

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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| In re: | : Chapter 11 |
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| 1141 REALTY OWNER LLC, <u>et al.</u> , | : Case No. 18-12341 (SMB) |
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| Debtors. | : Jointly Administered |
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**INTERIM ORDER: AUTHORIZING OPERATOR TO SATISFY PRE-PETITION
EMPLOYEE COMPENSATION OBLIGATIONS**

Upon the motion (the “Motion”) of 1141 Realty Owner LLC (“Owner”) and Flatironhotel Operations LLC (“Operator”, and together with Owner, the “Debtors”), the debtors and debtors-in-possession in the above-referenced chapter 11 cases (the “Chapter 11 Cases”), for entry of an order authorizing Operator to satisfy and, to the extent applicable, directing any payroll banks to honor, Pre-Petition Employee Compensation Obligations¹; and this Court having jurisdiction to consider the Motion and the relief requested therein; and consideration of the Motion and the relief required being a core proceeding; and venue being proper before this Court; and due and sufficient notice of the Motion having been given under the particular circumstances to the Notice Parties; and it appearing that no other or further notice need be provided; and this Court having determined that relief requested in the Motion being in the best interest of the Debtors, their creditors, and all parties in interest; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court and after due deliberation and sufficient cause appearing therefor,

¹ All capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to them in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis, pending consideration of the entry of a final Order.

2. Operator hereby is authorized and empowered to satisfy in the ordinary course of business the Pre-Petition Employee Compensation Obligations including, but not limited to, Pre-Petition Payroll and Pre-Petition Payroll Taxes², subject to the limitations set forth in 11 U.S.C. §§ 507(a)(4) and 507(a)(5).

3. Nothing in this Order, nor any action taken by Operator in furtherance of the implementation hereof shall be deemed an approval of the assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

4. Any and all financial institutions honoring the aforementioned obligations to Operator's Employees are authorized and directed to receive, process, honor and pay all checks, drafts, and automatic clearing house and wire transfers drawn on bank accounts of the Debtors to the extent authorized herein or directed by the Debtors, whether presented, drawn or issued before or after the commencement of the bankruptcy case for payment by the holder thereof, provided that sufficient funds, whether deposited prior to, or subsequent to, the commencement of this bankruptcy case, are in, or otherwise are available pursuant to the Debtors' cash management system to fund the relevant bank accounts to cover and permit payment thereof.

5. The Debtors are hereby authorized (consistent with this Order) to issue post-petition checks (or electronic fund transfers) in payment of pre-petition obligations to Operator's Employees, including, but not limited to, wage garnishments, child support payments and alimony

² Notwithstanding the facts recited at paragraph 11 of the Motion, Operator is authorized to pay the unpaid wages, inclusive of payroll taxes, earned by the Employees for the period of July 22, 2018 through July 31, 2018, the total of which is approximately \$18,000.00.

covered by a check that is dishonored or rejected as a consequence of the commencement of the Bankruptcy Cases.

6. Nothing in this Order or the Motion shall be construed as prejudicing any rights the Debtors may have to dispute or contest the amount of or basis for any claims asserted against the Debtors arising in connection with the Pre-Petition Employee Compensation Obligations or as an admission as to the validity or priority of any claim against the Debtors.

7. Nothing in this order should be construed as approving any transfer pursuant to section 503(c) of the Bankruptcy Code, and a separate motion will be filed for any request that could fall within section 503(c). This interim Order does not implicitly or explicitly approve any bonus plan, incentive plan, severance plan or other plan covered by section 503(c) of the Bankruptcy Code.

8. Nothing in this Interim Order authorizes the Debtors to accelerate any payments not otherwise due prior to the date of the Final Hearing.

9. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

10. The hearing (the "Final Hearing") to consider entry of a final order granting the relief requested in the Motion (the "Final Order") is scheduled for September 6, 2018 at 10:00 a.m. before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, on the 7th floor, in Courtroom 723, at the United States Bankruptcy Court for the Southern District of New York. Within three (3) business days of entry hereof, the Debtors shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Interim Order and of the Final Hearing (the "Final Hearing Notice"), together with copies of this Interim Order and the Motion, on: (a) the parties having been given notice of the Interim Hearing; (b) any party which has filed prior to such date a request for notices with this Court; (c) counsel for any Creditors' Committee, if appointed by such

date; and (d) any other party to whom notice is required to be given pursuant to Bankruptcy Rules 2002 and 4001 and the Local Bankruptcy Rules. The Final Hearing Notice shall state that any party in interest objecting to the entry of the proposed Final Order must file written objections with the Clerk of the Court on or before August 30, 2018 at 4:00 p.m. (Eastern Time) and must serve such objections so that they are received on or before such date by: (i) counsel to the Debtors, Attn: Tracy L. Klestadt, Esq., Klestadt Winters Jureller Southard & Stevens, LLP, 200 West 41st Street, 17th Floor, New York, NY 10036; (ii) counsel to any Creditors' Committee, if appointed by such date; (iii) counsel to the DIP Lender, Attn: Kenneth P. Silverman, Esq., Silverman Acampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York 11753; and (v); the Office of the United States Trustee for the Southern District of New York, Attn: Susan Arbeit, Esq., U.S. Federal Office Building, 201 Varick Street, Room 1006, New York, New York 10014.

11. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

Dated: New York, New York
August 7th, 2018

/s/ STUART M. BERNSTEIN
HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE