' use of it under section 363 of the Bankruptcy Code. The DAMIS Debtors reserve the right to respond to any particular evidence or arguments offered at any hearing on this Motion by

a non-consenting Prepetition Secured Party regarding diminution in value of its interest in property of the bankruptcy estate.

**(c) Even if There is a Diminution in Value, the Preservation of the DAMIS Debtors' Business Provides Adequate Protection**

36. Numerous courts have recognized that the preservation of the going-concern value of a secured lender's collateral constitutes adequate protection of such lender's interest in the collateral. *See, e.g.*, *In re Wrecclesham Grange, Inc.*, 221 B.R. 978, 981 (Bankr. M.D. Fla. 1997) ("[A]s long as the debtor generates a continuous income stream, the debtor's use of the rental income does not diminish the value of the collateral"); *In re Mullen*, 172 B.R. 473, 478 (Bankr. D. Mass. 1994) ("If the rents were not used to pay for management, taxes and maintenance of the properties, the value of [the secured lender's] mortgage interest would rapidly decline."); *In re 495 Cent. Park Ave. Corp.*, 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992) (evaluating "whether the value of the debtor's property will increase as a result of the" use of collateral in determining sufficiency of adequate protection); *In re Salem Plaza Assocs.*, 135 B.R. 753, 758 (Bankr. S.D.N.Y. 1992) (holding that a secured creditor was adequately protected when cash collateral was used to pay necessary operating expenses); *In re 499 W. Warren St. Assocs., Ltd. P'ship*, 142 B.R. 53, 56 (Bankr. N.D.N.Y. 1992) (finding a secured creditor's interest in collateral was adequately protected when cash collateral was applied to normal operating and maintenance expenditures on the collateral property); *In re Constable Plaza Assocs.*, L.P., 125 B.R. 98, 105 (Bankr. S.D.N.Y. 1991) (observing that debtor's use of rents to maintain and operate property "will serve to preserve or enhance the value of the building which, in turn, will protect the collateral covered by [the secured lender's] mortgage"); *In re Cardinal Indus. Inc.*, 118 B.R. 971, 981 (Bankr. S.D. Ohio 1990) (ruling that secured lenders were adequately protected by debtor's use of funds to maintain and manage encumbered properties).

37. Here, the proposed use of Cash Collateral is necessary to prevent a sudden and complete shut-down of the DAMIS Debtors' business operations, which would negatively impact the going-concern value of the various Properties that serve, either directly or indirectly, as the collateral for the Prepetition Secured Parties. Accordingly, the DAMIS Debtors submit that the Prepetition Secured Parties are adequately protected against any diminution in the value of their respective interests in property of the estate that might result from the use of Cash Collateral during the Interim Period, by virtue of the continuation of the DAMIS Debtors' businesses during that period.

**(d) In Any Event, the Proposed Replacement Liens and Superpriority Administrative Expense Claims Provide Adequate Protection**

38. Courts have routinely recognized that granting replacement liens on assets generated by the debtors during the postpetition period is an acceptable form of adequate protection. *See, e.g.*, *Swedeland*, 16 F.3d at 564, 566; *In re Conference of African Union First Colored Methodist Protestant Church*, 184 B.R. 207, 220 n.9 (Bankr. D. Del. 1995) ("[P]ursuant to Code § 361, 'adequate protection' to a secured creditor may be provided in the form of an additional or replacement lien"); *see also In re Int'l Design & Display Group, Inc.*, 154 B.R. 362, 364 (Bankr. S.D. Fla. 1993); *In re Karl A. Neise, Inc.*, 16 B.R. 602, 603 (Bankr. S.D. Fla. 1981).

**(e) If Necessary at the Final Hearing, the Court May Consider Whether Use of Its Equitable Power Under Section 552(b) is Appropriate**

39. Section 552(a) of the Bankruptcy Code establishes a general rule that a security agreement entered into by the debtor prepetition is not sufficient to create a security interest in any property acquired by the debtor's bankruptcy estate post-petition. Section 552(b) establishes an exception to this rule for post-petition property that constitutes proceeds of prepetition collateral, where the prepetition security agreement or applicable law extend such security interest to any after-acquired proceeds of the prepetition collateral. *See* 11 U.S.C. § 552(b)(1) (dealing generally

with post-petition proceeds of prepetition collateral) and (2) (dealing specifically with post-petition rents, fees, charges, etc., from hotels, motels, or other lodging properties). This section 552(b) exception is itself subject to a further exception, "to any extent that the court, after notice and a hearing and based on the equities of the case, orders otherwise." *Id.*

40. Third Circuit Court of Appeals has recognized that under the "equities of the case" doctrine, bankruptcy courts can modify the postpetition security interests of creditors as a matter of equity, and that the doctrine is "intended to strike an appropriate balance between the rights of secured creditors and the rehabilitative purposes of the Bankruptcy Code." *In re Tower Air*, 397 F.3d 191, 205 (3d Cir. 2005) (quoting *United Va. Bank v. Slab Fork Coal Co.*, 784 F.2d 1188, 1191 (4th Cir. 1986)); *In re Patio & Porch Sys. Inc.*, 194 B.R. 569, 575 (Bankr. D. Md. 1996) (explaining that "§ 552(b) grants the court broad equitable powers . . . and is intended to allow bankruptcy courts broad discretion in balancing the interests of secured creditors against the general policy of the Bankruptcy Code, which favors giving debtors a "fresh start'"). Bankruptcy courts are courts of equity, and section 552(b) of the Bankruptcy Code vests the courts with broad discretion to apply the equities of the case doctrine in all appropriate circumstances. *See Sprint Nextel Corp. v. U.S. Bank Nat'l Assoc. (In re Terrestar Networks, Inc.)*, 457 B.R. 254, 272 (Bankr. S.D.N.Y. 2011) (refusing to limit as a matter of law the equities of the case doctrine to narrow factual circumstances). Indeed, the equities of the case doctrine can be applied to limit a mortgagee's security interest in postpetition rents if the mortgagee is otherwise adequately protected. *See In re James Wilson Assocs.*, 965 F.2d 160, 171 (7th Cir.1992) (affirming authorization of the use of rents to pay professional fees where the mortgagee's interest was adequately protected).

