

Joshua A. Sussberg, P.C.
Christopher T. Greco, P.C.
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

Joseph M. Graham (*pro hac vice* pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Proposed Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)
) Chapter 11
)
HOLLANDER SLEEP PRODUCTS, LLC, *et al.*,¹) Case No. 19-11608 (____)
)
Debtors.) (Joint Administration Requested)
)

**DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL
ORDERS (A) AUTHORIZING THE PAYMENT OF CERTAIN
PREPETITION TAXES AND FEES AND (B) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) respectfully state as follows in support of this motion:

Relief Requested

1. By this motion, the Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, (a) authorizing the Debtors to remit and pay certain accrued and outstanding prepetition Taxes and Fees (as defined herein) in the ordinary course of business, including those obligations subsequently determined upon audit or otherwise

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Dream II Holdings, LLC (7915); Hollander Home Fashions Holdings, LLC (2063); Hollander Sleep Products, LLC (2143); Pacific Coast Feather, LLC (1445); Hollander Sleep Products Kentucky, LLC (4119); Pacific Coast Feather Cushion, LLC (3119); and Hollander Sleep Products Canada Limited (3477). The location of the Debtors’ service address is: 901 Yamato Road, Suite 250, Boca Raton, Florida 33431.

to be owed for prepetition periods, and (b) granting related relief. In addition, the Debtors request that the Court (as defined herein) schedule a final hearing within approximately 25 days from the date hereof (the “Petition Date”) to consider approval of this motion on a final basis.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of New York (the “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 Southern District of New York*, dated January 31, 2012. The Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), 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.

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

4. The bases for the relief requested herein are sections 105(a), 363(b), 507(a)(8), and 541 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Bankruptcy Rules 6003 and 6004, and Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”).

Background²

5. Hollander Sleep Products is the largest pillow and mattress pad manufacturer in North America. The Debtors also manufacture comforters and other basic bedding products. The Debtors have their own brands, including Great Sleep®, I AM®, LC®, PCF®, and

² The facts and circumstances supporting this motion are set forth in the *Declaration of Marc Pfefferle, Chief Executive Officer of Hollander Sleep Products, LLC, in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed contemporaneously herewith and incorporated by reference herein.

Restful Nights®, and also manufacture and sell licensed brands, including Simmons®, Ralph Lauren®, CHAPS®, Calvin Klein®, Therapedic®, Nautica®, 37.5®, and Dr. Maas®. The Debtors are headquartered in Boca Raton, Florida, operate a main showroom in New York City, and have thirteen manufacturing facilities throughout the United States and Canada. The Debtors generated approximately \$527 million in net revenue in fiscal year 2018 and currently employ more than 2,300 people across the United States and Canada. As of the date hereof, the Debtors have approximately \$233 million in funded debt.

6. On the Petition Date, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have concurrently filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b).

The Debtors' Tax and Fee Obligations

7. In the ordinary course of business, the Debtors collect, incur, and pay, among other taxes, sales taxes, use taxes, annual report and licensing fees, personal property taxes, franchise taxes and fees, foreign taxes, and various other governmental taxes, fees, and assessments, and pay fees on account of tax services provided to the Debtors (collectively, the "Taxes and Fees").³

³ By this motion, the Debtors do not seek the authority to collect and remit state and federal employee-related taxes and fees. The Debtors instead request such relief in the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*, filed concurrently herewith. Similarly, the Debtors do not seek authority to pay duty and excise taxes and fees related to purchases of goods from or in foreign jurisdictions. The Debtors instead request such relief in the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Prepetition Claims of (A) Lien Claimants, (B) Import Claimant, (C) 503(b)(9) Claimants, (D) Foreign Vendors, and (E) Critical Vendors, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief*, filed contemporaneously herewith.

The Debtors remit the Taxes and Fees to various federal, state, local, and foreign governmental units, including taxing authorities (collectively, the “Governmental Authorities”).

