

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

)	
In re:)	Chapter 11
)	
WHITE EAGLE ASSET PORTFOLIO, LP, <i>et al.</i> , ¹)	Case No. 18-12808 (KG)
)	
Debtors.)	(Joint Administration Requested)
)	

MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS (A) AUTHORIZING THE USE OF CASH COLLATERAL, (B) PROVIDING ADEQUATE PROTECTION, (C) MODIFYING THE AUTOMATIC STAY, AND (D) SCHEDULING A FINAL HEARING

The debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) hereby submit this motion (this “Motion”) for entry of an interim order on an expedited basis (the “Interim Order”)² substantially in the form attached hereto as **Exhibit A** and, following a final hearing to be set by the Court (the “Final Hearing”), entry of a final order (the “Final Order”), pursuant to sections 105, 361, 362, 363, and 507 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 4001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 4001-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”): (a) authorizing the Debtors to use Cash Collateral (as defined below), (b) providing adequate protection to the Prepetition Secured Parties (as defined below), and (c) modifying the automatic stay. The Prepetition Secured Parties are affiliates of Beal Financial Corporation.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number include: White Eagle Asset Portfolio, LP (0691); White Eagle General Partner, LLC (8312); and Lamington Road Designated Activity Company (7738). The location of the Debtors’ service address in these chapter 11 cases is 5355 Town Center Road, Suite 701, Boca Raton, FL 33486.

² Capitalized terms used but not defined herein shall have the meanings set forth in the Interim Order.

The Debtors believe that only the Prepetition Secured Parties assert an interest in the Cash Collateral. **The Debtors have negotiated the terms of the Interim Order in substantially the form attached hereto and are informed that the Prepetition Secured Parties will support entry of the Interim Order on a consensual basis (with all rights reserved with respect to any final or further interim cash collateral order).**

In support of this Motion, the Debtors represent as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter 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 matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors confirm their consent pursuant to Local Rule 9013-1(f) to the entry of a final order by the Court in connection with this Motion to the extent that it is later 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.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief sought herein are sections 105, 361, 362, 363, and 507 of the Bankruptcy Code.

RELIEF REQUESTED

4. By this Motion, the Debtors seek the entry of the Interim Order and the Final Order, which:

- a. authorize the Debtors to use cash collateral (the “Cash Collateral”) in which LNV Corporation (“LNV”), as lender, and CMLG Corp., as administrative agent (the “Prepetition Agent” and, together with LNV and any other lenders party to the Prepetition Loan Agreement from time to time, the “Prepetition Secured Parties”), have, or assert, an interest;
- b. authorize the Debtors to provide adequate protection to the Prepetition Secured Parties for any decrease in the value (such decrease being a “Diminution in Value”) of their interests in the Debtors’ property resulting from (i) the use, sale or lease of the Debtors’ property (including the use of Cash Collateral) or (ii) the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code;
- c. modify the automatic stay imposed pursuant to section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the Interim Order and the Final Order;
- d. waive any applicable stays under the Bankruptcy Rules and provide for the immediate effectiveness of the Interim Order and the Final Order; and
- e. schedule a Final Hearing to allow for entry of the Final Order within forty-five (45) days following entry of the Interim Order.

SUMMARY OF PROPOSED ORDERS

5. In accordance with Bankruptcy Rules 4001(b) and (d) and Local Rule

4001-(2), below is a summary³ of the terms of the proposed use of Cash Collateral:

- a. Amount of Cash Collateral to Be Used. (Interim Order ¶ 5, ¶ 6). The Debtors seek to use Cash Collateral in an amount consistent with the expenditures described in the budget, the initial form of which is attached to the proposed Interim Order as Exhibit 1 (the “Budget”).
- b. Parties with an Interest in Cash Collateral. The Prepetition Secured Parties assert an interest in the Cash Collateral under the Prepetition Loan Agreement (as defined below).
- c. Use of Cash Collateral. (Interim Order ¶ 5, ¶ 6, ¶ 8). The Debtors seek authority to use Cash Collateral, wherever such Cash Collateral may be located, in accordance with the terms of the Interim Order to, among other

³ The summary of the Interim Order, the Final Order, and the terms and conditions for the use of Cash Collateral set forth in this Motion is intended solely for informational purposes to provide the Court and parties in interest with an overview of the significant terms thereof. The summary is qualified in its entirety by the Interim Order and the Final Order. In the event that there is any conflict between this Motion and the Interim Order or the Final Order, the Interim Order or the Final Order, as applicable, will control in all respects.

things, (a) satisfy postpetition operating expenses of the Debtors as more fully described in the Budget, including the payment of ongoing policy premiums, (b) pay certain prepetition obligations of the Debtors as further described in any first day motions, and (c) pay reorganization expenses, including but not limited to allowed fees and expenses incurred by the professionals retained under sections 327, 328, 363, and/or 1102 of the Bankruptcy Code by the Debtors and any statutory committees appointed in the Debtors' chapter 11 cases pursuant to section 1102 of the Bankruptcy Code (each, a "Committee"), in accordance with the Budget. Disbursements by the Debtors on an aggregate basis during the Interim Budget Period may not exceed 15% from the amounts specified in the Budget, other than disbursements to the Debtors' professionals which variance is capped at 5%.

- d. Termination Date. (Interim Order, ¶ 5). The Debtors' ability to use Cash Collateral pursuant to the Interim Order shall end on the earliest of: (i) entry of the Final Order, (ii) forty-five (45) days following entry of the Interim Order if the Final Order shall not have been entered by such date, (iii) the effective date of a confirmed plan of reorganization in the chapter 11 cases, (iv) the closing of a sale of all or substantially all assets of the Debtors; (v) the dismissal of any of these chapter 11 cases or the conversion of any of these chapter 11 cases to a case under chapter 7 of the Bankruptcy Code, (vi) any material provision of the Interim Order having ceased to be valid or binding for any reason, (vii) the Debtors having attempted to modify the Interim Order without the prior written consent of the Prepetition Agent and (viii) five (5) business days following receipt by the Debtors and the United States Trustee for the District of Delaware (the "U.S. Trustee") of a notice (a "Termination Notice") from the Prepetition Agent of a breach by any of the Debtors of (x) any of the terms or provisions of the Interim Order or (y) any covenant or undertaking in any of the Prepetition Loan Documents relating to the servicing, preservation or maintenance of the Prepetition Collateral so long as the Prepetition Secured Parties do not take any action in violation of the Interim Order that would prevent or hinder the Debtors from satisfying such covenant or undertaking (the "Interim Budget Period").
- e. Adequate Protection. (Interim Order ¶ 7). The Debtors propose to provide adequate protection to the Prepetition Secured Parties as follows, subject in all respects to payment of the Carve-Out: (i) a continuing security interest in and lien on all collateral of the Debtors of the same type and nature that exists as of the Petition Date with the same validity (or invalidity) and priority as exists as of the Petition Date, including the income and proceeds thereof (the "Replacement Lien"), (ii) solely to the extent of any Diminution in Value, an additional and replacement security interest in and lien on all property and assets of the Debtors' estates (the "Adequate Protection Lien"), *provided however*, that (a) such security interest and lien shall be junior only to any existing, valid, senior,

enforceable and unavoidable prior perfected security interests and liens, and (b) such security interest and lien shall not attach to any commercial tort claims or any claims, defenses, causes of action or rights of the Debtors arising under chapter 5 of the Bankruptcy Code or applicable state fraudulent transfer law (including all proceeds thereof, the “Avoidance Actions”) but shall, upon entry of the Final Order, attach to any proceeds of commercial tort claims and Avoidance Actions except for any proceeds of commercial tort claims and Avoidance Actions recovered from any Prepetition Secured Party, and (iii) to the extent provided by sections 503(b) and 507(b) of the Bankruptcy Code, an allowed administrative claim in the chapter 11 cases (the “Adequate Protection Claim”), *provided however*, that such claim shall not extend to any commercial tort claims and Avoidance Actions but shall, upon entry of the Final Order, extend to any proceeds of commercial tort claims and Avoidance Actions except for any proceeds of commercial tort claims and Avoidance Actions recovered from any Prepetition Secured Party.

Further, the Debtors shall provide the Prepetition Secured Parties with copies of all reports, information and other materials that are required to be provided under the Prepetition Loan Agreement, and the Debtors shall endeavor to obtain updated life expectancy reports from certain underwriters.

In terms of adequate protection payments, the Interim Order provides for payment, up to the amounts set forth in the Budget, of accrued interest, fees, and expenses due and owing under the Prepetition Loan Agreement and as such obligations are incurred (the “Adequate Protection Payments”). Specifically, the interim Budget provides for payment of \$1,200,000 on account of interest payments to the Prepetition Secured Parties and \$300,000 for reimbursement of legal fees incurred by the Prepetition Agent, subject to a reservation of rights by the Debtors.

- f. Carve-Out: (Interim Order ¶ 8). Payment of any amounts on account of the Prepetition Obligations, the Prepetition Liens, the Replacement Lien, the Adequate Protection Lien, and the Adequate Protection Claim shall be subject and subordinate in all respects to the payment of the following (collectively, the “Carve-Out”): (i) U.S. Trustee Costs; (ii) the unpaid and outstanding reasonable fees and expenses actually incurred by Professionals on or after the Petition Date and through the day of delivery of a Termination Notice under this Interim Order, up to the amounts set forth for each Professional in the Budget for such period, to the extent allowed by Court order and payable under sections 326, 328, 330 and 331 of the Bankruptcy Code and any interim procedures order; and (iii) the unpaid and outstanding reasonable fees and expenses actually incurred by the Professionals from or after the day following the delivery of a Termination Notice under this Interim Order, to the extent allowed by Court order and payable under sections 326, 328, 330, and 331 of the

Bankruptcy Code and any interim procedures order, in an aggregate amount not to exceed \$250,000 (the “Post-Termination Carve-Out Cap”).