41. In connection with consensual use of cash collateral, chapter 11 debtors often waive the right to seek application of the "equities of the case" doctrine under section 552(b)—as well as their right to seek a surcharge of a secured creditor's collateral under section 506(c) of the Bankruptcy Code, or their right to seek application of equitable marshaling doctrines and the like. The proposed Interim Orders here do not contain any such waivers, and the DAMIS Debtors reserve all rights with respect to these issues for the Final Hearing on this Motion.[11]

**B. Failure to Obtain the Immediate Interim Use of Cash Collateral Would Cause Immediate and Irreparable Harm.**

42. Bankruptcy Rules 4001(b) and 4001(c) provide that a final hearing on a motion to obtain credit pursuant to section 364 of the Bankruptcy Code or to use cash collateral pursuant to section 363 of the Bankruptcy Code may not be commenced earlier than 14 days after the service of such motion. Upon request, however, the Court may conduct a preliminary, expedited hearing on the motion and authorize the obtaining of credit and use of cash collateral to the extent necessary to avoid immediate and irreparable harm to a debtor's estate. *See* Fed. R. Bankr. P. 4001(b)(2) and 4001(c)(2). Furthermore, section 363(c)(3) of the Bankruptcy Code authorizes the Court to conduct a preliminary hearing and to authorize the use of cash collateral "if there is a reasonable likelihood that the [debtor] will prevail at the final hearing under [section 363(e) of the Bankruptcy Code]." 11 U.S.C. § 363(c)(3).

43. Failure to obtain access to Cash Collateral would result in immediate and irreparable harm to the DAMIS Debtors and their stakeholders and cause a diminution in value to the DAMIS Debtors' estates. Without authorization to use of Cash Collateral, a number of the

[11] To be clear, the DAMIS Debtors do not intend to ask the Court to invoke the "equities of the case" doctrine, apply a section 506(c) surcharge, or apply any marshaling doctrines at the interim hearing on this Motion. But they want to be transparent that they are expressly reserving these rights for consideration at a later date, should it become necessary.

DAMIS Debtors would likely cease operating as a going concern. The proposed Interim Orders and initial Budget provide access to the amounts necessary to maximize the DAMIS Debtors' going concern value by allowing the DAMIS Debtors to maintain business relationships with their vendors, suppliers, licensors, licensees, and customers, to retain and pay their employees and otherwise finance their operations during the Interim Period prior to a Final Hearing on this Motion.

44. Accordingly, pursuant to section 363(c)(3) of the Bankruptcy Code and Bankruptcy Rule 4001(b), the DAMIS Debtors request that the Court conduct an expedited hearing on this Motion and enter Interim Orders authorizing the DAMIS Debtors' interim use of Cash Collateral in accordance with the Budget, subject to further documentation and approval after the Final Hearing on this Motion.

45. For the reasons set forth above, the DAMIS Debtors submit that use of Cash Collateral is necessary, prudent, and in the best interests of the DAMIS Debtors, their estates, and any party in interest.

## SATISFACTION OF BANKRUPTCY RULE 6003(b)

46. Pursuant to Bankruptcy Rule 6003(b), any motion seeking to use property of the estate pursuant to section 363 of the Bankruptcy Code or to satisfy prepetition claims within twenty-one days of the Petition Date requires that the DAMIS Debtors demonstrate that such relief "is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003(b). As set forth throughout this Motion, immediate use of Cash Collateral to pay operating expenses, as well as certain prepetition claims, is critical to the DAMIS Debtors' ongoing operations and the DAMIS Debtors' efforts in the Chapter 11 Cases to preserve and maximize the value of their estates.

47. For this reason and those set forth above, the DAMIS Debtors respectfully submit that Bankruptcy Rule 6003(b) has been satisfied, to the extent applicable, and the relief requested

herein is necessary to avoid immediate and irreparable harm to the DAMIS Debtors and their estates.

## **WAIVER OF STAY UNDER BANKRUPTCY RULE 6004(h)**

48. Pursuant to Bankruptcy Rule 6004(h), "An order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). As set forth throughout this Motion, the use of Cash Collateral is essential to allow the DAMIS Debtors to maintain operations during the course of these Chapter 11 Cases.

49. For this reason and those set forth above, the DAMIS Debtors submit that ample cause exists to justify a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h) to the extent applicable to the Proposed Orders.

## **NOTICE**

50. The DAMIS Debtors will provide notice of this Motion to: (i) the Office of the United States Trustee for the District of New Jersey; (ii) the Office of the United States Attorney for the District of New Jersey; (iii) the Internal Revenue Service; (iv) the DAMIS Debtors' thirty (30) largest unsecured creditors (excluding insiders); (v) the Securities and Exchange Commission; (vi) the DAMIS Debtors' existing banking institutions; (vii) the Prepetition Secured Parties; and (viii) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. The DAMIS Debtors will serve notice of this Motion and any order entered hereon in accordance with Rule 9013-5 of the Local Rules. In light of the nature of the relief requested herein, the DAMIS Debtors submit that no other or further notice is necessary.

## CONCLUSION

WHEREFORE, the DAMIS Debtors respectfully request entry of appropriate interim and final orders granting the relief requested herein and such other and further relief as is just and proper.

Dated: Florham Park, New Jersey
June 24, 2026

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# EXHIBIT A

**Proposed Interim Order (DAMIS Holdings)**

**UNITED STATES BANKRUPTCY COURT**
**DISTRICT OF NEW JERSEY**

**Caption in Compliance with D.N.J. LBR 9004-1(b)**

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*Proposed Counsel to the DAMIS Debtors and Debtors in Possession*

| | |
|---|---|
| In re:<br><br>DAMIS Holdings LLC, *et al.*,[1]<br><br>Debtors. | Chapter 11<br><br>Case No. 26-16439 (CMG)<br><br>(Jointly Administered) |

**INTERIM ORDER (I) AUTHORIZING DAMIS HOLDINGS LLC TO USE CASH COLLATERAL; (II) GRANTING ADEQUATE PROTECTION TO PUTATIVE SECURED PARTIES; (III) MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING; AND (V) GRANTING RELATED RELIEF**

[1] A complete list of the DAMIS Debtors in these chapter 11 cases and each such Debtor's tax identification number may be obtained on the website of the DAMIS Debtors' proposed claims and noticing agent at https://restructuring.ra.kroll.com/DAMIS/. The location of DAMIS Holdings LLC's principal place of business and the DAMIS Debtors' service address in these chapter 11 cases is 50 Quality Street, #110357, Trumbull, CT 06611.

