

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

In re

VWS Holdco, Inc., *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10979 ()

Joint Administration Requested

**DEBTORS' MOTION FOR ENTRY OF INTERIM
AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO PAY
CERTAIN PREPETITION WAGES, BENEFITS, AND OTHER COMPENSATION
OBLIGATIONS, (II) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR ALL
OBLIGATIONS RELATED THERETO, AND (III) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”), by and through their undersigned proposed counsel, hereby move (the “Motion”) the United States Bankruptcy Court for the District of Delaware (the “Court”) for entry of interim and final orders pursuant to sections 105(a), 363, 507, and 541 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), and rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (i) authorizing, but not directing, the Debtors to pay and honor certain prepetition wages, benefits, and other compensation obligations; (ii) authorizing and directing banks and financial institutions to receive, process, honor, and pay checks presented for payment and electronic payment requests relating to prepetition wages and benefits; and (iii) granting related relief. In addition, the Debtors are seeking to schedule a final hearing (the “Final Hearing”) on the Motion. In support of this Motion, the Debtors incorporate

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification numbers are as follows: VWS Holdco, Inc. (5412) and Shoosmith Bros., Inc. (6914). The Debtors’ mailing address is P.O. Box 2770, Chesterfield, VA 23832.

by reference the *Declaration of Steven Agran in Support of First Day Relief* (the “First Day Declaration”)² filed contemporaneously herewith, and respectfully represents as follows:

JURISDICTION

1. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and the Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 105(a), 363, 507, and 541 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004(h), and rule 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

3. Pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order by the Court if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

BACKGROUND

4. On June 1, 2025 (the “Petition Date”), the Debtors commenced the above-captioned cases (these “Chapter 11 Cases”) by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in this Court. The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee, examiner or official committee has been appointed in these Chapter 11 Cases.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

5. Additional detail regarding the Debtors, their businesses, the events leading to commencement of these Chapter 11 Cases, and the facts and circumstances supporting the relief requested herein are set forth in the First Day Declaration and is incorporated herein by reference.

EMPLOYEE COMPENSATION AND OBLIGATIONS³

I. The Employees

6. As of the Petition Date, the Debtors' workforce consists of twelve (12) salaried employees (collectively, the "Employees"). None of the Employees are unionized or party to collective bargaining agreements or similar labor arrangements.

7. The Debtors' Employees possess the institutional knowledge, training, experience, and skills necessary to support the Debtors' business operations during these Chapter 11 Cases. In addition to the Employees' compensation, the Debtors also incur other obligations for full-time Employee programs, such as paid time off, federal and state withholding taxes and other withheld amounts, and health benefits that the Debtors historically have provided in the ordinary course of business. The programs provided by the Debtors to their Employees, as more fully described below, are referred to herein as the "Employee Programs," and the obligations to the Employees thereunder are referred to herein as the "Employee Obligations."

³ The description of employee compensation, obligations, benefits, and programs described herein are for summary purposes only and are qualified in their entirety by the applicable documents and/or agreements governing such compensation, obligations, benefits, and programs. In the event of any inconsistency, the applicable documents and/or agreements governing such compensation, obligations, benefits, and programs control. Moreover, the Debtors have summarized their "Employee Programs" and "Employee Obligations" in this Motion. However, to the extent that any "Employee Programs" and "Employee Obligations" has been inadvertently omitted from the summary, the Debtors request that the interim order and final order granting the relief sought herein apply to any and all of the Debtors' employee programs and employee obligations provided to their Employees.

II. Employee Programs and Employee Obligations

A. Employee Wages

8. The Debtors pay their Employees on a weekly and bi-weekly basis depending on the employee (the “Employee Wages”). The average total amount the Debtors pay for Employee Wages therefore alternates every other week between approximately \$10,421.56 and \$19,274.05. As of the Petition Date, the Debtors believe that approximately \$25,000 in Employee Wages will be owed for prepetition services provided by all Employees. The Debtors therefore seek authority to pay their Employees the Employee Wages that accrued prior to the Petition Date, up to the applicable cap for each Employee set forth in section 507(a)(4) of the Bankruptcy Code.