Funding of Carve-Out. Upon delivery of a Termination Notice, the Debtors shall deposit into the trust account for the Debtors’ general bankruptcy counsel or other segregated reserve or escrow account (the “Carve-Out Account”) in an aggregate amount equal to the sum of the Post-Termination Carve-Out Cap plus all unpaid and outstanding reasonable fees and expenses actually incurred by all of the Professionals prior to the delivery of the Termination Notice in an amount not to exceed the amounts set forth in the Budget for the payment of such Professionals through the date of delivery of the Termination Notice. The funds in the Carve-Out Account shall be used solely to pay Professional Fees as and when allowed by order of the Court in accordance with paragraph 8(b) above. To the extent the Court does not approve any of the Professional Fees that were to be paid from funds segregated in the Carve-Out Account, or any amounts in the Carve-Out Account are ultimately not used for such purposes, such unused amounts shall be returned to the Debtors, subject to the rights, liens and claims of the Prepetition Secured Parties under this Interim Order and the Prepetition Loan Documents.

- g. Automatic Perfection. (Interim Order ¶ 9). The Replacement Lien and the Adequate Protection Lien shall be valid, binding, enforceable, non-avoidable and automatically perfected, notwithstanding the automatic stay, without the necessity of filing or recording any financing statement, deed of trust, mortgage, or other instrument or document which otherwise may be required under the laws of any jurisdiction to validate or perfect such security interests and liens.

DISCLOSURES

6. Pursuant to Bankruptcy Rule 4001(d) and Local Rule 4001-2, a debtor in possession seeking authority to use cash collateral or to obtain financing must disclose the presence and location of certain provisions contained in the documentation evidencing the cash collateral usage or financing. The debtor in possession must also justify the inclusion of such provisions. Set forth below are the disclosures required in accordance with such rules:

- a. Local Rule 4001-2(a)(i)(A) requires a debtor to disclose whether it has granted cross-collateralization to prepetition secured creditors in connection with the debtor’s cash collateral usage or additional financing. **The proposed Interim Order and the Final Order do not provide for the granting of cross-collateralization protection to any prepetition**

secured creditors, except in the form of the Replacement Lien and the Adequate Protection Lien.

- b. Local Rule 4001-2(a)(i)(B) and Bankruptcy Rule 4001(c)(1)(B)(iii) require the disclosure of provisions or findings of fact that (i) bind the estate or other parties in interest with respect to the validity, perfection or amount of the secured creditor's prepetition lien or (ii) the waiver of claims against the secured creditor without first giving parties in interest at least seventy-five (75) days from the entry of the order and the Committee at least sixty (60) days from the date of its formation to investigate such matters. **The proposed Interim Order and the Final Order, at ¶ 3, contain certain stipulations by the Debtors relating to the validity and amount of the prepetition liens and claims of the Prepetition Secured Parties, subject to standard challenge provisions by parties in interest and certain reservations of rights by the Debtors.**
- c. Local Rule 4001-2(a)(i)(C) and Bankruptcy Rule 4001(c)(1)(B)(x) require the disclosure of provisions that seek to waive a debtor's rights without notice under section 506(c) of the Bankruptcy Code. **The proposed Interim Order and the Final Order, at ¶ 12, provide for a waiver of the Debtors' rights under section 506(c) of the Bankruptcy Code, upon entry of the Final Order.**
- d. Local Rule 4001-2(a)(i)(D) requires disclosure of provisions that immediately grant to the prepetition secured creditor liens on the debtor's claims and causes of action arising under sections 544, 545, 547, 548 and 549 of the Bankruptcy Code. **The proposed Interim Order and the Final Order, at ¶ 7, provide that, upon entry of the Final Order, the Prepetition Secured Parties are granted liens on the Debtors' claims and causes of action arising under chapter 5 of the Bankruptcy Code, except for avoidance actions against the Prepetition Secured Parties.**
- e. Local Rule 4001-2(a)(i)(E) requires disclosure of provisions that deem prepetition secured debt be postpetition debt or use postpetition loans from a prepetition secured creditor to pay part or all of that secured creditor's prepetition debt (other than as provided in section 552(b) of the Bankruptcy Code). **The proposed Interim Order and the Final Order do not contain provisions that deem prepetition secured debt to be postpetition debt or use postpetition loans from a prepetition secured creditor to pay part or all of that secured creditor's prepetition debt (other than as provided in section 552(b) of the Bankruptcy Code).**
- f. Local Rule 4001-2(a)(i)(F) requires disclosure of provisions that provide disparate treatment for the professionals retained by a creditors' committee from those professionals retained by the Debtors with respect to a professional fee carve-out. **The proposed Interim Order and the Final Order do not provide for disparate treatment for the**

professionals retained by a Committee from those professionals retained by the Debtors, except that the Budget does not currently project any Committee professional fees.

- g. Local Rule 4001-2(a)(i)(G) requires disclosure of provisions that provide for the priming of any secured lien without the consent of that lienholder. **The proposed Interim Order and the Final Order do not provide for the priming of any secured lien without the consent of that lienholder.**
- h. Local Rule 4001-2(a)(i)(H) requires disclosure of provisions that seek to affect the Court's power to consider the equities of the case under 11 U.S.C. § 552(b)(1). **The proposed Interim Order and the Final Order, at ¶ 11, provide for a waiver of the "equities of the case" exception under section 552(b) of the Bankruptcy Code, upon entry of the Final Order.**
- i. Bankruptcy Rule 4001(c)(1)(B)(ii) requires disclosure of the provision of adequate protection or priority for claims arising prior to the commencement of the case. **The proposed Interim Order and the Final Order, at ¶ 7, describe the forms of adequate protection provided to the Prepetition Secured Parties.**
- j. Bankruptcy Rule 4001(c)(1)(B)(iv) requires disclosure of provisions that constitute a waiver or modification of the automatic stay. **The proposed Interim Order and the Final Order, at ¶ 9, describe the modification of the automatic stay to the extent necessary to implement the Interim Order.**
- k. Bankruptcy Rule 4001(c)(1)(B)(vii) requires disclosure of provisions that waive or modify the applicability of nonbankruptcy law relating to the perfection of a lien on property of the estate. **The proposed Interim Order and the Final Order, at ¶ 9, include provisions that provide for the automatic perfection and validity of the Replacement Lien and the Adequate Protection Lien without the necessity of any further filing or recording under the laws of any jurisdiction.**

BACKGROUND

7. On November 14, 2018 (the "Petition Date"), White Eagle General Partner, LP and Lamington Road Designated Activity Company commenced their cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

8. On the date hereof, White Eagle Asset Portfolio, LP (“WEAP”) filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

9. The Debtors are indirect subsidiaries of Emergent Capital, Inc. (“ECI”), a publicly traded company. ECI is a global leader in the life settlements industry.

10. Debtor WEAP owns a portfolio of 586 life insurance policies – also known as life settlements – with an aggregate death benefit of approximately \$2.8 billion. The partnership interests in WEAP are owned by Debtors White Eagle General Partner, LLC (“WEGP”) and Lamington Road Designated Activity Company (“LRDA”). WEGP is the general partner of WEAP, manages WEAP, and holds 0.10% of the interests therein. LRDA is the limited partner of WEAP and holds 99.90% of the interests therein.

11. The Debtors do not have any employees. The Debtors are operated and administered by employees of non-Debtor Imperial Finance & Trading, LLC (“Imperial Finance”), a direct subsidiary of ECI, under an administrative services agreement.

12. A more detailed description of the Debtors’ business and operations, and the events leading to the commencement of these chapter 11 cases, is provided in the *Declaration of Miriam Martinez, Chief Financial Officer, in Support of First Day Motions*, filed concurrently herewith (the “Declaration”) and incorporated herein by reference.⁴

⁴ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Declaration.

PREPETITION CAPITAL STRUCTURE

13. WEAP, as borrower, and the Prepetition Secured Parties are party to that certain *Second Amended and Restated Loan and Security Agreement*, dated as of January 31, 2017 (as subsequently amended and/or restated, the “Prepetition Loan Agreement”). Additional parties to the Prepetition Loan Agreement are non-debtor affiliates of ECI: Imperial Finance, as initial servicer, initial portfolio manager, and guarantor of certain portfolio management obligations, and Lamington Road Bermuda, Ltd., as portfolio manager. The Prepetition Secured Parties are affiliates of Beal Financial Corporation.

14. Under the Prepetition Loan Agreement, the total aggregate lending commitment of LNV was \$370 million. As of the date hereof, approximately \$367.9 million in principal obligations is due and owing to LNV. The Prepetition Loan Agreement also provides LNV with a “Participation Interest” equal to forty-five percent (45%) of the revenue generated by WEAP’s life settlement portfolio (after interest, expenses, and required amortization has been paid). Such Participation Interest, as addressed in the Declaration, is disputed.