The relief set forth on the following pages, numbered two (2) through fourteen (14), is hereby **ORDERED**.

Upon the *DAMIS Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Use Cash Collateral; (II) Granting Adequate Protection to Putative Secured Parties; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* (the "Motion") of the above-captioned debtor and debtors in possession (the "DAMIS Debtors," and each, a "DAMIS Debtor"), for entry of interim and final orders pursuant to Bankruptcy Code sections 105(a), 361, 363(c)(2), 506(c), and 552(b), Bankruptcy Rules 2002, 4001, 6003, and 6004, and Local Rules 4001-3 and 9013-5, (a) authorizing the DAMIS Debtors to use Cash Collateral (as defined below) in accordance with the budget attached hereto as **Exhibit 1** (the "Budget"); (b) granting adequate protection to putative prepetition secured parties; (c) modifying the automatic stay; (d) scheduling a final hearing; and (e) granting related relief, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Reference to the Bankruptcy Court Under Title 11 of the United States District Court for the District of New Jersey, entered July 23, 1984, and amended on June 6, 2025 (Bumb, C.J.); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the DAMIS Debtors' notice of the Motion was appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"), if any; and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, **THE COURT MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:**

A. **Petition.** The DAMIS Debtors each filed their petitions under chapter 11 of the Bankruptcy Code on June 4, 2026 (the "Petition Date") and are presently operating as debtors in possession in accordance with sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner or official committee of unsecured creditors (a "Committee") has been appointed in these chapter 11 cases.

B. **Notice.** Notice of the Motion and of the interim hearing on the DAMIS Debtors' use of cash collateral has been served consistent with the notice and hearing provisions pursuant to section 102(1) of the Bankruptcy Code and Bankruptcy Rule 4001(b), which notice is appropriate in the particular circumstances and sufficient for all purposes under the Bankruptcy Code and the applicable Federal and Local Rules of Bankruptcy Procedure with respect to the relief requested.

C. **Need to Use Cash Collateral.** The DAMIS Debtors' cash and cash equivalents on hand as of the Petition Date, as well as any received by the DAMIS Debtors post-petition (collectively, the "Cash Collateral"), may constitute "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code, insofar as putative secured parties may have an interest therein. The DAMIS Debtors have an immediate need to use the Cash Collateral to, among other things, preserve and maintain the going-concern value of the DAMIS Debtors, absent which immediate and irreparable harm will result to the DAMIS Debtors, their estates, and their creditors. The preservation and maintenance of the DAMIS Debtors' assets and business is necessary to maximize value. Absent the DAMIS Debtors' ability to use Cash Collateral, the DAMIS Debtors would not have sufficient available sources of working capital or financing and would be unable to pay their operating expenses or maintain their assets, to the severe detriment of their estates, creditors and members. Accordingly, the relief requested in the Motion and the terms herein are (i) critical to the DAMIS Debtors' ability to maximize the value of these chapter 11 estates, (ii) in the best interests of the DAMIS Debtors and their estates, and (iii) necessary, essential, and appropriate to avoid immediate and irreparable harm to the DAMIS Debtors, their creditors, and their assets, remaining business, goodwill, and reputation.

D. **Good Cause.** Good cause has been shown for entry of this Interim Order, and the entry of this Interim Order is in the best interests of the DAMIS Debtors and their estates and creditors. Among other things, the relief granted herein will minimize disruption of the DAMIS Debtors' business and permit the DAMIS Debtors to preserve and maintain the going-concern value of the DAMIS Debtors. The terms of the DAMIS Debtors' use of Cash Collateral and proposed adequate protection arrangements, as set forth in this Interim Order, are fair and reasonable under the circumstances, and reflect the DAMIS Debtors' exercise of prudent business judgment consistent with their fiduciary duties.

E. **Budget.** The Budget attached as **Exhibit 1** hereto is a forecast of cash receipts and disbursements setting forth on a line-item basis the Applicable Debtor's (as defined herein) anticipated cumulative cash receipts and expenditures on a weekly basis and all necessary and required cumulative expenses that the Applicable Debtor expects to incur during each weekly period under the Budget. The Budget is an integral part of this Interim Order. The Applicable Debtor does not presently anticipate that it will incur expenses during the period covered by the Budget other than, or in excess of, those identified in the Budget.

F. **The Prepetition Secured Parties.** The prepetition secured parties with respect to the use of Cash Collateral pursuant to this Interim Order are First Technology Federal Credit Union, Bank of New Hampshire, Bank Iowa, MAX Credit Union, Heartland Bank and Trust Company, Visions Federal Credit Union, Mizzen Capital LP, Mizzen Capital II LP, and H2 Development, LLC (the "Prepetition Secured Parties," and each, a "Prepetition Secured Party").

G. **The Prepetition Secured Debt.** Based upon the DAMIS Debtors' preliminary review of their books and records, and relevant public filings, the debts owed to the Prepetition Secured Parties by DAMIS Holdings LLC (the "Applicable Debtor") as of the Petition Date (collectively, the "Applicable Prepetition Obligations"), and the security for such debts as of the Petition Date (collectively, the "Prepetition Collateral"), are as described below:

(a) First Technology Federal Credit Union. [_______]

(b) Bank of New Hampshire. _______]

(c) Bank Iowa. [_______]

(d) MAX Credit Union. [_______]

(e) Heartland Bank and Trust Company. [_______]

(f) Visions Federal Credit Union. [_______]

(g) Mizzen Capital, LP and Mizzen Capital II, LP. [_______]

(h) H2 Development, LLC. [_______]

The DAMIS Debtors do not stipulate to any of the facts concerning the foregoing debt or the transactions referenced in the related loan and security documents, including whether the documents were properly entered into, authorized, are effective, whether the loan was funded, or otherwise, and reserve all rights with respect thereto.