9. Additionally, the Debtors seek authority to continue to pay Employee Wages that become due to Employees after the Petition Date in the ordinary course of business. To maintain the services, morale, and dedication of their current Employees, the Debtors believe it is critical to demonstrate their ongoing commitment to Employees during the Chapter 11 Cases by continuing to honor Employee Wages without interruption.

B. Accrued Paid Personal Time (PTO)

10. In the ordinary course of business, the Debtors provide eligible full-time Employees with paid personal time off (“PTO”).

11. Salaried employees receive a vacation benefit which begins accruing upon their hire, after which such Employees accrue 1.54 hours of vacation time each week worked, beginning on the date the employee is classified as Regular full-time. After 90 days from the date of hire, the employee is eligible to use what they have earned from the date of hire through December. Then the following January, they will be entitled to two weeks (80 hours) vacation for each benefit year (January through December).

12. Full-time Employees are provided paid time off for certain federally recognized holidays at the Debtors' discretion.

13. The Debtors seek authority to continue their existing PTO Policy post-petition in the ordinary course of their business, and to honor all full-time Employees' prepetition and post-petition accrued PTO in the ordinary course, including payment of accrued unused PTO time upon separation.

14. As is the case with Employee Wages, in order to maintain the services, morale, and dedication of their current Employees, the Debtors believe it is critical to demonstrate their ongoing commitment during the Chapter 11 Cases to honor Employee PTO without interruption.

C. Payroll Taxes and Withholding Obligations

15. Each pay period the Debtors deduct certain amounts directly from Employee Wages, including, but not limited to, pre- and after-tax deductions payable pursuant to certain of the Employees Obligations, legally-ordered deductions such as garnishments, and other miscellaneous deductions (collectively, the "Deductions").

16. The Debtors are required by law to withhold amounts, calculated for each Employee based upon their particular salary and wages, for federal, state (where applicable), and local income taxes, as well as Social Security and Medicare, and to remit such withholdings to the applicable authorities. The Debtors are also required to make matching payments from their own funds for Social Security and Medicare and to pay, based on a percentage of gross payroll, state and federal unemployment insurance, employment training taxes, and state disability insurance contributions (all of the foregoing, collectively, the "Payroll Tax Obligations"). For each pay cycle, the Debtors withhold applicable Payroll Tax Obligations from Employee Wages for each Employee, and remit such amounts to the applicable authorities.

17. As of the Petition Date, all Deductions and Payroll Tax Obligations (together, the “Withholding Obligations”) required to be remitted to the appropriate third-party recipients have been or are in the process of being paid. The Debtors seek authorization, but not direction, to pay and remit any further Withholding Obligations that arise in the ordinary course of business post-petition to the appropriate authorities, consistent with the Debtors’ prepetition practices.

D. Health and Employee Benefit Plans

18. The Debtors provide eligible full-time Employees (“Eligible Employees”) with group health plans and employee benefit plans, including, without limitation, medical coverage, life insurance and vision coverage (the “Benefit Plans”) through insurers and plan administrators Anthem Blue Cross Blue Shield (“Anthem”) and Guardian Life Insurance (“Guardian”).

19. Historically, the Debtors have paid approximately \$2,500 per week on account of the Benefit Plans. As of the Petition Date, all premiums for the Health Plans have been paid, and the next premiums due to be paid to Anthem in the approximate amount of \$12,500 for health insurance are to be paid on or about June 1, 2025, the next premiums due to be paid to Anthem for life insurance in the approximate amount of \$1,000 are to be paid on or about June 1, 2025, and the next premiums due to be paid to Guardian in the approximate amount of \$90 for vision insurance are to be paid on or about June 1, 2025.

20. The Debtors seek authority, but not direction, to continue the Benefit Plans with the Health Plan and Benefits Providers, to continue to make all Employer Contributions on behalf of Eligible Employees, and to honor all benefits earned by Eligible Employees under the Benefit Plans in the ordinary course of the Debtors’ business post-petition.

21. As with Employee Wages and Employee PTO, in order to maintain the services, morale, and dedication of their current Employees, the Debtors believe it is critical to demonstrate

their ongoing commitment during the Chapter 11 Cases to maintain and honor obligations under the Benefits Plans without interruption.