15. The obligations under the Prepetition Loan Agreement are secured by purported liens in favor of the Prepetition Agent on substantially all of the assets of WEAP, including its interests in life insurance policies and the proceeds therefrom. The Prepetition Agent also has purported control of WEAP’s funds and collections from insurance policies through a custodial arrangement with Wilmington Trust, N.A. (“WT”)

16. Although Debtors WEGP and LRDA are not obligors under the Prepetition Loan Agreement, they are pledgors under that certain *Partnership Interest Pledge*

Agreement, dated as of May 16, 2014 (as subsequently amended and/or restated, the “Partnership Pledge”), pursuant to which WEGP and LRDA pledged their interests in WEAP in favor of the Prepetition Agent, as secured party, in order to secure WEAP’s obligations under the Prepetition Loan Agreement. Under the Partnership Pledge, WEGP and LRDA were required to deliver the pledged certificates representing their interests in WEAP to WT as securities intermediary for the benefit of the Prepetition Agent. Upon the occurrence of an event of default and absent a bankruptcy filing, the Prepetition Agent could instruct WT to deliver the pledged certificates to the Prepetition Agent, effectively taking ownership of WEAP and its valuable life insurance policies.

17. Notwithstanding the recent changes in life expectancy projections as described more fully in the Declaration, it should be undisputed that LNV is substantially oversecured. LNV’s own valuation firm has concluded that the fair value of the insurance portfolio is \$552 million as of October 31, 2018, an equity cushion of approximately \$184 million, subject to a reservation of rights to assert a downward adjustment based on revised life expectancy models that are currently pending. The Debtors also filed these cases with an aggregate cash balance of approximately \$33 million.

NEED FOR THE CONTINUED USE OF CASH COLLATERAL

18. As more fully set forth in the Declaration, the Debtors have an urgent and immediate need for the use of Cash Collateral. The Debtors have not obtained postpetition financing and, without the use of Cash Collateral, the Debtors will not be able to preserve their assets or to effectuate a reorganization that will maximize value for creditors.

19. Although the Debtors do not have any employees, Debtor WEAP has ongoing premium obligations under its portfolio of life insurance policies and intercompany administrative obligations to its affiliates, and also incurs various servicing obligations and professional fees as part of its ordinary course operations. Without immediate access to Cash Collateral, WEAP would be forced to cease payments to carriers, abandon its assets, and otherwise cease operations, causing immediate and irreparable harm to these estates. In order to preserve and maximize the value of the Debtors' assets, the Debtors urge the Court to approve this Motion.

20. As noted above, LNV has the benefit of a substantial equity cushion in these cases. LNV also will be adequately protected by the Replacement Lien, the Adequate Protection Lien, the Adequate Protection Claim, and the Adequate Protection Payments to avoid any risk in the diminution in the value of the Prepetition Collateral.

APPLICABLE AUTHORITY

21. Section 361 of the Bankruptcy Code provides, in pertinent part, as follows:

When adequate protection is required under section 362, 363, or 364 of this title of an interest of an entity in property, such adequate protection may be provided by –

(1) requiring the trustee to make a cash payment or periodic cash payments to such entity, to the extent that the stay under section 362 of this title, use, sale, or lease under section 363 of this title, or any grant of a lien under section 364 of this title results in a decrease in the value of such entity's interest in such property; . . .

(2) providing to such entity an additional or replacement lien to the extent that such stay, use, sale, lease, or grant results in a decrease in the value of such entity's interest in such property; or

(3) granting such other relief, other than entitling such entity to compensation allowable under section 503(b)(1) of this title as an administrative expense, as will result in the realization by such entity of the indubitable equivalent of such entity's interest in such property.

11 U.S.C. § 361.

22. Section 362 of the Bankruptcy Code provides, in pertinent part, as

follows:

(d) On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay . . .

(1) for cause

11 U.S.C. § 362.

23. Section 363 of the Bankruptcy Code provides, in pertinent part, as

follows:

(a) In this section "cash collateral" means cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the estate and an entity other than the estate have an interest and includes the proceeds, products, offspring, rents, or profits of property and the fees, charges, accounts or other payments for the use of occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in section 522(b) of this title, whether existing before or after the commencement of a case under this title.

* * *

(c)(1) If the business of the Debtors is authorized to be operated under section . . . 1108 . . . of this title 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.

(2) The trustee may not use, sell, or lease cash collateral under paragraph (1) of this subsection unless –

(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.

(3) Any hearing under paragraph (2)(B) of this section may be a preliminary hearing . . . but shall be scheduled in accordance with the needs of the Debtors. If the hearing under paragraph (2)(B) of this subsection is a preliminary hearing, the court may authorize such use, sale, or lease only if there is a reasonable likelihood that the trustee will prevail at the final hearing under subsection (e) of this section. The court shall act promptly on a request for authorization under paragraph (2)(B) of this subsection.

* * *

(e) Notwithstanding any other provision of this section, 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, with or without a hearing, shall prohibit or condition such use, sale, or lease as is necessary to provide adequate protection of such interest.

11 U.S.C. § 363.

24. Section 507 of the Bankruptcy Code provides, in pertinent part, as

follows:

(b) If the trustee, under section 362, 363, or 364 of this title, provides adequate protection of the interest of a holder of a claim secured by a lien on property of the Debtors and if, notwithstanding such protection, such creditor has a claim allowable under subsection (a)(2) of this section arising from the stay of action against such property under section 362 of this title, from the use, sale, or lease of such property under section 363 of this title, or from the granting of a lien under section 364(d) of this title, then such creditor's claim under such subsection shall have priority over every other claim allowable under such subsection.

11 U.S.C. § 507.

25. Rule 4001 of the Bankruptcy Code provides, in pertinent part, as follows:

(d) *Agreement relating to . . . use of cash collateral . . .*

(1) *Motion; Service.*

(A) A motion for approval of any of the following shall be accompanied by a copy of the agreement and a proposed form of order: . . . (iv) an agreement to use cash collateral;

(B) *Contents.*

The motion shall consist of or (if the motion is more than five pages in length) begin with a concise statement of the relief requested, not to exceed five pages, that lists or summarizes, and sets out the location within the relevant documents of, all material provisions of the agreement. In addition, the concise statement shall briefly list or summarize, and identify the specific location of, each provision in the proposed form of order, agreement, or other document of the type listed in subdivision (c)(1)(B). The motion shall also describe the nature and extent of each such provision.

(C) *Service.*

The motion shall be served on: (1) any committee elected under § 705 or appointed under § 1102 of the Code, or its authorized agent, or, if the case is a chapter 9 municipality case or a chapter 11 reorganization case and no committee of unsecured creditors has been appointed under § 1102, on the creditors included on the list filed under Rule 1007(d); and (2) on any other entity the court directs.

(2) *Disposition; Hearing.* If no objection is filed, the court may enter an order approving or disapproving the agreement without conducting a hearing. If an objection is filed or if the court determines a hearing is appropriate, the court shall hold a hearing on no less than seven days' notice to the objector, the movant, the parties on whom service is required by paragraph (1) of this subdivision and such other entities as the court may direct.

Fed. R. Bankr. P. 4001.

26. Section 105(a) of the Bankruptcy Code provides, in relevant part, as

follows:

The court may 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).

BASIS FOR RELIEF

27. Without immediate access to Cash Collateral, the repercussions to the Debtors' restructuring efforts will be catastrophic and likely irreparable, ending their ability to maximize value for the benefit of all constituents. The Debtors need to fund, among other things, premium payments to insurers, servicing obligations, and other administrative costs.

28. If the Motion is not approved, the Debtors' only alternative would be a piecemeal liquidation that would substantially handicap recoveries by creditors and negatively impact recoveries from WEAP's life settlement portfolios, which need to be serviced, monitored, and maintained on an ongoing basis. Hence, the relief sought in this Motion should be granted.

A. The Debtors Have an Immediate Need to Use Cash Collateral

29. Bankruptcy Rule 4001(b) permits a court to approve a Debtors' request for use of cash collateral during the 14-day period following the filing of a motion requesting authorization to use cash collateral, "only . . . as is necessary to avoid immediate and irreparable harm to the estate pending a final hearing." Bankruptcy Rule 4001(b)(2). In examining requests for interim relief under this rule, courts apply the same business judgment standard applicable to other business decisions. *See, e.g., In re Simasko Production Co.*, 47 B.R. 444, 449 (D. Colo. 1985); *see also In re Ames Dep't Stores Inc.*, 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990). After the 14-day period, the request for use of cash collateral is not limited to those amounts necessary to prevent harm to the debtor's business.

30. As previously noted, in order to address their working capital needs and fund other costs and expenses associated with their reorganization efforts, the Debtors require access to Cash Collateral. The use of Cash Collateral will provide the Debtors with the necessary capital with which to maintain their assets, including funding the Debtors' obligations to insurance carriers and other administrative expenses. Access to Cash Collateral will: (a) preserve the Debtors' interests in life settlements, (b) allow the Debtors to continue to generate cash flow from their inventory of life settlements, and (c) maximize the value of the Debtors' assets as part of an ongoing reorganization process. The Debtors do not have adequate available sources of working capital or financing without the use of Cash Collateral.

31. Further, the alternative in this case 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." *In re Dynaco Corp.*, 162 B.R. 389, 396 (Bankr. D.N.H. 1993). Because this result would be at fundamental odds to the rehabilitative purposes of chapter 11, approval of this Motion is warranted. *Id.* at 394 (noting that "it is apparent that the Congress intended business under reorganization to proceed in as normal a fashion as possible") (quoting *In re Prime, Inc.*, 15 B.R. 216, 219 (Bankr. W.D. Mo. 1981)).

B. Section 363 of the Bankruptcy Code Authorizes the Debtors' Use of Cash Collateral

32. Section 363(c)(2) of the Bankruptcy Code provides that a debtor in possession may not use cash collateral unless (i) each entity that has an interest in such cash collateral provides consent, or (ii) the court approves the use of cash collateral after notice and a

hearing. *See* 11 U.S.C. § 363(c). Section 363(e) of the Bankruptcy Code provides that, “on request of an entity that has an interest in property used . . . or proposed to be used . . . by the [Debtors in possession], the court . . . shall prohibit or condition such use . . . as is necessary to provide adequate protection of such interest.” 11 U.S.C. § 363(e).

33. Neither section 361 nor any other provision of the Bankruptcy Code defines the nature and extent of the “interest in property” of which a secured creditor is entitled to adequate protection under section 361. However, the statute plainly provides that a qualifying interest demands protection only to the extent that the use of the creditor’s collateral will result in a decrease in “the value of such entity’s interest in such property.” 11 U.S.C. §§ 361, 363(e); *see also General Elec. Mortgage Corp. v. South Village, Inc. (In re South Village, Inc.)*, 25 B.R. 987, 989-90 & n.4 (Bankr. D. Utah 1982).

34. The phrase “value of such entity’s interest,” although not defined in the Bankruptcy Code, was addressed by the Supreme Court in the landmark *Timbers* decision, *United Savings Ass’n of Texas v. Timbers of Inwood Forest Assocs, Ltd.*, 484 U.S. 365, 108 S.Ct. 626 (1988). For the meaning of “value of such entity’s interest,” the Supreme Court was guided by section 506(a), which defines a creditor’s allowed secured claim:

The phrase ‘value of such creditor’s interest’ in § 506(a) means ‘the value of the collateral.’ H.R. Rep. No. 950-595, pp. 181, 356 (1977); *see also* S. Rep. No. 95-989, p. 68 (1978), U.S. Code Cong. & Admin. News, 1978 pp. 5787, 5854, 6141, 6312. *We think the phrase ‘value of such entity’s interest’ in § 361(1) and (2), when applied to secured creditors, means the same.*

Id. at 630 (emphasis added).

35. *Timbers* teaches that a secured creditor is entitled to “adequate protection” only against diminution in the value of the collateral securing the creditor’s allowed secured claim. Under *Timbers*, therefore, where the “value of the collateral” is not diminishing by its use, sale, or lease, the creditor’s interest is adequately protected. This conclusion flows directly from the equivalency of “value of such entity’s interests” with “value of the collateral.”

36. Here, the Prepetition Secured Parties’ interests in the Debtors’ assets are adequately protected for the following reasons.

37. First, the Prepetition Secured Parties are adequately protected by a substantial equity cushion. It is black letter law that a sufficient equity cushion in excess of 20% constitutes adequate protection of a secured lender. *See, e.g., Jay Vending Inc. v. McGowan (In re McGowan)*, 6 B.R. 241, 243 (Bankr. E.D. Pa. 1980) (10% cushion is sufficient to be adequate protection); *Heritage Sav. & Loan Ass’n v. Rogers Dev. Corp. (In re Rogers Dev. Corp.)*, 2 B.R. 679, 685 (Bankr. E.D. Va. 1980) (approximately 15% to 20% was sufficient adequate protection to the creditor); *Pistole v. Mellor (In re Mellor)*, 734 F.2d 1396, 1400 (9th Cir. 1984) (equity cushion of 20% is clear adequate protection of a secured creditor’s interest in cash collateral, at least for some period of time). In the instant case, WEAP’s life settlements portfolio is worth substantially more than 20% above the outstanding principal obligations owed to LNV. LNV’s own valuation firm has concluded that the fair value of the insurance portfolio is \$552 million as of October 31, 2018, an equity cushion of approximately \$184 million, subject to a reservation of rights to assert a downward adjustment based on revised life expectancy models that are

currently pending. The Debtors also filed these cases with an aggregate cash balance of approximately \$33 million.

38. Second, access to Cash Collateral will maximize the value of the Debtors' assets by allowing WEAP to continue to make ordinary course premium payments to insurance carriers in order to maintain the valuable policies and otherwise allow the Debtors to continue to service and maintain the value of their life settlements portfolio.

39. Third, the Debtors have proposed further adequate protection in favor of the Prepetition Secured Parties in the form of the Replacement Lien, the Adequate Protection Lien, the Adequate Protection Claim, and the Adequate Protection Payments. Section 361 of the Bankruptcy Code authorizes a debtor to provide adequate protection by granting replacement liens, making periodic cash payments, or granting such other relief "as will result in the realization by such entity of the indubitable equivalent of such entity's interest in such property." *See* 11 U.S.C. § 361.

40. The Debtors believe that the proposed adequate protection components described above are fair and reasonable and compensate the Prepetition Secured Parties for any possible Diminution in Value of the Debtors' assets. Given the significant value that the Debtors stand to lose in the event that they are denied access to continued use of Cash Collateral, such protections are wholly appropriate and justified.

INTERIM ORDER AND FINAL HEARING

41. Pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2), the Debtors request that the Court set a date for the Final Hearing within forty-five (45) days after entry of

the Interim Order, and fix the time and date prior to the final hearing for parties to file objections to this Motion.

42. The urgent need to preserve the Debtors' business, and avoid immediate and irreparable harm to the Debtors' estates, makes it imperative that the Debtors are authorized to use Cash Collateral as of the Petition Date, pending the Final Hearing, in order to continue their business and administer the chapter 11 cases. Without the ability to use Cash Collateral, the Debtors would be unable to meet their postpetition obligations or to fund their working capital needs, thus causing irreparable harm to the value of the Debtors' estates and effectively ending the Debtors' reorganization efforts. Accordingly, the Debtors respectfully request that, pending the hearing on a Final Order, the Interim Order be approved in all respects and that the terms and provisions of the Interim Order be implemented and be deemed binding and that, after the Final Hearing, the Final Order be approved in all respects and the terms and provisions of the Final Order be implemented and be deemed binding.

NOTICE OF MOTION

43. Notice of this Motion will be provided to: (i) the Office of the United States Trustee; (ii) the Office of the United States Attorney for the District of Delaware; (iii) the Debtors' twenty largest unsecured creditors; (iv) counsel to CMLG and LNV; (v) Wilmington Trust, N.A.; and (vi) all other known parties asserting a lien against the Debtors' assets, by telecopy, email, overnight courier and/or hand delivery. Because of the nature of the relief requested, the Debtors respectfully submit that no other or further notice of the relief requested in this Motion need be given.

NOTICE WITH RESPECT TO FINAL HEARING

44. No trustee, examiner or statutory committee has been appointed in the chapter 11 cases. Pursuant to Bankruptcy Rule 4001, the Debtors respectfully request that they be authorized to provide notice of the Final Hearing by serving a copy of this Motion, together with the Interim Order, by hand or overnight mail or courier service (or for those set up to receive electronic transmissions, by electronic transmission), upon: (i) the Office of the United States Trustee; (ii) the Office of the United States Attorney for the District of Delaware; (iii) the Debtors' twenty largest unsecured creditors; (iv) counsel to CMLG and LNV; (v) Wilmington Trust, N.A.; and (vi) all other known parties asserting a lien against the Debtors' assets, by telecopy, email, overnight courier and/or hand delivery. The Debtors respectfully submit that such notice is sufficient and that this Court finds that no further notice of the Final Hearing and Final Order is required.

NO PRIOR REQUEST

45. No prior motion for the relief requested herein has been made to this or any other court.

WHEREFORE, based upon the foregoing, the Debtors request entry of the Interim Order and the Final Order under sections 105, 361, 362, 363, and 507 of the Bankruptcy Code, Bankruptcy Rule 4001, and Local Rule 4001-2: (a) authorizing the Debtors to use Cash Collateral; (b) providing adequate protection to the Prepetition Secured Parties; and (c) modifying the automatic stay.

Dated: December 13, 2018

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Colin R. Robinson

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Proposed Counsel for the Debtors
and Debtors-in-Possession

EXHIBIT A

Proposed Interim Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
WHITE EAGLE ASSET PORTFOLIO, LP, <i>et al.</i> , ¹)	Case No. 18-12808 (KG)
Debtors.)	(Jointly Administered)
)	

**INTERIM ORDER (A) AUTHORIZING THE USE OF CASH
COLLATERAL, (B) PROVIDING ADEQUATE PROTECTION, (C) MODIFYING
THE AUTOMATIC STAY, AND (D) SCHEDULING A FINAL HEARING**

Upon the motion (the “Motion”)² of the debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) under sections 105, 361, 362, 363 and 507 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 4001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 4001-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), for interim and final orders: (a) authorizing the Debtors to use Cash Collateral (as defined below), (b) providing adequate protection to the Prepetition Secured Parties (as defined below), and (c) modifying the automatic stay.

The Debtors have served notice of the Motion as is appropriate under the circumstances, as required under sections 102(1) and 363 of the Bankruptcy Code, Bankruptcy Rule 4001(b), and Local Rule 4001-2.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number include: White Eagle Asset Portfolio, LP (0691); White Eagle General Partner, LLC (8312); and Lamington Road Designated Activity Company (7738). The location of the Debtors’ service address in these chapter 11 cases is 5355 Town Center Road, Suite 701, Boca Raton, FL 33486.

² Capitalized terms not defined herein shall have the meanings set forth in the Motion.

The Interim Hearing having been held by this Court on December 17, 2018 and, upon the record made by the Debtors at the Interim Hearing, after considering the Motion and the arguments and evidence presented at the Interim Hearing, and after due deliberation and consideration and sufficient cause appearing therefor,

IT IS HEREBY FOUND, DETERMINED, ORDERED AND ADJUDGED that:

1. *Disposition.* The Motion is granted on an interim basis on the terms set forth herein. Any objections to the interim relief sought in the Motion, and any reservations of rights with respect to such interim relief, that have not been previously resolved or withdrawn, are overruled on the merits. This Interim Order shall be valid, binding and enforceable on all parties in interest and fully effective immediately upon entry.