H. **Adequate Protection for the Prepetition Secured Parties.** The Prepetition Secured Parties may be entitled to receive adequate protection pursuant to sections 361, 362, and 363 of the Bankruptcy Code for any decrease in the value of their respective interests in their prepetition collateral (including Cash Collateral) resulting from the automatic stay or from the Applicable Debtor's use of Cash Collateral. As "adequate protection" under the requirements of the Bankruptcy Code, the Prepetition Secured Parties shall receive the Adequate Protection (as defined herein), and such Adequate Protection currently adequately protects the Prepetition Secured Parties. The Adequate Protection provided herein and other benefits and privileges contained herein are consistent with and authorized by the Bankruptcy Code.

**THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that:

2. The Motion is GRANTED in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Interim Order. All objections to the Motion, to the extent not withdrawn or resolved, are overruled on their merits as to the relief granted in this Interim Order.

3. **Authorization to Use Cash Collateral; Budget.**

(a) Subject to the terms and conditions of this Interim Order, the Applicable Debtor is authorized, but not directed, on an interim basis, to use the Cash Collateral of the Applicable Debtor to satisfy the fees, costs, and expenses provided for, and up to the amounts set forth, in the Budget (as may be extended by agreement of the Prepetition Secured Parties as set forth below, and subject to the Permitted Variance (as defined herein), terminating upon the date that is the earliest of (i) twelve-months from the entry of the Interim Order, (ii) the entry of a final order on the Motion with respect to the Cash Collateral that is subject to this Interim Order (the "Final Order"), (iii) the effective date of a chapter 11 plan in these chapter 11 cases, or (iv) the conversion of these chapter 11 cases to cases under chapter 7 of the Bankruptcy Code (such date, the "Trigger Date").

(b) Not later than 5:00 p.m. (Eastern time) on the Thursday of each week commencing on July 2, 2026, the Applicable Debtor shall furnish to the Prepetition Secured Parties and any Committee a weekly report (the "Budget Compliance Report") that sets forth as of the preceding Sunday of each week, on a weekly basis from the Petition Date (each such period referred to herein as a "Measurement Period"), the actual results for each line item set forth in each respective Budget (including on a debtor-by-debtor basis). The Applicable Debtor hereby covenants and agrees that the actual results comprising each line item of disbursements set forth in each Budget from the Petition Date through the conclusion of any Measurement Period shall not vary by more than fifteen percent (15%) of the amount projected in the line item of each Budget for such Measurement Period (in each case, a "Permitted Variance"), in each case without the written consent of the Prepetition Secured Parties (which consent, for the avoidance of doubt, may be transmitted via email).

(c) Prior to the entry of a Final Order with respect to the Cash Collateral that is subject to this Interim Order, the Budget may be amended or extended (or both) from time to time by agreement of the DAMIS Debtors and the Prepetition Secured Parties without need for further notice, hearing, or entry of a supplemental order, subject to compliance with the process set forth in this paragraph. The DAMIS Debtors may propose any such amendment or extension by presenting a revised Budget to the Prepetition Secured Parties via email, and each Prepetition Secured Party may convey its approval or disapproval of the revised Budget via reply email, *provided* that the revised Budget will be deemed approved by any Prepetition Secured Party unless such Prepetition Secured Party notifies the DAMIS Debtors of its disapproval of the revised Budget within three (3) business days after receipt. The DAMIS Debtors shall also provide notice of any proposed revised Budget via email to the United States Trustee and any Committee, who will be deemed to consent to the revised Budget becoming the Budget for all purposes under this Interim Order without need for further notice, hearing, or entry of a supplemental order, unless they notify the DAMIS Debtors of their request for further notice, hearing, or order within three (3) business days after receipt. For the avoidance of doubt, the notice provided to the United States Trustee and Committee under this paragraph may be, but is not required to be, concurrent with the notice provided to the Prepetition Secured Parties.

4. **Adequate Protection.**

(a) As adequate protection for any post-petition diminution in value of the Prepetition Secured Parties' respective interests in any Prepetition Collateral (any "Diminution in Value"), each of the Prepetition Secured Parties shall receive (collectively, the "Adequate Protection"):

(i) continued payment of interest post-petition on the Applicable Prepetition Obligations, at the contractual non-default rate, to the extent provided in the Budget;

(ii) to the extent of any Diminution in Value, valid and perfected senior, first priority liens (the "First Priority Adequate Protection Liens") on all property, whether now owned or hereafter acquired or existing and wherever located, that would constitute Prepetition Collateral of such Prepetition Secured Party, subject to (A) the Carve-Out (as defined below), (B) all valid, enforceable and non-avoidable liens and security interests in such property that were perfected prior to the Petition Date (or perfected thereafter to the extent permitted by section 546(c) of the Bankruptcy Code), which are not subject to avoidance, disallowance, or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law and which are senior to such Prepetition Secured Party's liens in such Prepetition Collateral as of the Petition Date; *provided*, *however*, that any First Priority Adequate Protection Liens shall not attach to causes of action arising under chapter 5 of the Bankruptcy Code or the proceeds thereof; and

(iii) to the extent of any Diminution in Value, a superpriority administrative expense claim as provided in section 507(b) of the Bankruptcy Code against the Applicable Debtor; *provided*, *however*, that such superpriority administrative expense claim is subordinate to the Carve-Out; *and provided*, *further*, that until entry of the Final Order, such superpriority administrative expense claim shall not be paid out of proceeds of causes of action arising under chapter 5 of the Bankruptcy Code or the proceeds thereof.