E. Workers' Compensation Insurance

22. Under applicable law, the Debtors are required to maintain a workers' compensation insurance program (the "Workers' Compensation Insurance") to cover Employees' workers' compensation claims arising from or related to their employment with the Debtors, and to satisfy the Debtors' obligations arising under or related to the Workers' Compensation Insurance.

23. The Debtors do not have any additional obligations outside of paying premiums for the Workers' Compensation Insurance. As set forth in the Insurance Motion, however, the Debtors are seeking authority to continue to satisfy their ongoing payment obligations for the Workers' Compensation Insurance on a post-petition basis, as required by applicable law.

F. Expense Reimbursement

24. The Debtors have the policy of reimbursing certain employees for expenses they incur for the benefit of the Debtors or in connection with their employment with the Debtors, such as travel expenses (the "Expense Reimbursements"). The Debtors estimate that the Debtors will need to reimburse Mr. McGee in the amount of \$696.44 per week for expenses incurred post-petition and the Debtors' controller Mark Hills in the amount of \$753.64 per week for expenses incurred post-petition.

25. The Debtors believe that continuing to pay these Expense Reimbursements will avoid any disruption to the Debtors' business operations during this critical time period and will avoid distractions of having to implement a new system for the paying of ongoing regular expenses

for the Debtors. As such, the Debtors request authority to continue to pay for the Expense Reimbursements post-petition in the ordinary course of their business.

RELIEF REQUESTED

26. By this Motion, the Debtors request entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively: (i) authorizing the Debtors to pay and honor Employee Obligations under the Employee Programs; (ii) authorizing and directing banks and financial institutions to receive, process, honor, and pay checks presented for payment and electronic payment requests relating to prepetition Employee Obligations; and (iii) granting related relief.

BASIS FOR RELIEF

I. Authority to Pay Employee Obligations and Continue Employee Programs Is Warranted.

27. The Debtors' business depends upon reliable and loyal Employees. Honoring the Employee Obligations and Employee Programs is essential to ensure such reliability and loyalty. Failing to promptly honor such obligations will create doubt and concern among the Employees and could lead to a significant loss of Employees. Such loss of Employees at this critical time would immediately and irreparably harm the Debtors' ability to maintain operations, to the detriment of all parties in interest.

28. Therefore, the Debtors seek the relief in this Motion on several bases under the Bankruptcy Code. First, certain of the prepetition obligations are entitled to priority under section 507(a)(4) and (a)(5) of the Bankruptcy Code. Second, the Debtors are required to pay and remit certain Withholding Obligations under section 541 of the Bankruptcy Code, as these amounts are not property of the estate. Third, the Debtors may honor and pay Employee Obligations in the ordinary course of business pursuant to section 363 of the Bankruptcy Code. Finally, honoring

the Employee Obligations is a sound exercise of the Debtors' business judgment, and permissible under the "doctrine of necessity."

A. Certain of the Employee Obligations Are Entitled to Priority Treatment Under Section 507 of the Bankruptcy Code.

29. Pursuant to Bankruptcy Code sections 507(a)(4) and (5), certain of the unpaid prepetition Employee Obligations—including unpaid Employee Wages—are entitled to priority treatment in an amount up to \$17,150 for each individual. To the extent that such claims are afforded priority status, the Debtors must pay these claims in full prior to payment of general unsecured creditors under a plan. *See* 11 U.S.C. § 1129(a)(9)(b) (requiring payment of certain allowed unsecured claims for (a) wages, salaries, or commissions, including vacation, and sick leave pay earned by an individual, and (b) contributions to an employee benefit plan); 11 U.S.C. § 507(a)(4) (providing that allowed unsecured claims for "(A) wages, salaries, or commissions, including vacation, and sick leave pay earned by an individual; or (B) sales commissions earned by an individual or by a corporation with only 1 employee, acting as an independent contractor . . ." up to \$17,150.00 per individual are entitled to a fourth priority ahead of general unsecured claims); 11 U.S.C. § 507(a)(5) (providing that "allowed unsecured claims for contributions to an employee benefit plan," with offsets for payments made under section 507(a)(4), are entitled to a fifth priority).