2. *Jurisdiction and Venue.* This Court has jurisdiction over this matter 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 matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors have confirmed their consent pursuant to Local Rule 9013-1(f) to the entry of a final order by the Court in connection with the Motion to the extent that it is later 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. No request has been made for the appointment of a trustee or examiner and no statutory committee has yet been appointed in the chapter 11 cases.

3. *Stipulations and Related Reservations.*

a. Subject to the provisions of paragraph 3(b) below, the Debtors and all of the Debtors' affiliates permanently, immediately, and irrevocably acknowledge, represent, stipulate and agree to the following:

- (i) Debtor White Eagle Asset Portfolio, LP ("White Eagle"), as borrower, LNV Corporation ("LNV"), as lender, and CLMG Corp., as administrative agent (the "Prepetition Agent" and, together with LNV and any other lenders party to the Prepetition Loan Agreement from time to time, the "Prepetition Secured Parties"), are party to that certain Second Amended and Restated Loan and Security Agreement, dated as of January 31, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Prepetition Loan Agreement"). Under the Prepetition Loan Agreement and other related Transaction Documents (as defined in the Prepetition Loan Agreement, the "Prepetition Loan Documents"), the Prepetition Secured Parties provided a revolving facility to White Eagle of up to \$370 million.
- (ii) As of the Petition Date, the Debtors were indebted and liable to the Prepetition Secured Parties under the Prepetition Loan Agreement in the aggregate principal amount of not less than \$367.9 million

(all of which reflects funds advanced by the Prepetition Secured Parties to White Eagle) plus accrued (both before and after the Petition Date) and unpaid interest, fees, and all other obligations under the Prepetition Loan Documents (collectively, the “Prepetition Obligations”); *provided* that the Debtors expressly reserve any and all rights to: (A) assert rights, claims, and defenses against the Prepetition Secured Parties with respect to the Prepetition Obligations and the Prepetition Loan Documents and (B) contest, dispute, or otherwise challenge any Prepetition Obligations including with respect to the “Aggregate Participation Interest”, the “Participation Interest”, and any other terms utilized to reflect such component of the Prepetition Obligations in the Prepetition Loan Agreement (collectively, the “Participation Interest”).

- (iii) The Prepetition Loan Documents were duly authorized and properly executed.
- (iv) The Prepetition Loan Documents and Prepetition Obligations are legal, valid, binding and enforceable against the Debtors; *provided* that the Debtors expressly reserve any and all rights to: (A) assert rights, claims, and defenses against the Prepetition Secured Parties

with respect to the Prepetition Obligations and the Prepetition Loan Documents and (B) contest, dispute, or otherwise challenge any Prepetition Obligations including with respect to the Participation Interest.

- (v) Under the Prepetition Loan Documents, the Debtors granted (i) liens and security interests in favor of the Prepetition Agent on substantially all assets of White Eagle to the extent set forth in the Prepetition Loan Documents, including its interests in life insurance policies and the proceeds therefrom, and (ii) pledges of the equity interests of White Eagle by its limited partner, Debtor Lamington Road Designated Activity Company, and its general partner, Debtor White Eagle General Partner, LLC (clauses (i) and (ii), collectively, the “Prepetition Collateral”). Such liens, security interests and pledges (the “Prepetition Liens”) are legal, valid, binding, enforceable, non-avoidable and properly perfected; *provided* that the Debtors expressly reserve any and all rights to: (A) assert rights, claims, and defenses against the Prepetition Secured Parties with respect to the Prepetition Obligations and the Prepetition Loan Documents and (B) contest, dispute, or otherwise challenge any Prepetition Obligations including with respect to the

Participation Interest. As of the Petition Date, the Debtors are not aware of any liens or security interests having priority over the Prepetition Secured Parties' liens.

b. Subject to the provisions of this paragraph 3(b), the foregoing stipulations in paragraph 3(a) (the "Stipulations") are and shall be binding upon the Debtors, all of the Debtors' affiliates, and any of the Debtors' successors, including, without limitation, any chapter 7 or chapter 11 trustee, responsible person, examiner with expanded powers, or other estate representative. The Stipulations shall also be binding on each other party-in-interest in these chapter 11 cases and all of its successors-in-interest and assigns, including without limitation, any official committee appointed in these chapter 11 cases (a "Committee"), except (and solely) to the extent that such party-in-interest has requisite standing (subject in all respects to any agreement or applicable law which may limit such entity's right or ability to do so) and (i) has timely filed the proper pleadings, and timely commenced the appropriate proceedings under the Bankruptcy Code and Bankruptcy Rules, challenging the Stipulations (each such proceeding or appropriate pleading commencing a proceeding or other contested matter, a "Challenge") by the date that is (x) with respect to any Committee, no later than sixty (60) calendar days following the formation of such Committee and (y) with respect to any other party with standing, no later than seventy-five (75) days following entry of this Interim Order (the "Challenge Period Termination Date"), as such date may be extended in the sole discretion of the Prepetition Agent and any other Prepetition Secured Party that is the subject of a Challenge, and (ii) this Court

enters judgment in favor of the plaintiff or movant in any such timely and properly commenced Challenge proceeding, and any such judgment has become final and is not subject to any further review or appeal. Any Stipulation that is not subject to a timely and properly filed Challenge shall remain binding and preclusive on all other persons and entities, including the Committee (if any). All remedies or defenses of any party with respect to any Challenge are hereby preserved. Nothing in this Interim Order vests or confers on any person, including the Committee (if any), standing or authority to pursue any Challenges, and an order of the Court (or any other court of competent jurisdiction) conferring such standing on a Committee or other party-in-interest shall be a prerequisite for the prosecution of a Challenge. To the extent any Challenge proceeding is timely and properly commenced, the Prepetition Secured Parties shall be entitled to reimbursement or payment of the related costs and expenses, including but not limited to reasonable attorneys' fees, incurred in defending themselves in any such proceeding, consistent with the provisions of paragraph 7(c) hereof.

c. Other than with respect to the Stipulations, the Debtors make no representation, warranty, acknowledgement or admission regarding whether they have (or do not have) any defenses, setoffs, counterclaims or recoupments that could be asserted against the Prepetition Secured Parties and the Debtors reserve all rights, claims and defenses with respect thereto. Without limitation, the Debtors believe that they have certain affirmative claims against the Prepetition Secured Parties that will be the subject of further litigation.

d. This Interim Order is without prejudice to, and nothing contained in this Interim Order constitutes or shall be deemed a waiver (expressly or implicitly) by any Prepetition Secured Party of, any rights, claims or defenses that it may have against the Debtors or any other party-in-interest in these chapter 11 cases or otherwise. The Prepetition Secured Parties reserve all such rights, claims and defenses in all respects, including, without limitation, the right to contest or object on any basis to (i) any right, claim, defense or proceeding asserted by the Debtors or any other party-in-interest against the Prepetition Secured Parties, (ii) any further request by the Debtors for the use of Cash Collateral beyond the terms of this Interim Order (whether on a final or further interim basis), including any proposed budget in connection therewith, on the terms set forth in the Motion or otherwise, and (iii) any other motion, application, or other request or pleading by the Debtors, whether or not related to line items set forth in the Budget.

4. *Findings Regarding the Use of Cash Collateral.*

a. Cause Shown. Good cause has been shown for the entry of this Interim Order.

b. Business Justification. The Debtors have an immediate and critical need to use “cash collateral” as such term is defined in section 363 of the Bankruptcy Code in which the Prepetition Secured Parties have an interest (subject to paragraph 3 above), including, without limitation, the proceeds of Prepetition Collateral, (the “Cash Collateral”) in order to permit, among other things, maintenance of the Debtors’ assets. The Debtors’ access to

sufficient working capital and liquidity through the use of Cash Collateral is vital to maximizing the value of the Debtors' estates and funding their reorganization efforts.

c. Fair and Reasonable Terms. Based on the record presented to the Court at the Interim Hearing, the terms of use of the Cash Collateral herein are fair and reasonable and reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties.

d. Immediate and Irreparable Harm. The Debtors have requested immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(b)(2) and the Local Rules. Absent granting the relief sought by this Interim Order, the Debtors' estates will be immediately and irreparably harmed. Authorization of the use of the Cash Collateral in accordance with this Interim Order is therefore in the best interests of the Debtors' estates.

e. Adequate Protection. The Prepetition Secured Parties are entitled, pursuant to sections 361 and 363(e) of the Bankruptcy Code, and as a condition for the use of the Prepetition Collateral, including the Cash Collateral, to the adequate protection of their respective interests in the Prepetition Collateral, including the Cash Collateral (subject to paragraph 3 above). The Prepetition Secured Parties have negotiated in good faith regarding the Debtors' use of the Cash Collateral. Based on the Motion and on the record presented to the Court at the Interim Hearing, the terms of the proposed adequate protection arrangements are fair and reasonable, reflect the Debtors' prudent business judgment, and constitute reasonably

equivalent value and fair consideration for the Prepetition Secured Parties' consent to the use of Cash Collateral as set forth herein.