8. The Debtors also use, in the ordinary course of business, third-party service providers to facilitate the payment of the Taxes and Fees (the “Third-Party Service Providers”). Such services include calculating sales and use taxes and remitting taxes to the Governmental Authorities on the Debtors’ behalf, among others. As of the Petition Date, the Debtors do not believe that they owe any amounts to the Third-Party Service Providers on account of fees or any other form of compensation for such services. Nevertheless, out of an abundance of caution, the Debtors seek authority to honor any amounts owed to the Third-Party Service Providers in the ordinary course of business on a postpetition basis to ensure timely payment of the Taxes and Fees.

9. A schedule identifying the Governmental Authorities and Third-Party Service Providers is attached hereto as Exhibit C.⁴ Taxes and Fees are remitted and paid by the Debtors through checks and electronic transfers that are processed through the financial institutions at which the Debtors maintain the bank accounts that comprise their cash management system. The Debtors estimate that approximately \$679,000 in Taxes and Fees is outstanding as of the Petition Date or otherwise relates to the prepetition period and will become due and owing to the Governmental Authorities in the ordinary course after the Petition Date.⁵ The Debtors further estimate that approximately \$421,000 in Taxes and Fees outstanding as of the Petition Date or otherwise relating to the prepetition period are or will become due to the Governmental Authorities within the first 25 days after the Petition Date.

⁴ Although Exhibit C is intended to be comprehensive, the Debtors may have inadvertently omitted Governmental Authorities on Exhibit C. By this motion, the Debtors request relief with respect to Taxes and Fees payable to all Governmental Authorities, regardless of whether any such authority is specifically identified on Exhibit C.

⁵ This estimate does not include any potential prepetition tax liability that may later come due as the result of an Audit (as defined herein).

10. The following table contains a summary of the Taxes and Fees:

Category	Description	Approximate Amount Due as of Petition Date	Approximate Amount Due Within 25 Days of Petition Date
Sales and Use Taxes	<p>The Debtors incur sales, use, and related taxes in various states in connection with the sale of goods and services in those states (collectively, the “<u>Sales and Use Taxes</u>”).</p> <p>Depending on the applicable jurisdiction, sales and use taxes are due monthly, quarterly, semi-annually, or annually.</p>	\$25,000	\$24,000
Real Property Taxes	<p>The Debtors remit property taxes directly to Governmental Authorities on account of production plants, offices, and work place locations that the Debtors use in the operation of their businesses (the “<u>Property Taxes</u>”).</p> <p>The Debtors collect and remit Real Property Taxes to the relevant Governmental Authorities on a quarterly, semi-annual, or annual basis, depending on the applicable jurisdiction.</p>	\$225,000	\$0
Foreign Taxes	<p>The Debtors pay taxes and fees imposed by foreign Governmental Authorities that are required to conduct business in the ordinary course.</p>	\$230,000	\$225,000
Business License Fees	<p>The Debtors pay fees for business licenses and permits and other fees associated with conducting business pursuant to state and local laws (collectively, the “<u>Business License Fees</u>”).</p> <p>Generally, the Debtors collect and remit Business License Fees to the relevant Governmental Authorities on an annual basis.</p>	\$9,000	\$9,000
Franchise Taxes	<p>The Debtors pay taxes required to conduct business in the ordinary course (the “<u>Franchise Taxes</u>”).</p> <p>The Debtors pay Franchise Taxes to the relevant Governmental Authorities on an annual basis.</p>	\$100,000	\$100,000
Other Taxes	<p>The Debtors remit other taxes and fees required to operate their businesses in certain states, including personal property, mercantile, and commercial activity taxes as well as annual report fees.</p>	\$90,000	\$63,000
Total		\$679,000	\$421,000

11. The Debtors believe that failing to pay the Taxes and Fees could materially disrupt the Debtors' business operations in several ways. *First*, failing to pay certain of the Taxes and Fees likely would cause the Debtors to lose their ability to conduct business in certain jurisdictions. *Second*, the Governmental Authorities could initiate audits, suspend operations, file liens, or seek to lift the automatic stay, which would unnecessarily divert the Debtors' attention from the chapter 11 process. *Third*, failing to pay Taxes and Fees could potentially subject certain of the Debtors' directors and officers to claims of personal liability, which likely would distract those key persons from their duties related to the Debtors' restructuring. *Fourth*, unpaid Taxes and Fees may result in penalties, the accrual of interest, or both, which could negatively impact the Debtors' business or the restructuring process. Moreover, the Debtors collect and hold certain outstanding tax liabilities in trust for the benefit of the applicable Governmental Authorities, and these funds may not constitute property of the Debtors' estates. Accordingly, the Debtors seek authority to pay the Taxes and Fees in the ordinary course of business consistent with historic practice as set forth more fully herein.