30. Accordingly, granting the relief sought with respect to unpaid prepetition Employee Obligations, up to the statutory cap, will affect only the timing of payments to Employees, and will not have any material negative impact on any recoveries for general unsecured creditors. Indeed, the Debtors submit that payment of unpaid prepetition Employee Obligations will enhance value for the benefit of all stakeholders because it will help ensure that the Employees—the lifeblood of the Debtors' business operations—will continue to provide vital services to the

Debtors at this critical juncture and will assist the Debtors in their efforts to preserve the value of the their estates. In addition, to the extent that the Debtors are authorized, in a reasonable exercise of their business judgment, to pay prepetition Employee Obligations on a postpetition basis in the ordinary course of business, such payments will serve to enhance the value of the Debtors' estates by preserving the value of the Debtors' business for all stakeholders.

B. Payment of Certain Employee Obligations Is Required by Law Under Section 541 of the Bankruptcy Code.

31. The Debtors also seek authority to pay Withholding Obligations to the appropriate entities in the ordinary course. These amounts principally represent amounts that Employees, governments, and judicial authorities have designated for withholding from Employees' paychecks. These withholdings include child support and alimony payments, which are not considered property of the Debtors' estates because the Debtors have withheld such amounts from Employees' paychecks on another party's behalf. *See* 11 U.S.C. §§ 541(b)(7) and (d).

32. Similarly, applicable U.S. federal and state laws require the Debtors to withhold federal, state, and local income taxes from Employees' paychecks and to pay such amounts to the appropriate taxing authority. *See* 26 U.S.C. §§ 6672 and 7501(a); *City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–96 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes). These Withholding Obligations are also not property of the Debtors' estates and, accordingly, the Debtors request that the Court authorize them to transmit the Withholding Obligations to the proper parties in the ordinary course of business.

C. The Debtors May Honor and Pay Employee Obligations in the Ordinary Course of Business Pursuant to Section 363 of the Bankruptcy Code.

33. The Debtors' ability to compensate current Employees in the ordinary course of business is necessary to the Debtors' success in these Chapter 11 Cases and is consistent with

section 363(c) of the Bankruptcy Code. *See* 11 U.S.C. § 363(c)(1) (providing that, so long as “the business of the debtor is authorized to be operated under [section 1108 of the Bankruptcy Code] and unless the court orders otherwise, the trustee may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business, without notice or a hearing”). As such, the Debtors believe sufficient cause exists to pay Employee Obligations in the ordinary course on a post-petition basis.

D. Payment of the Employee Obligations Is a Sound Exercise of the Debtors’ Business Judgment.

34. Courts in this jurisdiction and others generally acknowledge that, under appropriate circumstances, they may authorize a debtor to pay (or provide special treatment for) certain prepetition obligations. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 825 (D. Del. 1999) (“The Supreme Court, the Third Circuit and the District of Delaware all recognize the court’s power to authorize payment of prepetition claims when such payment is necessary for the debtor’s survival during chapter 11.”); *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 939 (Bankr. D. Del. 1992) (citing *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (recognizing that “[i]f payment of a prepetition claim ‘is essential to the continued operation of [the debtor], payment may be authorized’”)); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (finding sound business justification for payment of certain prepetition claims). When authorizing such payments, courts have relied upon several legal theories rooted in Bankruptcy Code sections 1184, 363(b), and 105(a).

35. Section 1107 makes plain that a debtor in possession in a chapter 11 bankruptcy case is required to “perform all the functions and duties . . . of a trustee serving in a case under this chapter.” In addition to the fiduciary duties imposed by state law, it is implicit in the term

“trustee,” which is drawn from the common law of trusts, that these duties include managing the debtor's business as a fiduciary to the estate and its stakeholders.” *In re Comedymx, LLC*, 647 B.R. 457, 465 (Bankr. D. Del. 2022). Inherent in a debtor in possession’s fiduciary duties is the obligation to “protect and preserve the estate, including an operating business’s going-concern value,” which, in certain instances, can be fulfilled “only . . . by the preplan satisfaction of a prepetition claim.” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Indeed, the *CoServ* court specifically noted that the pre-plan satisfaction of prepetition claims would be a valid exercise of the debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate” *Id.* Consistent with a debtor’s fiduciary duties, where there is a sound business purpose for the payment of prepetition obligations, and where the debtor is able to “articulate some business justification, other than the mere appeasement of major creditors,” courts have authorized debtors to make such payments under section 363(b) of the Bankruptcy Code. *Ionosphere Clubs*, 98 B.R. at 175 (finding that a sound business justification existed to pay prepetition wages).