5. *Authorization to Use Cash Collateral.*

a. Subject to the terms of this Interim Order, the Debtors are hereby authorized to use Cash Collateral from the date hereof through the earliest of: (i) entry of an order approving the Motion on a final basis (a "Final Order"), (ii) forty-five (45) days following entry of this Interim Order if the Final Order shall not have been entered by such date, (iii) the effective date of a confirmed plan of reorganization in the chapter 11 cases, (iv) the closing of a sale of all or substantially all assets of the Debtors; (v) the dismissal of any of these chapter 11 cases or the conversion of any of these chapter 11 cases to a case under chapter 7 of the Bankruptcy Code, (vi) any material provision of this Interim Order having ceased to be valid or binding for any reason, (vii) the Debtors having attempted to modify this Interim Order without the prior written consent of the Prepetition Agent and (viii) five (5) business days following receipt by the Debtors and the United States Trustee for the District of Delaware (the "U.S. Trustee") of a notice (a "Termination Notice") from the Prepetition Agent of a breach by any of the Debtors of (x) any of the terms or provisions of this Interim Order or (y) any covenant or undertaking in any of the Prepetition Loan Documents relating to the servicing, preservation or maintenance of the Prepetition Collateral so long as the Prepetition Secured Parties do not take any action in violation of this Interim Order that would prevent or hinder the Debtors from satisfying such covenant or undertaking (the "Interim Budget Period"). Upon the expiration of

the Interim Budget Period, the Debtors' authorization to use Cash Collateral shall automatically terminate; *provided, however*, the Debtors reserve the right to seek authority from this Court to use cash collateral on a nonconsensual basis and the Prepetition Secured Parties reserve the right to object to, contest, or otherwise respond to any such request.

b. Upon and after the delivery of a Termination Notice, the Debtors and the Prepetition Secured Parties consent to a hearing on an expedited basis to consider whether the automatic stay may be lifted so that the Prepetition Secured Parties may exercise any and all of their respective rights and remedies with respect to the Adequate Protection Collateral (as defined below) in accordance with this Interim Order, the applicable Prepetition Loan Documents, or applicable law, or to consider any other appropriate relief (including the Debtors' use of Cash Collateral on a nonconsensual basis); *provided* that the rights of the Debtors to oppose any relief requested by the Prepetition Secured Parties and the rights of any Prepetition Secured Party to oppose any request for relief by the Debtors (including the use of Cash Collateral on a nonconsensual basis) are, in each case, fully reserved. During the five (5) business day period after delivery of a Termination Notice, the Debtors' right to use Cash Collateral pursuant to this Interim Order shall be limited to payment of (i) any expenses set forth in the Budget that were incurred prior to, and remain unpaid as of, delivery of the Termination Notice, including Professional Fees and U.S. Trustee Costs to the extent set forth in paragraph 8 below, and (ii) any other critical business-related expenses necessary to operate the Debtors' business or preserve the Prepetition Collateral, as determined by the Debtors in their reasonable

discretion and in good faith, and in each case, with prior notice to the Prepetition Agent and subject in all respects to the Budget. The delay or failure to exercise rights and remedies under this Interim Order or any Loan Document shall not constitute a waiver of the Prepetition Secured Parties' rights hereunder, thereunder or otherwise.

6. *Disbursements Subject to Budget.* The Debtors are only authorized to use Cash Collateral during the Interim Budget Period in a manner consistent with the budget attached hereto as **Exhibit 1** (as such budget may be modified from time to time by the Debtors with the prior written consent of the Prepetition Agent and with notice to counsel to any Committee, the "Budget"); *provided that*, disbursements may occur later than the dates forecasted in the Budget so long as such disbursements occur during the Interim Budget Period. Cash Collateral shall be only used for the purposes permitted under the Budget, including (i) to provide working capital needs of the Debtors and general corporate purposes of the Debtors, (ii) to make the payments or fund amounts otherwise permitted in this Interim Order and the Budget, and (iii) to fund amounts necessary to pay U.S. Trustee Costs and Professional Fees (as defined below) in accordance with the Budget and paragraph 8 hereof, and for no other purpose. Each of the Debtors shall not be permitted to transfer any Cash Collateral, directly or indirectly, to any other Debtor or to any non-Debtor affiliate of the Debtors other than as (a) explicitly set forth in the Budget and only in the amounts necessary to pay for such actual expenses or (b) consented to in writing beforehand by the Prepetition Agent. Notwithstanding the foregoing, disbursements by the Debtors for "Total Disbursements" on an aggregate basis during the Interim Budget Period may not exceed

15% from the amounts specified in the Budget; *provided* that (i) disbursements to any of the Debtors' Professionals (as defined below) may not exceed 5% from the amounts specified in the Budget for such line items and (ii) the Debtors may not use surplus amounts from any line item in the Budget to pay amounts for any other line item in the Budget; *provided, further*, that the Debtors may only use Cash Collateral for the purposes set forth in the Budget.

7. *Adequate Protection.*

a. Each of the Prepetition Secured Parties is entitled, pursuant to sections 361, 362(d) and 363(e) of the Bankruptcy Code, to adequate protection of its respective interests in the Debtors' property for an amount equal to the aggregate diminution in the value of such Prepetition Secured Party's interests in the Debtors' property (including Cash Collateral) (the "Diminution in Value") resulting from the use, sale or lease by the Debtors (or other decline in value) of the Cash Collateral and any other Prepetition Collateral and the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code. As adequate protection, the Prepetition Agent, for the benefit of the Prepetition Secured Parties, is hereby granted the following:

- (i) subject in all respects to payment of the Carve-Out, a continuing valid, binding, enforceable, fully-perfected, and non-avoidable security interest in and lien on all Prepetition Collateral of the same type and nature that exists as of the Petition Date with the

same validity and priority as exists as of the Petition Date, and all proceeds thereof (the “Replacement Lien”),

- (ii) solely to the extent of any Diminution in Value and subject in all respects to payment of the Carve-Out, an additional and replacement valid, binding, enforceable, fully-perfected, and non-avoidable senior security interest in and lien (the “Adequate Protection Lien”) on all property and assets of the Debtors’ estates (the “Adequate Protection Collateral”); *provided, however*, that (a) such security interest and lien shall be junior only to any existing, valid, senior, enforceable and unavoidable prior perfected security interests and liens in existence on or as of the Petition Date or that are perfected after the Petition Date as permitted by section 546(b) of the Bankruptcy Code (other than the Replacement Lien) and (b) such security interest and lien shall not attach to any commercial tort claims or the proceeds thereof or any claims, defenses, causes of action or rights of the Debtors arising under chapter 5 of the Bankruptcy Code and applicable state fraudulent transfer law (the “Avoidance Actions”) but shall, upon entry of the Final Order, attach to any proceeds of commercial tort claims and Avoidance Actions except for any proceeds of commercial tort claims and

Avoidance Actions recovered from any Prepetition Secured Party,
and

- (iii) solely to the extent of any Diminution in Value and subject in all respects to payment of the Carve-Out, an allowed superpriority administrative claim in each of the Debtors' chapter 11 cases having priority over any and all administrative expenses, adequate protection claims and other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code (the "Adequate Protection Claim"), *provided however*, that such claim shall not, by virtue of this Interim Order extend to any commercial tort claims or the proceeds thereof or any Avoidance Actions but shall, upon entry of the Final Order, extend to any proceeds of commercial tort claims and Avoidance Actions except for any proceeds of commercial tort claims and Avoidance Actions recovered from any Prepetition Secured Party.

b. As further adequate protection and up to the amounts set forth in the Budget, the Debtors shall pay to the Prepetition Agent (on behalf of the Prepetition Secured Parties) in cash (a) upon the entry of this Interim Order, all accrued and unpaid interest on the

Prepetition Obligations at the rates provided for in the Prepetition Loan Agreement, and all other accrued and unpaid fees and disbursements (including legal and advisory fees and expenses) owing to the Prepetition Secured Parties under the Prepetition Loan Agreement and incurred prior to the Petition Date, and (b) when due, all accrued but unpaid interest on the Prepetition Obligations, and all fees and disbursements owing by the Debtors under the Prepetition Loan Agreement, at the rates provided for therein; *provided* that to the extent that any such interest, fees and disbursements exceed the amounts set forth in the Budget, such interest, fees and disbursements shall continue to accrue subject to the terms of the Prepetition Loan Documents and the Prepetition Secured Parties and the Debtors reserve all rights with respect thereto.

c. As further adequate protection and up to the amounts set forth in the Budget, the Debtors shall pay all reasonable and documented fees, costs, and expenses (excluding any success fees, completion fees, or bonus compensation) incurred by the Prepetition Secured Parties' respective legal, financial, and other advisors (including: (a) White & Case LLP, (b) any Delaware counsel to the Prepetition Secured Parties; (c) any financial advisor and/or investment banker to the Prepetition Secured Parties; and (d) such other consultants or other professionals as may be retained by the Prepetition Secured Parties) (collectively, the "Secured Party Professionals") after the Petition Date in connection with the Debtors' chapter 11 cases (the "Secured Party Professional Fees"); *provided* that to the extent that any Secured Party Professional Fees exceed the amounts set forth in the Budget, such Secured Party Professional Fees shall continue to accrue subject to the terms of the Prepetition Loan Documents and the

Prepetition Secured Parties and the Debtors reserve all rights with respect thereto. The Prepetition Secured Parties and the Secured Party Professionals (x) shall not be required to comply with the U.S. Trustee fee guidelines or file any fee applications with the Court, and (y) shall provide copies of invoices for Secured Party Professionals to counsel to the Debtors, with a copy to the U.S. Trustee and counsel to any Committee (collectively, the “Fee Notice Parties”). The invoices to be provided to the Fee Notice Parties may contain reasonable detail and redactions, and the provision of such invoices shall not constitute a waiver of the attorney-client privilege or any benefits of the attorney work product doctrine. If no objection to payment of the requested Secured Party Professional Fees are made, in writing, by any of the Fee Notice Parties within ten (10) calendar days after delivery of such invoices (the “Fee Objection Period”), then, without further order of, or application to, the Court or notice to any other party, such Secured Party Professional Fees shall be promptly paid by the Debtors up to the amounts set forth in the Budget (but, in any event, by no later than four (4) business days after the expiration of the Fee Objection Period). If an objection (solely as to reasonableness) is made by any of the Fee Notice Parties within the Fee Objection Period to payment of the requested fees and expenses, then only the disputed portion of such fees and expenses shall not be paid until the objection is resolved by the applicable parties in good faith or by order of the Court. Nothing in this Interim Order shall be construed to limit the Prepetition Secured Parties’ respective rights and remedies under the Prepetition Loan Documents or applicable law regarding engagement and reimbursement of expenses of professionals and advisors. The Debtors reserve all rights to

seek to recharacterize any adequate protection payments made under this Interim Order or to seek disgorgement thereof subject to the provisions of paragraph 3 above, and the Prepetition Secured Parties reserve all rights to contest any such request.

d. As further adequate protection, the Debtors shall (i) provide the Prepetition Agent with copies of all reports, information and other materials that are required to be provided under the Prepetition Loan Agreement at the times set forth in the Prepetition Loan Agreement, (ii) provide the Prepetition Agent, on Friday of each calendar week starting from the week following the entry of this Interim Order, a variance report comparing, on a line item basis, actual results for the previous individual week and cumulative weeks to the amounts set forth in the Budget for such previous week and since the Petition Date, including a narrative explanation with reasonable detail for each material variance, (iii) within two (2) business days of entry of this Interim Order, instruct MLF LexServ, L.P. ("LexServ") to (A) obtain, as soon as is reasonably practicable, updated life expectancy reports from ITM TwentyFirst LLC for each insured life which has been previously underwritten by ITM TwentyFirst LLC, using the new underwriting methodology and mortality tables announced and adopted by ITM TwentyFirst LLC during October 2018 and (B) provide such reports to the Debtors and the Prepetition Agent within one (1) business day after receipt, and (iv) within two (2) business days of entry of this Interim Order, instruct LexServ to (A) obtain as soon as is reasonably practicable, updated life expectancy reports from AVS Underwriting, LLC for each insured life which has been previously underwritten by AVS Underwriting, LLC, using the new underwriting methodology

and mortality tables announced and adopted by AVS Underwriting, LLC during October and November 2018, and (B) to provide such reports to the Debtors and the Prepetition Agent within one (1) business day after receipt.

8. *Payment of Professionals; Carve-Out; Funding Thereof.*

a. Payments of Professional Fees. Prior to the delivery of the Termination Notice under this Interim Order, the Debtors shall be permitted to pay (x) the fees and charges assessed against the estate under 28 U.S.C. § 1930 and any fees payable to the Clerk of the Court (collectively, “U.S. Trustee Costs”) and (y) professional fees and expenses incurred by attorneys, accountants and other professionals, including ordinary course professionals, retained by the Debtors and any Committee under sections 327 or 1103(a) of the Bankruptcy Code (together, the “Professionals” and each, a “Professional”), including any expenses of the members of such Committee, (the “Professional Fees”) solely (i) to the extent allowed by Court order and payable under sections 326, 328, 330 and 331 of the Bankruptcy Code and any interim procedures order and (ii) in amounts not exceeding the amounts set forth in the Budget for each such Professional’s Professional Fees.

b. Carve-Out. Payment of any amounts on account of the Prepetition Obligations, the Prepetition Liens, the Replacement Lien, the Adequate Protection Lien, and the Adequate Protection Claim shall be subject and subordinate in all respects to the payment of the following (collectively, the “Carve-Out”): (i) U.S. Trustee Costs; (ii) the unpaid and outstanding reasonable fees and expenses actually incurred by Professionals on or after the Petition Date and

through the day of delivery of a Termination Notice under this Interim Order, up to the amounts set forth for each Professional in the Budget for such period, to the extent allowed by Court order and payable under sections 326, 328, 330 and 331 of the Bankruptcy Code and any interim procedures order; and (iii) the unpaid and outstanding reasonable fees and expenses actually incurred by the Professionals from or after the day following the delivery of a Termination Notice under this Interim Order, to the extent allowed by Court order and payable under sections 326, 328, 330, and 331 of the Bankruptcy Code and any interim procedures order, in an aggregate amount not to exceed \$250,000 (the "Post-Termination Carve-Out Cap").

c. Funding of Carve-Out. Upon delivery of a Termination Notice, the Debtors shall deposit into the trust account for the Debtors' general bankruptcy counsel or other segregated reserve or escrow account (the "Carve-Out Account") in an aggregate amount equal to the sum of the Post-Termination Carve-Out Cap plus all unpaid and outstanding reasonable fees and expenses actually incurred by all of the Professionals prior to the delivery of the Termination Notice in an amount not to exceed the amounts set forth in the Budget for the payment of such Professionals through the date of delivery of the Termination Notice. The funds in the Carve-Out Account shall be used solely to pay Professional Fees as and when allowed by order of the Court in accordance with paragraph 8(b) above. To the extent the Court does not approve any of the Professional Fees that were to be paid from funds segregated in the Carve-Out Account, or any amounts in the Carve-Out Account are ultimately not used for such purposes, such unused amounts shall be returned to the Debtors, subject to the rights, liens and

claims of the Prepetition Secured Parties under this Interim Order and the Prepetition Loan Documents.

d. Notwithstanding the provisions of this Interim Order (including this paragraph 8), the Prepetition Secured Parties reserve the right to object to the allowance of any fees and expenses, whether or not such fees and expenses were incurred in accordance with the Budget. The Prepetition Secured Parties shall not be responsible for the direct payment or reimbursement of any Professional Fees, any U.S. Trustee Costs or the fees or expenses of any other party incurred in connection with these chapter 11 cases or any successor case. The appearance of any Professional Fees in the Budget are for purposes of estimated accruals only and (x) shall not be deemed an authorization for the Debtors to pay any Professional Fees absent a Court order authorizing such payment and (y) shall not, in any way, be probative (or otherwise have any impact) with respect to the allowance of the payment of any such Professional Fees or any party's right to object to the payment of such Professional Fees. This Interim Order does not, and shall not be deemed to, itself authorize the payment of any Professional Fees.

9. *Perfection of Replacement Lien and Adequate Protection Lien.*

a. Further Assurances. The Prepetition Secured Parties are hereby authorized, but not required, to file or record financing statements, trademark filings, copyright filings, notices of lien or similar instruments in any jurisdiction, or take possession of or control over, or take any other action (including taking or releasing any liens or pledges granted by this Interim Order) in order to validate and perfect the liens granted to them hereunder. Whether or

not any of the Prepetition Secured Parties, in its respective sole discretion, chooses to file such financing statements, trademark filings, copyright filings, notices of lien or similar instruments that may be otherwise required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such security interests and liens, and/or take possession of or control over, or otherwise confirm perfection of the liens and security interests granted to them hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to challenge, dispute or subordination, as of the date of entry of this Interim Order.

b. Modification of Automatic Stay. If any of the Prepetition Secured Parties, each in their respective sole discretion, decides to file any financing statements, trademark filings, copyright filings, notices of lien or similar instruments, or otherwise to confirm perfection of the liens granted hereby, the Debtors shall cooperate with and assist in such process, the Prepetition Agent is hereby granted a special power of attorney to act in name, place and stead of the applicable Debtors for the purposes of taking any such actions, the stay imposed under section 362 of the Bankruptcy Code is hereby lifted to permit the filing and recording of a certified copy of this Interim Order or any such financing statements, trademark filings, copyright filings, notices of lien or similar instruments, and all such documents shall be deemed to have been filed and recorded at the time of and on the date of this Interim Order.

c. Certified Copy of Interim Order. A certified copy of this Interim Order may, in the discretion of any of the Prepetition Secured Parties, be filed with or recorded

in filing or recording offices in addition to or in lieu of such financing statements, notices of lien or similar instruments, and all filing offices are hereby authorized to accept such certified copy of this Interim Order for filing and recording.

10. *No Marshaling/Applications of Proceeds.* The Prepetition Secured Parties shall not be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the Prepetition Collateral or Adequate Protection Collateral, as the case may be, and proceeds shall be received and applied in accordance with this Interim Order and the Prepetition Loan Documents notwithstanding any other agreement or provision to the contrary.

11. *Section 552(b).* The Prepetition Secured Parties shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, including in respect of postpetition revenues and payment in connection with (and as proceeds of) any Prepetition Collateral and, upon entry of the Final Order, the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to any of the Prepetition Secured Parties with respect to proceeds, product, offspring or profits of any of the Prepetition Collateral.

12. *Section 506(c) Waiver.* Subject to entry of the Final Order, no costs or expenses of administration that have been or may be incurred in any of these chapter 11 cases or any successor cases at any time shall be charged against any Prepetition Secured Party, any of their respective claims, any Prepetition Obligations, the Adequate Protection Lien, the Adequate Protection Claim, any Prepetition Liens or any Prepetition Collateral, including any Cash

Collateral, pursuant to sections 506(c) or 105(a) of the Bankruptcy Code, or otherwise, without the prior written consent of the Prepetition Agent.

13. *Credit Bid.* All rights of the Prepetition Secured Parties and the Debtors are reserved with respect to the ability of the Prepetition Agent, on behalf of Prepetition Secured Parties, to exercise the right to credit bid under section 363(k) of the Bankruptcy Code in connection with a sale of the Debtors' assets under section 363 of the Bankruptcy Code or under a chapter 11 plan. Nothing in this Interim Order shall affect, impair, or prejudice any rights that the Prepetition Secured Parties may have under section 363(k) of the Bankruptcy Code, or that the Debtors may have to contest such rights under section 363(k) of the Bankruptcy Code.