Audits

12. The Debtors are currently subject to an ongoing sales-tax audit investigation in Canada and may be subject to further investigations on account of tax returns and/or obligations in prior years (collectively, the "Audits"). The Audits may result in additional prepetition Taxes and Fees being assessed against the Debtors. As of the Petition Date, the Debtors are not aware of any amounts owed on account of the Audits, but, out of an abundance of caution, seek authority to pay such obligations as they arise in the ordinary course.

Basis for Relief

I. Certain of the Taxes and Fees Are Not Property of the Debtors' Estates.

13. Many of the Taxes and Fees are collected or withheld by the Debtors on behalf of the applicable Governmental Authorities and are held in trust by the Debtors. *See, e.g.*, I.R.C. § 7501 (stating that taxes collected and payable to the United States are held in trust). As such, these Taxes and Fees are not property of the Debtors' estates under section 541 of the Bankruptcy Code. *See, e.g.*, 11 U.S.C. § 541(d); *Begier v. IRS*, 496 U.S. 53, 57–60 (1990) (holding that any prepetition payment of trust fund taxes is not an avoidable preference since funds are not the debtor's property); *In re Shank*, 792 F.2d 829, 833 (9th Cir. 1986) (finding that sales tax required by state law to be collected by sellers from their customers is a "trust fund" tax and not released by bankruptcy discharge); *DeChiaro v. N.Y. State Tax Comm'n*, 760 F.2d 432, 435–36 (2d Cir. 1985) (same). Because the Debtors may not have an equitable interest in funds held on account of such "trust fund" taxes, the Debtors should be permitted to pay those funds to the Governmental Authorities as they become due.⁶

II. Payment of the Taxes and Fees as Provided Herein Is a Sound Exercise of the Debtors' Business Judgment.

14. Courts in this district generally acknowledge that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate. *See In re Ionosphere Clubs*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (authority to pay prepetition wages); *Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983) (authority to pay prepetition claims of suppliers). In so doing,

⁶ For the avoidance of doubt, the Debtors hereby request authority to pay the Taxes and Fees as provided herein regardless of whether such Taxes and Fees constitute "trust fund" taxes.

these courts acknowledge that several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code support the payment of prepetition claims as requested herein.

15. Pursuant to section 363(b) of the Bankruptcy Code, courts may authorize payment of prepetition obligations where a sound business purpose exists for doing so. *See Ionosphere Clubs*, 98 B.R. at 175 (noting that section 363(b) provides “broad flexibility” to authorize a debtor to honor prepetition claims where supported by an appropriate business justification); *see also James A. Phillips, Inc.*, 29 B.R. at 397 (relying upon section 363 as a basis to allow a contractor to pay the prepetition claims of suppliers who were potential lien claimants). Indeed, courts have recognized that there are instances when a debtor’s fiduciary duty can “only be fulfilled by the preplan satisfaction of a prepetition claim.” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002).

16. Courts also may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) codifies the Court’s inherent equitable powers to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” Under section 105(a), courts may authorize pre-plan payments of prepetition obligations when essential to the continued operation of a debtor’s business. *See In re C.A.F. Bindery, Inc.*, 199 B.R. 828, 835 (Bankr. S.D.N.Y. 1996) (recognizing that the “doctrine of necessity” stands for the principle that a bankruptcy court may allow pre-plan payments of prepetition obligations where such payments are critical to the debtor’s reorganization); *see also Ionosphere Clubs*, 98 B.R. at 176 (holding that a court may authorize payments of prepetition obligations under section 105(a) of the Bankruptcy Code pursuant to the “necessity of payment” rule (also referred to as the “doctrine of necessity”)).