36. Courts have also authorized payment of prepetition claims in appropriate circumstances pursuant to section 105(a) of the Bankruptcy Code. This section, which codifies the inherent equitable powers of the bankruptcy court, empowers the bankruptcy court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Under section 105(a), courts may permit pre-plan payments of prepetition obligations when such payments are essential to the continued operation of the debtor’s business and, in particular, where nonpayment of a prepetition obligation would trigger a withholding of services essential to the debtors’ business reorganization plan. *See Ionosphere*

Clubs, 98 B.R. at 177 (finding that section 105 empowers bankruptcy courts to authorize payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor).

37. In addition to the authority granted a debtor in possession under Bankruptcy Code sections 1107, 363(b), and 105(a), courts have developed the “doctrine of necessity” or the “necessity of payment” rule, which originated in the landmark case of *Miltenberger v. Logansport, C. & S.W.R. Co.*, 106 U.S. 286, 310 (1882). Since *Miltenberger*, courts have expanded their application of the doctrine of necessity to cover instances of a debtor’s reorganization. *See, e.g., Lehigh & New England Ry. Co.*, 657 F.2d at 581–82.

38. Today, the rationale for the necessity of payment rule—the preservation of a business in chapter 11 cases—is “the paramount policy and goal of Chapter 11.” *Ionosphere Clubs*, 98 B.R. at 176; *see also Just for Feet*, 242 B.R. at 826 (finding that payment of prepetition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization”); 2 Collier on Bankruptcy ¶ 105.02[4][a] (Alan N. Resnick & Henry J. Sommer eds., 16th ed.) (discussing cases in which courts have relied upon the doctrine of necessity or the necessity of payment rule to pay prepetition claims immediately).

39. The relief requested herein will benefit the Debtors’ estates and creditors by allowing the Debtors’ business operations to continue without interruption. In the absence of such payments, the Debtors believe that their Employees may immediately seek alternative employment opportunities and will cease providing services to the Debtors. Such a development would have a devastating impact on the Debtors’ business, deplete the Debtors’ workforce, and diminish confidence in the Debtors. Moreover, the loss of valuable individuals and the recruiting efforts that would be required to replace any essential Employees would be a massive and costly distraction at a time when the Debtors should be focusing on these Chapter 11 Cases.

II. Cause Exists to Authorize the Debtors' Financial Institutions to Honor Checks and Electronic Fund Transfers.

40. The Debtors represent that they have sufficient availability of funds to pay the amounts described herein in the ordinary course of business by virtue of cash reserves, expected cash flows from ongoing business operations, and the Debtors' proposed Debtor in Possession financing. Also, under the Debtors' existing cash management system, the Debtors represent that checks or wire transfer requests can be readily identified as relating to an authorized payment made with respect to the Employee Obligations. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently and that all applicable banks should be authorized and directed, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests with respect to the Employee Obligations.

THE REQUIREMENTS OF BANKRUPTCY RULE 6003 ARE SATISFIED

41. In order for a debtor to obtain relief to make payments within twenty-one (21) days of the petition date, it must establish that making such payments satisfies the requirements mandated by Bankruptcy Rule 6003—namely, the relief requested is necessary to avoid “immediate and irreparable harm.” If a debtor’s prospect of reorganizing is threatened, or swift diminution in value of the debtor’s estate is likely, absent the granting of the requested relief, immediate and irreparable harm likely exists. *See In re WorldSpace, Inc.*, No. 08-12412, 2008 WL 8153639, at *2 (Bankr. D. Del. Oct. 20, 2008) (granting emergency motions for postpetition financing, adequate protection, and modification of the stay where the court found that the relief was necessary to avoid irreparable harm to the debtors and their estates because such relief was essential for the continued operations of the debtors’ businesses); *In re New World Pasta Co.*, No. 04-02817, 2004 WL 5651052, at *5 (Bankr. M.D. Pa. July 9, 2004) (same); *see also In re Ames*

Dep't Stores, Inc., 115 B.R. 34, 36 n.2 (Bankr. S.D.N.Y. 1990) (finding that “immediate and irreparable harm” exists where loss of the business threatens ability to reorganize).