14. *Good Faith.* Each of the Prepetition Secured Parties has acted in good faith (including, without limitation, for the purposes of section 363(m) of the Bankruptcy Code) in connection with this Interim Order and its reliance on this Interim Order has been and is in good faith.

15. *Modification of Automatic Stay.* The automatic stay under Bankruptcy Code section 362(a) is hereby modified as necessary to effectuate all of the terms and provisions of this Interim Order, including, without limitation, to: (a) permit the Debtors to grant the Replacement Lien and the Adequate Protection Lien and incur the Adequate Protection Claim; (b) permit the Debtors to perform such acts as may be needed to assure the perfection and priority of the liens granted herein; (c) permit the Debtors to incur all liabilities and obligations under the terms of this Interim Order; and (d) authorize the Debtors to pay, and the Prepetition

Secured Parties to retain and apply, any payments made in accordance with the terms of this Interim Order.

16. *Preservation of Rights Granted Under This Interim Order.* The liens and claims granted by the provisions of this Interim Order shall survive, and shall not be modified, impaired or discharged by (i) the entry of an order converting any of the chapter 11 cases to a case under chapter 7 or dismissing such chapter 11 case, or (ii) the entry of an order confirming a chapter 11 plan in the chapter 11 cases.

17. *Binding Effect; Successors and Assigns.* The provisions of this Interim Order, including all findings herein, shall be binding upon all parties in interest in the chapter 11 cases, including, without limitation, the Prepetition Secured Parties, any Committee, and the Debtors, and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the Debtors' estates) and shall inure to the benefit of the Prepetition Secured Parties and the Debtors, and their respective successors and assigns.

18. *Reservation of Rights.* The Debtors reserve all rights to seek other or additional use of Cash Collateral on such further or different terms and conditions as may be approved by the Court and the Prepetition Secured Parties reserve all rights with respect to any such request. This Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, the rights of the Prepetition Secured Parties to request additional forms of adequate protection at any time or the rights of the Debtors or any other party to contest such request. The Debtors and the Prepetition Secured Parties reserve all rights with respect to

whether the Prepetition Obligations and the Prepetition Liens extend to the proceeds of any commercial tort claim or Avoidance Action recovered from any Prepetition Secured Party.

19. *No Third Party Rights.* Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect or incidental beneficiary.

20. *Amendments.* Except as otherwise provided herein, no waiver, modification, or amendment of any of the provisions hereof shall be effective unless set forth in writing, signed by, or on behalf of, the Debtors and the Prepetition Agent, and approved by the Court after notice to parties-in-interest.

21. *Effectiveness.* Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062 or 9024 or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution of effectiveness of this Interim Order as provided in such Rules.

22. *Objections.* Objections to the entry of the Final Order shall be in writing and shall be filed with the Clerk of this Court, on or before 4:00 p.m. (prevailing Eastern time) on the date that is five (5) business days prior to and excluding the date of the Final Hearing set forth in paragraph 23 below, with a copy served upon: (i) counsel for the Debtors, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, DE 19899-8705 (Attn: Colin R. Robinson, Esq.); (ii) counsel for CLMG Corp. and LNV Corporation, White &

Case LLP, 1221 Avenue of the Americas, New York, NY 10020-1095 (Attn: Thomas Lauria, Esq., David Turetsky, Esq. and Andrew Zatz, Esq.); (iii) counsel to be selected by any Committee upon its formation if selected by such date; (iv) all parties that have filed notices of appearance and requests for notices in these cases; and (v) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801.

23. *Final Hearing.* The Final Hearing is scheduled for January _____, 2019 at _____.m. (Eastern time) before this Court.

Dated: December __, 2018
Wilmington, Delaware

HONORABLE KEVIN GROSS
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

BUDGET

White Eagle Cash Forecast

All of the Debtors and CLMG and LNV's rights with respect to any future budget are reserved in full, and any agreement on amounts or types of expenses set forth in this interim budget are not, in any way, intended to suggest approval of any similar amounts or types of expenses in any future budget.

<i>Week Ending:</i>	1	2	3	4	5	6	
	12/07/18	12/14/18	12/21/18	12/28/18	01/04/19	01/11/19	01/18/19
Beginning, Total Cash Balance	\$ 33,160,283	\$ 35,328,385	\$ 32,292,826	\$ 31,077,673	\$ 28,811,063	\$ 26,973,919	\$ 23,777,292
Cash Received							
Facility Draw, Premiums	\$ 4,220,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Draw, Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection, Death Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Received	\$ 4,220,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disbursements							
Premium Wires	\$ 2,052,828	\$ 2,168,102	\$ 802,029	\$ 1,404,153	\$ 1,353,846	\$ 2,330,714	\$ 2,563,462
Lender Interest ⁽¹⁾	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Admin. Agent Professional Fees ⁽²⁾	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Overhead/Operating Costs (Transfer to Imperial Finance & Trading, LLC) (Detail attached)	\$ -	\$ 292,415	\$ -	\$ 292,415	\$ -	\$ 351,622	\$ -
Qtrly Servicing Fees-LexServ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,838
LE Expenses-LexServ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,306
Qtrly Portfolio Mgr. Fee-Lamington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,800
Qtrly Securities Intermediary Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,600
Qtrly Prem. Pmnt Fee-Wilmington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,650
Incoming Wire Fee-Wilmington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150
Outgoing Wire Fee-Wilmington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,095
Collateral Consultant Fees-D3G	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,000
Debtor Counsel (PSZJ)	\$ -	\$ 200,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Debtor Litigation Counsel (Kasowitz) ⁽³⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debtor Irish Counsel (Arthur Cox)	\$ -	\$ 625	\$ 625	\$ 625	\$ 625	\$ 625	\$ 625
Wilmington Trust Counsel (K&L Gates)	\$ -	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Curtis Mallet-Prevost Colt & Mosle	\$ -	\$ 17,500	\$ -	\$ 17,500	\$ -	\$ 15,000	\$ -
Daniel Coker Horton	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 500	\$ -
Gibson Dunn	\$ -	\$ 37,500	\$ -	\$ 37,500	\$ -	\$ 37,500	\$ -
Holland & Knight	\$ -	\$ 17,500	\$ -	\$ 17,500	\$ -	\$ 15,000	\$ -
Reed Smith	\$ -	\$ 31,667	\$ -	\$ 31,667	\$ -	\$ 31,667	\$ -
Weinberg Zareh Malkin Price	\$ -	\$ 1,750	\$ -	\$ 1,750	\$ -	\$ 1,500	\$ -
Valuation	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -
Independent Manager	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	\$ -
White Eagle Contingency	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
U.S. Trustee Fees	\$ -	\$ -	\$ -	\$ -	\$ 65,173	\$ -	\$ -
Total Disbursements⁽⁴⁾	\$ 2,052,828	\$ 3,035,558	\$ 1,215,154	\$ 2,266,610	\$ 1,837,144	\$ 3,196,627	\$ 3,550,026
Ending Cash Balance	\$ 35,328,385	\$ 32,292,826	\$ 31,077,673	\$ 28,811,063	\$ 26,973,919	\$ 23,777,292	\$ 20,227,267

(1) To the extent that accrued interest (and any other Prepetition Obligations coming due under the Prepetition Loan Documents) exceeds the budgeted amount, such amounts shall continue to accrue and the Debtors and CLMG and LNV reserve all rights with respect thereto.

(2) To the extent that Secured Party Professional Fees exceed the budgeted amount, such amounts shall continue to accrue and the Debtors and CLMG and LNV reserve all rights with respect thereto.

(3) The Debtors reserve all rights to seek to include the fees and expenses of Kasowitz in any budget covering any time period following the interim period, and CLMG and LNV reserve all rights to contest such request.

(4) The appearance of any Professional Fees in the Budget are for purposes of estimated accruals only and (x) shall not be deemed an authorization for the Debtors to pay any Professional Fees absent a Court order authorizing such payment and (y) shall not, in any way, be probative (or otherwise have any impact) with respect to the allowance of the payment of any such Professional Fees or any party's right to object to the payment of such Professional Fees. Such Professional Fees may only be paid to professionals retained by the Debtors under section 327 of the Bankruptcy Code and only to the extent allowed by Court order and payable under sections 328 and 331 of the Bankruptcy Code and any interim procedures order. The Interim Cash Collateral Order does not, and shall not be deemed to, itself authorize the payment of any Professional Fees.

Overhead/Operating Costs Summary
(Transfer to Imperial Finance & Trading, LLC)

Cash Paid By Month

	Fcst	Fcst
	Dec-2018	Jan-2019 (1/2 Mth)
Other SG&A		
Audit and Tax	183,500	59,250
Data Processing	32,052	15,356
Office Materials and Supplies	2,983	1,492
Communication	1,525	762
Travel and Entertainment	10,500	6,500
Office Space	28,130	14,065
Insurance	64,931	32,466
Repairs and Maintenance	250	125
Professional Fees and Contractor Services	42,550	38,775
Membership Dues, Subscriptions and Other	701	1,107
Property and Other Misc. Taxes	-	-
Bank and Trustee Fees	2,632	1,316
Total SG&A	369,754	171,214
Salaries and Wages	172,914	86,457
Health Insurance	9,600	5,040
401 K	-	61,959
Payroll Taxes	13,228	12,200
Other Benefit Costs	1,000	5,550
Other Personnel Related Costs - Insperity	3,500	1,785
Temporary Labor	14,833	7,417
Total Personnel Costs	215,076	180,408
Total Overhead/Operating Costs	584,829	351,622