(b) For the avoidance of doubt, nothing in this Interim Order shall constitute a finding by the Court with respect to the existence, validity, or enforceability of any prepetition arrangement between any Prepetition Secured Party and any DAMIS Debtor, that any Prepetition Secured Party has any valid claims against any DAMIS Debtor, or that any Prepetition Secured Party has a valid lien on the Cash Collateral or any of the other assets of any DAMIS Debtor. The DAMIS Debtors reserve all rights concerning the same, and nothing herein shall prevent the DAMIS Debtors or any Committee from challenging the validity, extent, and priority of any of the alleged claims and liens of the Prepetition Secured Parties. In the event a Prepetition Secured Party's alleged lien on Cash Collateral is determined to be invalid, then the Adequate Protection provided hereunder to such Prepetition Secured Party shall be null and void.

5. **Postpetition Lien Perfection.** This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the First Priority Adequate Protection Liens

without the necessity of filing or recording any financing statement, deed of trust, mortgage, security agreement, notice of lien, or other instrument or document that may otherwise be required under the law of any jurisdiction, or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect the Firat Priority Adequate Protection liens or entitle the First Priority Adequate Protection Liens to the priorities granted herein.

6. **Carve-Out; Professional Fee Escrow.**

(a) The prepetition liens and security interests of the Prepetition Secured Parties, as well as the First Priority Adequate Protection Liens and superpriority claims granted in this Interim Order, shall be subject to and subordinate to a carve-out (the "Carve-Out") equal to the sum of: (i) the payment of fees required to be paid to the clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code, plus interest at the statutory rate ("U.S. Trustee Fees"), (ii) subject to entry of the Final Order, the Applicable Debtor's allocable share of all allowed professional fees and expenses incurred during the period commencing on the Petition Date and ending on the Trigger Date by any professionals retained by the DAMIS Debtors under sections 363 or 327 of the Bankruptcy Code (the "Professionals"), as determined by agreement with the Prepetition Secured Parties or order of the Court, and (iii) subject to entry of the Final Order, the Applicable Debtor's allocable share of allowed professional fees and expenses incurred after the Trigger Date by the Professionals, as determined by agreement with the Prepetition Secured Parties or order of the Court, in an aggregate amount (i.e., for all estates, prior to any allocation) not to exceed $3,000,000.

(b) The Applicable Debtor shall be authorized and permitted to establish an escrow account, to be held by a qualified institutional escrow agent (the "Escrow Holder"), for the benefit of the Professionals and to fund such escrow by wire transfer on a weekly basis (such account, to the extent of such deposited amounts, the "Professional Fee Escrow"), in an amount equal to, but not to exceed, the professional fees and costs set forth in the Budget line item for the Professionals for such week. The Professional Fee Escrow shall be funded on a weekly basis in accordance with the Budget and ending on the Trigger Date, plus any amounts provided for in the Budget, if any, since the most recent funding of the Professional Fee Escrow through the Trigger Date, in accordance with the Budget.

(c) From the funds held in the Professional Fee Escrow, the Escrow Holder shall release to the Professionals solely such amounts as are payable from time to time pursuant to the Budget and an applicable order of the Court, including an order approving interim compensation procedures in the Chapter 11 Cases and any order granting interim or final fee applications for Professionals (each, a "Fee Order"). For the avoidance of doubt, (i) in making payments from the Professional Fee Escrow, the Escrow Holder shall be entitled to rely upon written certifications of each Professional as to the amount such Professional is authorized pursuant to the Budget and an applicable Fee Order to be paid at such time from the Professional Fee Escrow; and (ii) in no circumstances shall the Escrow Holder be obligated to pay any

Professional other than from the funds held, from time to time, in the Professional Fee Escrow in accordance with the Budget and an applicable Fee Order.

(d) In no way shall the Budget or the Carve-Out be construed as a cap or limitation on the amount of Court fees, U.S. Trustee Fees, or allowed fees and expenses of Professionals that may be payable by the Debtors, or to impair the right of any party in interest to object to the allowance of any fees or expenses of the Professionals.

7. **Automatic Stay.** The automatic stay imposed under section 362(a) of the Bankruptcy Code shall be, and hereby is, modified solely to the extent necessary to implement and effectuate the terms and conditions of this Order.

8. **Enforceability.** This Interim Order shall take effect and be fully enforceable immediately upon its entry. Any applicable stay (including, without limitation, under Bankruptcy Rule 6004(h)) is hereby waived and shall not apply to this Interim Order.

9. **Headings.** The headings in this Interim Order are for purposes of reference only and shall not limited or otherwise affect the meaning of this Interim Order.

10. **Final Hearing.** The Final Hearing on the Motion with respect to the Cash Collateral that is subject to this Interim Order is scheduled for ___________, 2026, at ___:____ (ET) before this Court (the "Final Hearing"). Any party in interest objecting to the relief sought in the Motion on a final basis shall file and serve a written objection, which objection shall be served upon (i) proposed counsel to the DAMIS Debtors, Faegre Drinker Biddle & Reath LLP, 600 Florham Park, New Jersey 07932, Attn: Michael Pompeo

(michael.pompeo@faegredrinker.com), and 222 Delaware Ave., Suite 1410, Wilmington, DE 19801, Attn: Patrick Jackson (patrick.jackson@faegredrinker.com), Ian Bambrick (ian.bambrick@faegredrinker.com), and Sarah Silveira (sarah.silveira@faegredrinker.com), (ii) counsel to any official committee of unsecured creditors appointed in these Chapter 11 Cases; and (iii) the Office of the United States Trustee for the District of New Jersey, One Newark Center, Suite 2100, Newark, New Jersey 07102, Attn: Jeffrey M. Sponder, Esq. (Jeffrey.M.Sponder@usdoj.gov) in each case no later than ______________________, 2026, at 4:00 p.m. (ET). If no objections are timely filed, this Court may grant the relief sought by the DAMIS Debtors in the Motion, and enter a Final Order with respect to the Cash Collateral that is subject to this Interim Order, without further notice or a hearing. The DAMIS Debtors shall file a notice of the Final Hearing within two business days after entry of this Interim Order.