42. Here, immediate and irreparable harm would result if the relief requested herein is not granted. The Debtors’ Employees are integral to the Debtors’ operations. Failing to satisfy obligations to them in the ordinary course of business will jeopardize loyalty and trust, possibly diminishing the Debtors’ workforce and thereby severely disrupting the Debtors’ operations. It is imperative that the Debtors maintain the value of the business while they are contemplating and formulating their plan of reorganization. Moreover, the Debtors’ Employees rely on the Debtors’ timely payment of their compensation and provision of benefits for their livelihood. Accordingly, the Debtors respectfully submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 for the prepetition amount of Employee Obligations that the Debtors seek authority to pay pursuant to the Interim Order.

WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)

43. Given the nature of the relief requested herein, the Debtors respectfully request a waiver of (i) the notice requirements under Bankruptcy Rule 6004(a) and (ii) the 14-day stay under Bankruptcy Rule 6004(h), to the extent that either rule is applicable.

DEBTORS’ RESERVATION OF RIGHTS

44. Nothing contained in this Motion or any actions taken by the Debtors pursuant to relief granted in the proposed interim order and the proposed final order is intended or should be construed as: (a) an admission as to the validity of any particular claim against the Debtors; (b) a waiver of any of the Debtors’ rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or

limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Motion are valid, and the Debtors expressly reserve all rights to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' right to subsequently dispute such claim.

NOTICE

45. Notice of this Motion will be provided to: (i) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801, Attn: Jane M. Leamy (jane.m.leafy@usdoj.gov); (ii) counsel to the DIP Lenders, Cole Schotz P.C., 1325 Avenue of the Americas, New York, NY 10019, Attn. Daniel F. X. Geoghan (DGeoghan@coleschotz.com); (iii) the Virginia Department of Environmental Quality, Piedmont Regional Office, 4949-A Cox Road, Glen Allen, Virginia 23060, Attn: Attn: Russell Deppe (russell.deppe@deq.virginia.gov); (iv) the Internal Revenue Service; (v) the Securities and Exchange Commission; (vi) the Delaware Secretary of State; (vii) the Delaware State Treasury; (viii) the Debtors consolidated twenty (20) largest unsecured creditors; (ix) the Employees; (x) the Health Plan and Benefits Providers; and (xi) all parties requesting notice pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

NO PRIOR REQUEST

46. The Debtors have not previously sought the relief requested herein from this Court or any other court.

CONCLUSION

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (a) enter the proposed interim order substantially in the form annexed hereto as **Exhibit A** granting the relief requested in the Motion and such other and further relief as may be just and proper, and (b) schedule a Final Hearing on the Motion to consider entry of the proposed final order substantially in the form annexed hereto as **Exhibit B**.

Dated: June 1, 2025
Wilmington, Delaware

PASHMAN STEIN WALDER HAYDEN, P.C.

/s/ John W. Weiss
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-and-

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Proposed Counsel to the Debtors and Debtors in Possession

Exhibit A

Proposed Interim Order

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

In re

VWS Holdco, Inc., *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10979 ()

Joint Administration Requested

Re: D.I. _____

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO PAY CERTAIN
PREPETITION WAGES, BENEFITS, AND OTHER COMPENSATION
OBLIGATIONS, (II) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR ALL
OBLIGATIONS RELATED THERETO, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”) and final order pursuant to sections 105(a), 363, 507, and 541 of the Bankruptcy Code, Bankruptcy Rules 6003(b) and 6004, and Local Rule 9013-1(m): (i) authorizing the Debtors to pay and honor certain prepetition wages, benefits, and other compensation obligations; (ii) authorizing and directing banks and financial institutions to receive, process, honor, and pay checks presented for payment and electronic payment requests relating to prepetition employee wages and benefits; and (iii) granting related relief, all as more fully described in the Motion; and upon consideration of the First Day Declaration; and due and sufficient notice of the Motion having been given under the circumstances; and it appearing that no other or further notice need be provided under the circumstances; and it appearing that the relief requested by the Motion is in the best interests of