17. Here, the Debtors' ability to pay the Taxes and Fees is critical to the efficient and value-maximizing administration of the Debtors' estates. If certain Taxes and Fees remain unpaid, Governmental Authorities may seek to impose penalties on the Debtors' directors, officers, or employees, thereby distracting them from the administration of the Debtors' chapter 11 cases. *See, e.g.*, N.Y. Tax Law § 1133 (“[E]very person required to collect any tax imposed by this article shall be personally liable for the tax imposed, collected or required to be collected under this article.”). The dedicated and active participation of the Debtors' officers and employees is essential to the orderly administration of these chapter 11 cases and maximizing the value of the Debtors' estates for the benefit of their stakeholders. Thus, any collection action on account of such penalties, and any ensuing liability, would distract the Debtors and their personnel to the detriment of all parties in interest.

18. Moreover, many of the Taxes and Fees may be entitled to priority status pursuant to section 507(a)(8) of the Bankruptcy Code. Claims entitled to priority status pursuant to section 507(a)(8) of the Bankruptcy Code must be paid in full to confirm a plan under section 1129(a)(9)(C) of the Bankruptcy Code. The Debtors' failure to pay the prepetition Taxes and Fees as they come due thus may ultimately increase the amount of priority claims held by the Governmental Authorities against the Debtors' estates to the detriment of the Debtors' general unsecured creditors and other stakeholders. *See* 11 U.S.C. § 507(a)(8)(G). Accordingly, the Court should grant the Debtors authority to pay, in their sole discretion, the prepetition Taxes and Fees as provided herein.

19. Courts in this district and elsewhere routinely approve relief similar to that requested herein. *See, e.g., In re Windstream Holdings, Inc.*, No. 19-22312 (RDD) (Bankr. S.D.N.Y. Apr. 22, 2019) (authorizing debtors to pay prepetition taxes); *In re Synergy*

Pharm. Inc., No. 18-14010 (JLG) (Bankr. S.D.N.Y. Jan. 23, 2019) (same); *In re Glansaol Holdings Inc.*, No. 18-14102 (MEW) (Bankr. S.D.N.Y. Jan. 22, 2019) (same); No 18-13648 (SMB) (Bankr. S.D.N.Y. Dec. 19, 2018) (same); *In re Aegean Marine Petroleum Network Inc.*, No. 18-13374 (MEW) (Bankr. S.D.N.Y. Dec. 6, 2018) (same).⁷

Processing of Checks and Electronic Fund Transfers Should Be Authorized

20. The Debtors have sufficient funds to pay any amounts described in this motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral and postpetition financing. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to any authorized payment in respect of the relief requested herein. Accordingly, the Debtors believe there is minimal risk that checks or wire transfer requests that the Court has not authorized will be inadvertently made. Therefore, the Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this motion; provided that sufficient funds are on deposit and standing in the Debtors' credit in the applicable bank accounts to cover such payments.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

21. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." For the reasons discussed above, the Debtors believe an immediate and orderly transition into chapter 11 is critical to the viability of their operations and that any delay in granting the relief

⁷ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

requested could hinder the Debtors' operations and cause irreparable harm. Furthermore, the failure to receive the requested relief during the first 21 days of these chapter 11 cases would severely disrupt the Debtors' operations at this important juncture. For the reasons discussed herein, the relief requested is necessary for the Debtors to operate their business in the ordinary course and preserve the ongoing value of the Debtors' operations and maximize the value of their estates for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable" standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

22. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Reservation of Rights

23. Nothing contained herein or any actions taken pursuant to such relief requested is intended to or should be construed as (a) an admission as to the validity of any prepetition claim against a Debtor entity, (b) a waiver of the Debtors' or any other party in interest's right to dispute any prepetition claim on any grounds, (c) a promise or requirement to pay any prepetition claim, (d) an implication or admission that any particular claim is of a type specified or defined in this motion or any order granting the relief requested by this motion, (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code, (f) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law, or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the relief requested in this motion are valid, and

the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

Motion Practice

24. This motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated and a discussion of their application to this motion. Accordingly, the Debtors submit that this motion satisfies Local Rule 9013-1(a).