11. **Retention of Jurisdiction.** This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

# EXHIBIT 1

## Budget

# EXHIBIT B

**Proposed Interim Order (other Debtors)**

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|---|
| **UNITED STATES BANKRUPTCY COURT**<br>**DISTRICT OF NEW JERSEY** |
| **Caption in Compliance with D.N.J. LBR 9004-1(b)** |
| **FAEGRE DRINKER BIDDLE & REATH LLP**<br>Michael P. Pompeo<br>600 Campus Drive<br>Florham Park, New Jersey 07932-1047<br>(973) 549-7000 (Telephone)<br>(973) 360-9831 (Facsimile)<br>michael.pompeo@faegredrinker.com<br><br>-and-<br><br>Patrick A. Jackson (*pro hac vice*)<br>Ian J. Bambrick (*pro hac vice*)<br>Sarah E. Silveira (*pro hac vice* pending)<br>222 Delaware Ave. Suite 1410<br>Wilmington, DE 19801<br>(302) 467-4200 (Telephone)<br>(302) 467-4201 (Facsimile)<br>patrick.jackson@faegredrinker.com<br>ian.bambrick@faegredrinker.com<br><br>*Proposed Counsel to the DAMIS Debtors and Debtors in Possession* |

| | |
|---|---|
| In re:<br><br>DAMIS Holdings LLC, *et al.*,[1]<br><br>Debtors. | Chapter 11<br><br>Case No. 26-16439 (CMG)<br><br>(Jointly Administered) |

**INTERIM ORDER (I) AUTHORIZING THE DAMIS DEBTORS TO USE CASH COLLATERAL; (II) GRANTING ADEQUATE PROTECTION TO PUTATIVE SECURED PARTIES; (III) MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING; AND (V) GRANTING RELATED RELIEF**

[1] A complete list of the DAMIS Debtors in these chapter 11 cases and each such Debtor's tax identification number may be obtained on the website of the DAMIS Debtors' proposed claims and noticing agent at https://restructuring.ra.kroll.com/DAMIS/. The location of DAMIS Holdings LLC's principal place of business and the DAMIS Debtors' service address in these chapter 11 cases is 50 Quality Street, #110357, Trumbull, CT 06611.

The relief set forth on the following pages, numbered two (2) through fourteen (14), is hereby **ORDERED**.

Upon the *DAMIS Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Use Cash Collateral; (II) Granting Adequate Protection to Putative Secured Parties; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* (the "Motion") of the above-captioned debtor and debtors in possession (the "DAMIS Debtors"), for entry of interim and final orders pursuant to Bankruptcy Code sections 105(a), 361, 363(c)(2), 506(c), and 552(b), Bankruptcy Rules 2002, 4001, 6003, and 6004, and Local Rules 4001-3 and 9013-5, (a) authorizing the DAMIS Debtors to use Cash Collateral (as defined below) in accordance with the budget attached hereto as **Exhibit 1** (the "Budget"); (b) granting adequate protection to putative prepetition secured parties; (c) modifying the automatic stay; (d) scheduling a final hearing; and (e) granting related relief, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Reference to the Bankruptcy Court Under Title 11 of the United States District Court for the District of New Jersey, entered July 23, 1984, and amended on June 6, 2025 (Bumb, C.J.); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the DAMIS Debtors' notice of the Motion was appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"), if any; and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, **THE COURT MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:**

A. **Petition.** The DAMIS Debtors each filed their petitions under chapter 11 of the Bankruptcy Code on June 4, 2026 (the "Petition Date") and are presently operating as debtors in possession in accordance with sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner or official committee of unsecured creditors (a "Committee") has been appointed in these chapter 11 cases.

B. **Notice.** Notice of the Motion and of the interim hearing on the DAMIS Debtors' use of cash collateral has been served consistent with the notice and hearing provisions pursuant to section 102(1) of the Bankruptcy Code and Bankruptcy Rule 4001(b), which notice is appropriate in the particular circumstances and sufficient for all purposes under the Bankruptcy Code and the applicable Federal and Local Rules of Bankruptcy Procedure with respect to the relief requested.

C. **Need to Use Cash Collateral.** The DAMIS Debtors' cash and cash equivalents on hand as of the Petition Date, as well as any received by the DAMIS Debtors post-petition (collectively, the "Cash Collateral"), may constitute "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code, insofar as putative secured parties may have an interest therein. The DAMIS Debtors have an immediate need to use the Cash Collateral to, among other things, preserve and maintain the going-concern value of the DAMIS Debtors, absent which immediate and irreparable harm will result to the DAMIS Debtors, their estates, and their creditors. The preservation and maintenance of the DAMIS Debtors' assets and business is necessary to maximize value. Absent the DAMIS Debtors' ability to use Cash Collateral, the DAMIS Debtors would not have sufficient available sources of working capital or financing and would be unable to pay their operating expenses or maintain their assets, to the severe detriment of their estates, creditors and members. Accordingly, the relief requested in the Motion and the terms herein are (i) critical to the DAMIS Debtors' ability to maximize the value of these chapter 11 estates, (ii) in the best interests of the DAMIS Debtors and their estates, and (iii) necessary, essential, and appropriate to avoid immediate and irreparable harm to the DAMIS Debtors, their creditors, and their assets, remaining business, goodwill, and reputation.

D. **Good Cause.** Good cause has been shown for entry of this Interim Order, and the entry of this Interim Order is in the best interests of the DAMIS Debtors and their estates and creditors. Among other things, the relief granted herein will minimize disruption of the DAMIS Debtors' business and permit the DAMIS Debtors to preserve and maintain the going-concern value of the DAMIS Debtors. The terms of the DAMIS Debtors' use of Cash Collateral and proposed adequate protection arrangements, as set forth in this Interim Order, are fair and reasonable under the circumstances, and reflect the DAMIS Debtors' exercise of prudent business judgment consistent with their fiduciary duties.

E. **Budget.** The Budget attached as **Exhibit 1** hereto is a forecast of cash receipts and disbursements setting forth on a line-item basis the Applicable [Debtor's / Debtors'] (as defined herein) anticipated cumulative cash receipts and expenditures on a weekly basis and all necessary and required cumulative expenses which the Applicable [Debtor expects / Debtors expect] to incur during each weekly period under the Budget. The Budget is an integral part of this Interim Order. The Applicable [Debtor does / Debtors do] not presently anticipate that [it / they] will incur expenses during the period covered by the Budget other than, or in excess of, those identified in the Budget.