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification numbers are as follows: VWS Holdco, Inc. (5412) and Shoosmith Bros., Inc. (6914). The Debtors’ mailing address is P.O. Box 2770, Chesterfield, VA 23832.

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

the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED** on an interim basis as set forth herein.
2. The Debtors are authorized, but not directed, in a reasonable exercise of their business judgment, to: (i) pay or otherwise honor the Employee Obligations under the Employee Programs; (ii) honor and continue the Employee Programs that were in effect as of the Petition Date in the ordinary course of business; and (iii) make all Withholding Obligation payments relating to the Employee Obligations as required by law; *provided, however*, that the aggregate of cash payments provided for in this paragraph shall not exceed \$17,150 per individual Employee for prepetition Employee Wages as provided in section 507(a)(4)–(5) of the Bankruptcy Code; *provided, further*, that aggregate payments under this Interim Order on account of prepetition Employee Obligations will not exceed \$25,000. For the avoidance of doubt, this authority is inclusive of any prepetition amounts that may become payable under this Interim Order to third-party service providers that administer, insure, or otherwise facilitate the Employee Obligations.
3. The Debtors are authorized, but not directed, to issue postpetition checks or to effect postpetition fund transfer requests in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed to their employees.
4. All banks and other financial institutions are hereby directed to receive, process, honor, and pay any and all checks presented for payment and electronic transfer requests made by the Debtors related to the payment of the Employee Obligations described in the Motion

and approved herein, whether such checks were presented or such electronic transfer requests were submitted before, or are presented or submitted after, the Petition Date. All such banks and financial institutions are further directed to rely on the Debtors' designation of any particular check or electronic payment request as approved pursuant to this Interim Order.

5. Notwithstanding the foregoing, nothing in this Interim Order authorizes or approves any payments or transfers subject to section 503(c) of the Bankruptcy Code. Further, nothing in this Interim Order shall be deemed to violate or permit a violation of section 503(c) of the Bankruptcy Code.

6. Nothing in the Motion or in this Interim Order is intended or should be construed as (a) an admission as to the validity or priority of any claim against the Debtors, (b) a waiver of the Debtors' rights to dispute any claim, including the validity or priority thereof, or (c) an approval or assumption of any agreement, contract, or lease whether under section 365(a) of the Bankruptcy Code or otherwise. Likewise, any payment made pursuant to this Interim Order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

7. Responses or objections to the Motion and entry of a final order with respect to the Motion must: (i) be made in writing; (ii) state with particularity the grounds therefor; (iii) conform to the Bankruptcy Rules and the Local Rules; and (iv) be served upon (a) proposed counsel to the Debtors, Pashman Stein Walder Hayden, P.C., 824 North Market Street, Suite 800, Wilmington, Delaware, 19801, Attn: John W. Weiss (jweiss@pashmanstein.com), Leah M. Eisenberg (leisenberg@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and David E. Sklar (dsklar@pashmanstein.com), (b) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35,

Wilmington, Delaware, 19801, Attn: Jane M. Leamy (jane.m.leafy@usdoj.gov), (c)counsel to the DIP Lenders, Cole Schotz P.C., 1325 Avenue of the Americas, New York, NY 10019, Attn: Daniel F. X. Geoghan (DGeoghan@coleschotz.com) and (d) counsel to any official committee appointed in the Chapter 11 Cases (the “Notice Parties”).

8. The deadline by which objections to the Motion and the final order must be filed and received by the Notice Parties is _____, 2025 at 4:00 p.m. (prevailing Eastern Time). A final hearing, if required, on the Motion will be held on _____, 2025 at _____ (prevailing Eastern Time). If no objections are filed regarding the Motion and entry of this Interim Order on a final basis, the Court may enter a final order without further notice or a hearing.