Notice

25. The Debtors will provide notice of this motion to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the holders of the 50 largest unsecured claims against the Debtors (on a consolidated basis); (c) the administrative agent for the Debtors' term loan facility and counsel thereto; (d) the administrative agent for the Debtors' asset-based loan credit facility and counsel thereto; (e) the administrative agent for the Debtors' proposed debtor in possession term loan financing facility and counsel thereto; (f) the administrative agent for the Debtors' proposed debtor in possession asset-based loan credit facility and counsel thereto; (g) the United States Attorney's Office for the Southern District of New York; (h) the Internal Revenue Service; (i) the attorneys general for the states in which the Debtors operate; (j) the Governmental Authorities; (k) the Third-Party Service Providers; and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

26. No prior request for the relief sought in this motion has been made to this or any other court.

WHEREFORE, the Debtors respectfully request entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, granting the relief requested herein and granting such other relief as is just and proper.

New York, New York

Dated: May 19, 2019

/s/ Joshua A. Sussberg

Joshua A. Sussberg, P.C.

Christopher T. Greco, P.C.

KIRKLAND & ELLIS LLP

**KIRKLAND & ELLIS INTERNATIONAL
LLP**

601 Lexington Avenue

New York, New York 10022

Telephone: (212) 446-4800

Facsimile: (212) 446-4900

- and -

Joseph M. Graham (*pro hac vice* pending)

KIRKLAND & ELLIS LLP

**KIRKLAND & ELLIS INTERNATIONAL
LLP**

300 North LaSalle Street

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

*Proposed Counsel to the Debtors and Debtors in
Possession*

Exhibit A

Proposed Interim Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Chapter 11
HOLLANDER SLEEP PRODUCTS, LLC., <i>et al.</i> , ¹)	Case No. 19-11608 (___)
)	
Debtors.)	(Joint Administration Requested)
)	
)	Re: Docket No. ___

**INTERIM ORDER (A) AUTHORIZING THE PAYMENT OF CERTAIN PREPETITION
TAXES AND FEES AND (B) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”), (a) authorizing the Debtors to remit and pay certain accrued and outstanding prepetition Taxes and Fees in the ordinary course of business, including those obligations subsequently determined upon audit or otherwise to be owed for prepetition periods, (b) scheduling a final hearing to consider approval of the Motion on a final basis, and (c) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having 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 Southern District of New York*, dated January 31, 2012; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Dream II Holdings, LLC (7915); Hollander Home Fashions Holdings, LLC (2063); Hollander Sleep Products, LLC (2143); Pacific Coast Feather, LLC (1445); Hollander Sleep Products Kentucky, LLC (4119); Pacific Coast Feather Cushion, LLC (3119); and Hollander Sleep Products Canada Limited (3477). The location of the Debtors’ service address is: 901 Yamato Road, Suite 250, Boca Raton, Florida 33431.

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

and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing 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, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.
2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2019, at __:__ .m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion must be filed with the Court on or before 4:00 p.m., prevailing Eastern Time, on _____, 2019.
3. The Debtors are authorized, but not directed, to (a) pay or remit the Taxes and Fees accrued prior to the Petition Date that will become payable during the pendency of these chapter 11 cases at such time when the Taxes and Fees are payable in the ordinary course of business and (b) pay Taxes and Fees that arise in the ordinary course of business on a postpetition basis.
4. The Debtors are authorized, but not directed, to pay claims of the Third-Party Service Providers in the ordinary course of business and consistent with their prepetition practices.
5. Nothing in this Interim Order authorizes the Debtors to accelerate any payments not otherwise due prior to the date of the Final Hearing.
6. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any prepetition claim on any grounds; (c) a promise or

requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion or a finding that any particular claim is an administrative expense or other priority claim; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the rights of any party in interest under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

7. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, whether such checks or other requests were submitted prior to, or after, the Petition Date, provided that sufficient funds are on deposit and standing in the Debtors' credit in the applicable bank accounts to cover such payments, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order without any duty of further inquiry and without liability for following the Debtors' instructions.

8. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

9. Notwithstanding the relief granted in this Interim Order, any payment made by the Debtors pursuant to the authority granted herein shall be subject to and in compliance with any orders entered by the Court approving the Debtors' entry into any postpetition debtor-in-possession financing facility and any budget in connection therewith and/or authorizing the Debtors' use of cash collateral and any budget in connection therewith.

10. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

11. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

14. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

New York, New York

Dated: _____, 2019

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Proposed Final Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)
) Chapter 11
)
HOLLANDER SLEEP PRODUCTS, LLC., *et al.*,¹) Case No. 19-11608 (____)
)
)
Debtors.) (Joint Administration Requested)
)
)
) **Re: Docket No.** ____

**FINAL ORDER (A) AUTHORIZING THE PAYMENT OF CERTAIN PREPETITION
TAXES AND FEES AND (B) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final Order”), (a) authorizing the Debtors to remit and pay certain accrued and outstanding prepetition Taxes and Fees in the ordinary course of business, including those obligations subsequently determined upon audit or otherwise to be owed for prepetition periods and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having 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 Southern District of New York*, dated January 31, 2012; and this Court having the power to enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Dream II Holdings, LLC (7915); Hollander Home Fashions Holdings, LLC (2063); Hollander Sleep Products, LLC (2143); Pacific Coast Feather, LLC (1445); Hollander Sleep Products Kentucky, LLC (4119); Pacific Coast Feather Cushion, LLC (3119); and Hollander Sleep Products Canada Limited (3477). The location of the Debtors’ service address is: 901 Yamato Road, Suite 250, Boca Raton, Florida 33431.

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

appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing 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, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.
2. The Debtors are authorized, but not directed, to (a) pay or remit the Taxes and Fees accrued prior to the Petition Date that will become payable during the pendency of these chapter 11 cases at such time when the Taxes and Fees are payable in the ordinary course of business and (b) pay Taxes and Fees that arise in the ordinary course of business on a postpetition basis.
3. The Debtors are authorized, but not directed, to pay claims of the Third-Party Service Providers in the ordinary course of business and consistent with their prepetition practices.
4. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion or a finding that any particular claim is an administrative expense or other priority claim; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the rights of any party in interest under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law,

statutory, or otherwise) satisfied pursuant to the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

5. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, whether such checks or other requests were submitted prior to, or after, the Petition Date, provided that sufficient funds are on deposit and standing in the Debtors' credit in the applicable bank accounts to cover such payments, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

7. Notwithstanding the relief granted in this Final Order, any payment made by the Debtors pursuant to the authority granted herein shall be subject to and in compliance with any orders entered by the Court approving the Debtors' entry into any postpetition debtor-in-possession financing facility and any budget in connection therewith and/or authorizing the Debtors' use of cash collateral and any budget in connection therewith.

8. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

9. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

10. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

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

New York, New York

Dated: _____, 2019

UNITED STATES BANKRUPTCY JUDGE

Exhibit C

List of Governmental Authorities

Governmental Authority	Address	City	State	Postal Code	Type
Avalara Inc.	100 Ravine Lane, Suite 220	Bainbridge Island	WA	98110	Sales & Use Tax
Arkansas Secretary of State	State Capitol, Suite 256 500 Woodlane Street	Little Rock	AR	72201	Annual Report
Arkansas Department of Revenue	P.O. Box 1272	Little Rock	AR	72203	Sales & Use Tax
California Department of Commerce	Bureau of Household Goods and Services 4244 South Market Court, Suite D	Sacramento	CA	95834-1243	Bedding License Renewal
California Department of Tax and Fee Administration	450 North Street	Sacramento	CA	94279	Sales & Use Tax
	P.O. Box 942879	Sacramento	CA	94279-6001	Environmental Fee
California State Water Resources Control Board	P.O. Box 1888	Sacramento	CA	95812-1888	Permit-Water Code
California Secretary of State	1500 11th Street	Sacramento	CA	95814	Annual Report
Canada Revenue Agency	c/o London-Windsor Tax Services Office Non-Resident Registration & Security 441 University Ave West, Suite 101	Windsor	ON	N9A 5S8	Goods and Service Tax
Colorado Department of Revenue	Attn: Lu Cordova P.O. Box 17087	Denver	CO	80261	Sale & Use Tax
City of Compton	205 South Willowbrook Avenue	Compton	CA	90220	Business License Renewal
Connecticut Department of Commerce	450 Columbus Blvd., Suite 5	Hartford	CT	06103	Bedding License Renewal
CT Corporation	P.O. Box 4349	Carol Stream	IL	60197-4349	Annual Report Processing Fees
Franchise Tax Board	P.O. Box 942857	Sacramento	CA	94257-0531	Franchise Tax
Delaware Department of Commerce	Division of Corporations P.O. Box 898	Dover	DE	19903	Bedding License Renewal
Delaware Secretary of State	401 Federal Street	Dover	DE	19901	Annual Report
Florida Department of Revenue	P.O. Box 6668	Tallahassee	FL	32314-6668	Sales & Use Tax
Florida Secretary of State	P.O. Box 6327	Tallahassee	FL	32314	Annual Report
Georgia Department of Revenue	1800 Century Blvd., NE	Atlanta	GA	30345	Sales & Use Tax
Georgia Secretary of State	214 State Capitol	Atlanta	GA	30334	Annual Report
Guilford County Tax Department	P.O. Box 1550	Jamestown	NC	27282	Real Estate Tax
HAB-BPT	C/O Berkheimer 325-A N Ottstown Pike	Exton	PA	19341-2290	Mercantile Tax
Boston Hensley, Hart County Sheriff	P.O. Box 206	Munfordville	KY	42765	Tangible Property Tax; Real Estate Tax
Illinois Department of Revenue	P.O. Box 19035	Springfield	IL	62794-9035	Sale & Use Tax
Illinois Secretary of State	213 State Capitol	Springfield	IL	62756	Annual Report
Iowa Department of Revenue	P.O. Box 10471	Des Moines	IA	50306-0471	Sale & Use Tax

Governmental Authority	Address	City	State	Postal Code	Type
Iowa Secretary of State	First Floor, Lucas Building 321 E. 12th St.	Des Moines	IA	50319	Biennial Report
Jackson County Treasurer	201 West Platt Street	Maquoketa	IA	52060	Real Estate Tax
Jefferson County Sheriff's Office	P.O. Box 34570	Louisville	KY	40232-4570	Real Estate Tax; Personal Property Tax
City of Jefferstown	P.O. Box 991458	Louisville	KY	40269-1458	Annual Business License
	10416 Watterson Trail	Jeffersontown	KY	40299	Real Estate Tax
Kentucky Department of Revenue	Division of Sales and Use Tax Station 67, P.O. Box 181	Frankfort	KY	40602-0181	Sales & Use Tax
Kentucky Secretary of State	700 Capital Ave., Suite 152	Frankfort	KY	40601	Annual Report
King County Treasury	500 Fourth Ave. Room 600	Seattle	WA	98104-2340	Property Tax; Real Estate Tax
LA County Agricultural Commissioner/ Weights & Measures	12300 Lower Azusa Road	Arcadia	CA	91006-5872	Registration for Weights and Measures
Los Angeles County Tax Collector	225 North Hill Street, Room 122	Los Angeles	CA	90012	Unsecured Property Tax
Manitoba Chambers of Commerce	227 Portage Avenue	Winnipeg	MB	R3B 2A6	Bedding License Renewal
Massachusetts Department of Commerce	136 Blackstone Street, 5th floor	Boston	MA	02109	Bedding License Renewal
McDuffie County Planning Commission	210 Railroad Street, Suite 1544	Thomson	GA	30824	Business License
Stacey W. Thomas McDuffie County Tax Commissioner	P.O. Box 955	Thomson	GA	30824	Real Estate Tax; Personal Property Tax
Michigan Department of Commerce	Department of Licensing and Regulatory Affairs Ottawa Building 611 W. Ottawa P.O. Box 30004	Lansing	MI	48909	Bedding License Renewal
Miami-Dade Tax Collector	200 NW 2nd Avenue	Miami	FL	33128-1733	Tangible Personal Property Tax
Minnesota Department of Revenue	600 N Robert St	St. Paul	MN	55146	Sale & Use Tax
City of Munfordville	P.O. Box 85	Munfordville	KY	42765	Real Estate Tax; Tangible Property Tax
Nebraska Department of Revenue	Attn: Tony Fulton P.O. Box 94818	Lincoln	NE	68509-4818	Sale & Use Tax
New Jersey Secretary of State	P.O. Box 300	Trenton	NJ	08625	Annual Report
New York Department of Commerce	99 Washington Avenue, 6th floor	Albany	NY	12231	Bedding License Renewal
New York Secretary of State	One Commerce Plaza 99 Washington Ave	Albany	NY	12231-0001	Annual Report
New York State Department of Tax & Finance	Bankruptcy Section P.O. Box 5300	Albany	NY	12205-0300	Partnership Tax; Sale & Use Tax