F. **<u>The Prepetition Secured [Party/ies]</u>.** The prepetition secured [party/ies] with respect to the use of Cash Collateral pursuant to this Interim Order [is / are _________] (the "<u>Prepetition Secured [Party/ies]</u>."

G. **<u>The Prepetition Secured Debt</u>.** Based upon the DAMIS Debtors' preliminary review of their books and records, and relevant public filings, the debts owed to the Prepetition Secured Parties by [applicable debtor(s)] (the "<u>Applicable [Debtor/s]</u>") as of the Petition Date (collectively, the "<u>Applicable Prepetition Obligations</u>"), and the security for such debts as of the Petition Date (collectively, the "<u>Prepetition Collateral</u>"), are as described below:

(a) [insert description(s), by secured party]

The DAMIS Debtors do not stipulate to any of the facts concerning the foregoing debt or the transactions referenced in the related loan and security documents, including whether the documents were properly entered into, authorized, are effective, whether the loan was funded, or otherwise, and reserve all rights with respect thereto.

H. **Adequate Protection for the Prepetition Secured [Party/ies].** The Prepetition Secured [Party/ies] may be entitled to receive adequate protection pursuant to sections 361, 362, and 363 of the Bankruptcy Code for any decrease in the value of [its / their respective] interests in their prepetition collateral (including Cash Collateral) resulting from the automatic stay or from the Applicable [Debtor's / Debtors'] use of Cash Collateral. As "adequate protection" under the requirements of the Bankruptcy Code, the Prepetition [Secured Party/ies] shall receive the Adequate Protection (as defined herein), and such Adequate Protection currently adequately protects the Prepetition Secured Parties. The Adequate Protection provided herein and other benefits and privileges contained herein are consistent with and authorized by the Bankruptcy Code.

**THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that:

2. The Motion is GRANTED in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Interim Order. All objections to the Motion, to the extent not withdrawn or resolved, are overruled on their merits as to the relief granted in this Interim Order.

3. **Authorization to Use Cash Collateral; Budget.**

(a) Subject to the terms and conditions of this Interim Order, the Applicable [Debtor is / Debtors] are authorized, but not directed, on an interim basis, to use the Cash Collateral of the Applicable [Debtor is / Debtors] to satisfy the fees, costs, and expenses of such Applicable [Debtor is / Debtors] provided for, and up to the amounts set forth, in the Budget (as may be extended by agreement of the Prepetition Secured [Party/ies] as set forth below, and subject to the

Permitted Variance (as defined herein), terminating upon the date that is the earliest of (i) twelve-months from the entry of the Interim Order, (ii) the entry of a final order on the Motion with respect to the Cash Collateral that is subject to this Interim Order (the "Final Order"), (iii) the effective date of a chapter 11 plan in these chapter 11 cases, or (iv) the conversion of these chapter 11 cases to cases under chapter 7 of the Bankruptcy Code (such date, the "Trigger Date").

(b) Not later than 5:00 p.m. (Eastern time) on the Thursday of each week commencing on July 2, 2026, the Applicable [Debtor/s] shall furnish to the Prepetition [Secured Party/ies] and any Committee a weekly report (the "Budget Compliance Report") that sets forth as of the preceding Sunday of each week, on a weekly basis from the Petition Date (each such period referred to herein as a "Measurement Period"), the actual results for each line item set forth in each respective Budget (including on a debtor-by-debtor basis). The Applicable [Debtor/s] hereby [covenant/s and agree/s] that the actual results comprising each line item of disbursements set forth in each Budget from the Petition Date through the conclusion of any Measurement Period shall not vary by more than fifteen percent (15%) of the amount projected in the line item of each Budget [(including on an Applicable Debtor-by-Applicable Debtor basis)] for such Measurement Period (in each case, a "Permitted Variance"), in each case without the written consent of the Prepetition [Secured Party/ies] (which consent, for the avoidance of doubt, may be transmitted via email).

(c) Prior to the entry of a Final Order with respect to the Cash Collateral that is subject to this Interim Order, the Budget may be amended or extended (or both) from time to time by agreement of the DAMIS Debtors and the Prepetition Secured [Party/ies] without need for further notice, hearing, or entry of a supplemental order, subject to compliance with the process set forth in this paragraph. The DAMIS Debtors may propose any such amendment or extension by presenting a revised Budget to the Prepetition Secured [Party/ies] via email, and the Prepetition Secured [Party/ies] may convey [its / their] approval or disapproval of the revised Budget via reply email, *provided* that the revised Budget will be deemed approved by the Prepetition Secured [Party/ies] unless the Prepetition Secured [Party/ies] notify the DAMIS Debtors of their disapproval of the revised Budget within three (3) business days after receipt. The DAMIS Debtors shall also provide notice of any proposed revised Budget via email to the United States Trustee and any Committee, who will be deemed to consent to the revised Budget becoming the Budget for all purposes under this Interim Order without need for further notice, hearing, or entry of a supplemental order, unless they notify the DAMIS Debtors of their request for further notice, hearing, or order within three (3) business days after receipt. For the avoidance of doubt, the notice provided to the United States Trustee and Committee under this paragraph may be, but is not required to be, concurrent with the notice provided to the Prepetition Secured [Party/ies]..