9. The Debtors are authorized and empowered to take such actions as may be necessary and appropriate to implement the terms of this Interim Order.

10. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied, and the relief requested herein is necessary to avoid immediate and irreparable harm.

11. Notwithstanding Bankruptcy Rule 6004(h), this Interim Order shall be effective and enforceable immediately upon entry hereof.

12. This Court shall retain jurisdiction with respect to all matters related to the interpretation or implementation of this Interim Order.

Exhibit B

Proposed Final Order

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

In re

VWS Holdco, Inc., *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10979 ()

Joint Administration Requested

Re: D.I. _____

**FINAL ORDER (I) AUTHORIZING THE DEBTORS TO PAY
CERTAIN PREPETITION WAGES, BENEFITS, AND OTHER COMPENSATION
OBLIGATIONS, (II) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR ALL
OBLIGATIONS RELATED THERETO, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (the “Interim Order”) and a final order (this “Final Order”) pursuant to sections 105(a), 363, 507, and 541 of the Bankruptcy Code, Bankruptcy Rules 6003(b) and 6004, and Local Rule 9013-1(m): (i) authorizing the Debtors to pay and honor certain prepetition wages, benefits, and other compensation obligations; (ii) authorizing and directing banks and financial institutions to receive, process, honor, and pay checks presented for payment and electronic payment requests relating to prepetition employee wages and benefits; and (iii) granting related relief, all as more fully described in the Motion; and the Court having previously entered the Interim Order; and upon consideration of the First Day Declaration; and due and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by this Motion is in the best

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification numbers are as follows: VWS Holdco, Inc. (5412) and Shoosmith Bros., Inc. (6914). The Debtors’ mailing address is P.O. Box 2770, Chesterfield, VA 23832.

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

interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED** on a final basis as set forth herein.
2. The Debtors are authorized, but not directed, in a reasonable exercise of their business judgment, to: (i) pay or otherwise honor the Employee Obligations under the Employee Programs; (ii) honor and continue the Employee Programs that were in effect as of the Petition Date in the ordinary course of business; and (iii) make all Withholding Obligation payments relating to the Employee Obligations as required by law; *provided, however*, that the aggregate of cash payments provided for in this paragraph shall not exceed \$17,150 per Employee for prepetition Employee Wages as provided in section 507(a)(4)–(5) of the Bankruptcy Code. For the avoidance of doubt, this authority is inclusive of any prepetition amounts that may become payable under this Final Order to third-party service providers that administer, insure, or otherwise facilitate the Employee Obligations.
3. The Debtors are authorized, but not directed, to issue postpetition checks or to effect postpetition fund transfer requests in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed to their employees.
4. All banks and other financial institutions are hereby directed to receive, process, honor, and pay any and all checks presented for payment and electronic transfer requests made by the Debtors related to the payment of the Employee Obligations described in the Motion and approved herein, whether such checks were presented or such electronic transfer requests were submitted before, or are presented or submitted after, the Petition Date. All such banks and

financial institutions are further directed to rely on the Debtors' designation of any particular check or electronic payment request as approved pursuant to this Final Order.

5. Notwithstanding the foregoing, nothing in this Final Order authorizes or approves any payments or transfers subject to section 503(c) of the Bankruptcy Code. Further, nothing in this Final Order shall be deemed to violate or permit a violation of section 503(c) of the Bankruptcy Code.

6. Nothing in the Motion or in this Final Order is intended or should be construed as (a) an admission as to the validity or priority of any claim against the Debtors, (b) a waiver of the Debtors' rights to dispute any claim, including the validity or priority thereof, or (c) an approval or assumption of any agreement, contract, or lease whether under section 365(a) of the Bankruptcy Code or otherwise. Likewise, any payment made pursuant to this Final Order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

7. The Debtors are authorized and empowered to take such actions as may be necessary and appropriate to implement the terms of this Final Order.

8. Notwithstanding Bankruptcy Rule 6004(h), this Final Order shall be effective and enforceable immediately upon entry hereof.

9. This Court shall retain jurisdiction to hear and determine all matters related to the interpretation or implementation of this Final Order.