Governmental Authority	Address	City	State	Postal Code	Type
North Carolina Department of Commerce	4301 Mail Service Center	Raleigh	NC	27699-4301	Bedding License Renewal
North Carolina Department of Revenue	Bankruptcy Unit P.O. Box 1168	Raleigh	NC	27602-1168	Sale & Use Tax
North Carolina Secretary of State	P.O. Box 29622	Raleigh	NC	27626-0622	Annual Report
Ohio Department of Commerce	77 South High Street, 23rd Floor	Columbus	OH	43215-6123	Bedding License Renewal
Ohio Department of Taxation	P.O. Box 16158	Columbus	OH	43216-6158	Commercial Activity Tax
Ontario Department of Commerce	Economic Development, Job Creation and Trade Communications Branch College Park, 777 Bay St., 21st Floor	Toronto	ON	M5G 2N4	Bedding License Renewal
Tax Collector Palm Beach County	P.O. Box 3353	West Palm Beach	FL	33402-3353	Tangible Personal Property Tax; Local Business Tax
Pennsylvania Department of Commerce	Commonwealth Keystone Building 400 North Street, 4th Floor	Harrisburg	PA	17120-0225	Bedding License Renewal
Pennsylvania Department of Revenue	Bureau Of Business Trust Fund Taxes P.O. Box 280905	Harrisburg	PA	17128-0905	Sale & Use Tax
City of Pico Rivera	8839 N Cedar Ave #212	Fresno	CA	93720-1832	Business License
Ministry of Finance	12 rue Saint-Louis	Quebec City	QC	G1R 5L3	Bedding License Renewal
Revenu Québec	3800 rue de Marly	Quebec City	QC	G1X 4A5	Quebec Sales Tax
Rhode Island Department of Commerce	315 Iron Horse Way, Suite 101	Providence	RI	02908	Bedding License Renewal
City of Seattle	P.O. Box 34907	Seattle	WA	98124-190	Business License Renewal
Texas Comptroller of Public Accounts	P.O. Box 149348	Austin	TX	78714-9348	Franchise Tax
Texas Department of Revenue	P.O. Box 13528, Capitol Station	Austin	TX	78711-3528	Sales & Use Tax
Utah Department of Commerce	SM Box 146701	Salt Lake City	UT	84114-6701	Bedding License Renewal
Vance County Tax Administration	122 Young Street Suite E	Henderson	NC	27536	Real Estate Tax
Virginia Department of Commerce	P.O. Box 1475	Richmond	VA	23218	Bedding License Renewal
Washington Secretary of State	Legislative Building P.O. Box 40220	Olympia	WA	98504-0220	Annual Report
West Virginia Department of Commerce	1900 Kanawha Blvd. East Building 3, Suite 600	Charleston	WV	25305	Bedding License Renewal
Worldwide Registration	10612-D Providence Road Suite 257	Charlotte	NC	28277	Bedding License Renewal