4. **Adequate Protection.**

(a) As adequate protection for any post-petition diminution in value of the Prepetition Secured [Party's interest /Parties' respective interests] in [its / their] prepetition collateral (any "Diminution in Value"), [the / each of the] Prepetition [Secured Party/ies] shall receive (collectively, the "Adequate Protection"):

(i) continued payment of interest post-petition on the Applicable Prepetition Obligations, at the contractual non-default rate, to the extent provided in the Budget;

(ii) to the extent of any Diminution in Value, valid and perfected senior, first priority liens (the "First Priority Adequate Protection Liens") on all property, whether now owned or hereafter acquired or existing and wherever located, that would constitute prepetition collateral of such Prepetition Secured Party, subject to (A) the Carve-Out (as defined below), (B) all valid, enforceable and non-avoidable liens and security interests in such property that were perfected prior to the Petition Date (or perfected thereafter to the extent permitted by section 546(c) of the Bankruptcy Code), which are not subject to avoidance, disallowance, or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law and which are senior to such Secured Party's liens in such prepetition collateral as of the Petition Date; *provided*, *however*, that any First Priority Adequate Protection Liens shall not attach to causes of action arising under chapter 5 of the Bankruptcy Code or the proceeds thereof; and

(iii) to the extent of any Diminution in Value, a superpriority administrative expense claim as provided in section 507(b) of the Bankruptcy Code against the Applicable [Debtor/s]; *provided*, *however*, that such superpriority administrative expense claim is subordinate to the Carve-Out; *and provided*, *further*, that until entry of the Final Order, such superpriority administrative expense claim shall not be paid out of proceeds of causes of action arising under chapter 5 of the Bankruptcy Code or the proceeds thereof.

(b) For the avoidance of doubt, nothing in this Interim Order shall constitute a finding by the Court with respect to the existence, validity, or enforceability of any prepetition arrangement between the Prepetition Secured [Party/ies] and the DAMIS Debtors, that the Prepetition Secured [Party has / Parties have] any valid claims against the DAMIS Debtors, or that the Prepetition Secured [Party has / Parties have] a valid lien on the Cash Collateral or any of the other assets of the DAMIS Debtors. The DAMIS Debtors reserve all rights concerning the same, and nothing herein shall prevent the DAMIS Debtors or any Committee from challenging the validity, extent, and priority of any of the alleged claims and liens of the Prepetition Secured [Party/ies]. In the event the Prepetition Secured [Party's / Parties'] alleged lien on Cash Collateral is determined to be invalid, then the Adequate Protection provided hereunder to the Prepetition Secured [Party/ies] shall be null and void.

5. **Postpetition Lien Perfection.** This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the First Priority Adequate Protection Liens without the necessity of filing or recording any financing statement, deed of trust, mortgage, security agreement, notice of lien, or other instrument or document that may otherwise be required under the law of any jurisdiction, or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect the Firat Priority Adequate Protection liens or entitle the First Priority Adequate Protection Liens to the priorities granted herein.

6. **Carve-Out.**

(a) The prepetition liens and security interests of the Prepetition Secured [Party/ies], as well as the First Priority Adequate Protection Liens and superpriority claims granted in this Interim Order, shall be subject to and subordinate to a carve-out (the "Carve-Out") equal to the sum of: (i) the payment of fees required to be paid to the clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code, plus interest at the statutory rate ("U.S. Trustee Fees"), (ii) subject to entry of the Final Order, the Applicable [Debtor's / Debtors'] allocable share of all allowed professional fees incurred during the period commencing on the Petition Date and ending on the Trigger Date by professionals retained by the DAMIS Debtors, as determined by agreement with the Prepetition Secured [Party/ies] or order of the Court, and (iii) subject to entry of the Final Order, the Applicable [Debtor's / Debtors'] allocable share of allowed professional fees incurred after the Trigger Date by professionals retained by the DAMIS Debtors under sections 327, 328, or 363 of the Bankruptcy Code (the "Professionals"), as determined by agreement with the Prepetition Secured [Party/ies] or order of the Court, in an aggregate amount (i.e., for all estates, prior to any allocation) not to exceed $3,000,000.

(b) In no way shall the Budget or the Carve-Out be construed as a cap or limitation on the amount of Court fees, U.S. Trustee Fees, or allowed fees and expenses of Professionals that may be payable by the Debtors, or to impair the right of any party in interest to object to the allowance of any fees or expenses of the Professionals.

7. **Automatic Stay.** The automatic stay imposed under section 362(a) of the Bankruptcy Code shall be, and hereby is, modified solely to the extent necessary to implement and effectuate the terms and conditions of this Order.

8. **Enforceability.** This Interim Order shall take effect and be fully enforceable immediately upon its entry. Any applicable stay (including, without limitation, under Bankruptcy Rule 6004(h)) is hereby waived and shall not apply to this Interim Order.

9. **Headings.** The headings in this Interim Order are for purposes of reference only and shall not limited or otherwise affect the meaning of this Interim Order.

10. **Final Hearing.** The Final Hearing on the Motion with respect to the Cash Collateral that is subject to this Interim Order is scheduled for ___________, 2026, at ___:____ (ET) before this Court (the "Final Hearing"). Any party in interest objecting to the relief sought in the Motion on a final basis shall file and serve a written objection, which objection shall be served upon (i) proposed counsel to the DAMIS Debtors, Faegre Drinker Biddle & Reath LLP, 600 Florham Park, New Jersey 07932, Attn: Michael Pompeo (michael.pompeo@faegredrinker.com), and 222 Delaware Ave., Suite 1410, Wilmington, DE 19801, Attn: Patrick Jackson (patrick.jackson@faegredrinker.com), Ian Bambrick (ian.bambrick@faegredrinker.com), and Sarah Silveira (sarah.silveira@faegredrinker.com), (ii) counsel to any official committee of unsecured creditors appointed in these Chapter 11 Cases; and (iii) the Office of the United States Trustee for the District of New Jersey, One Newark Center, Suite 2100, Newark, New Jersey 07102, Attn: Jeffrey M. Sponder, Esq.

(Jeffrey.M.Sponder@usdoj.gov) in each case no later than ______________________, 2026, at 4:00 p.m. (ET). If no objections are timely filed, this Court may grant the relief sought by the DAMIS Debtors in the Motion, and enter a Final Order with respect to the Cash Collateral that is subject to this Interim Order, without further notice or a hearing. The DAMIS Debtors shall file a notice of the Final Hearing within two business days after entry of this Interim Order.

11. **Retention of Jurisdiction.** This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

# EXHIBIT 1

**Budget**

# EXHIBIT C

**Budget**

[To be filed]