

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

In re:	:	Chapter 11
	:	
Stream TV Networks, Inc.,	:	Case No. 21-10433(KBO)
	:	
Debtor.	:	Hearing: March 22, 2021 at 10:00 a.m.
	:	Objection Deadline: March 18, 2021 at 4:00 p.m.

**STREAM TV NETWORKS, INC. MOTION FOR AUTHORIZATION TO
CONTINUE INSURANCE COVERAGE ENTERED INTO PRE-PETITION AND
HONOR OBLIGATIONS RELATED THERETO**

Debtor, Stream TV Networks, Inc. (the “Debtor”) hereby moves the Court, pursuant to this motion (this “Motion”), for entry of an order, substantially in the form attached hereto as **Exhibit A**, authorizing the Debtor to maintain and continue its insurance policies uninterrupted and pay or have paid any pre-petition or other amounts related to such policies to the extent the Debtor determines, in its discretion, that such payment is appropriate. In support of this Motion, the Debtor respectfully states as follows:

Jurisdiction

1. The Court has jurisdiction to consider 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 as of February 29, 2012.
2. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory bases for the relief requested herein are sections 105(a) and 363 of the Bankruptcy Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”) and Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

4. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). The Debtor consents to the entry of final orders or judgments of the Court if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

Background

5. Stream TV was founded in 2009 as a “new media” company to pursue new technologies that enhance user entertainment and communications experiences. The technology that the Company is currently seeking to launch allows TV and tablet manufacturers to convert two dimensional devices into three dimensional without the need for viewing glasses. The Debtor has principal executive offices located in Philadelphia, Pennsylvania.

6. On the date hereof (the “Petition Date”), the Debtor filed a voluntary petition for relief with the Court under chapter 11 of title 11 of the Bankruptcy Code. The Debtor is operating its organization as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in this chapter 11 case (the “Chapter 11 Case”) and, as of the date of the filing of this Motion, no official committees have been appointed or designated.

7. The Debtor intends to generate revenue from providing 3D components to final market assemblers (such as TV manufacturers and tablet makers). The Debtor views its approach as similar to how major computer manufacturers use processors in their products and note their products as such.

8. The Debtor intends to restructure its debt through this Chapter 11 Case so that its debt service is reduced to a level that will allow the Company to sustain its operations for the long term.

Insurance Policies

9. In connection with the operation of the Debtor’s business and the management of its operations, the Debtor maintains the following insurance policies: a Business Insurance Policy (which includes general liability insurance, automobile insurance, umbrella insurance, and failsafe technology errors or omissions liability insurance) and a Workers Compensation and Employers’ Liability Policy (collectively, the insurance policies are referred to herein as the “Insurance Policies”). The Debtor maintains the Insurance Policies through Hartford Underwriters Insurance Company. The Insurance Policies, carriers, effective dates and premiums are as follows:¹

Insurance Carrier	Type of Insurance Coverage	Policy Term	Remaining Premium Balance
Hartford Underwriters Insurance Company	General Liability, Automobile Insurance and Umbrella Insurance	2/1/2021-2/1/2022	\$ 6,264.00
Hartford Underwriters Insurance Company	Workers Compensation and Employers’ Liability Policy	2/1/2021-2/1/2022	\$1,945.80

10. The Debtor is required to maintain insurance coverage throughout the Chapter 11 proceedings in order to preserve the value of its business, property, and assets, and therefore does not believe that Court approval is necessary to permit it to maintain the Insurance Policies. Out of an abundance of caution, however, the Debtor, by this Motion, seeks entry of an order authorizing payment of pre-petition amounts, if any, necessary to maintain the Insurance Policies, and to continue to maintain the Insurance Policies post-petition, including the ability to renew and/or replace the Insurance Policies.

¹ The Debtor’s Insurance Policies run on annual terms, beginning on February 1 of each calendar year.

11. The Hartford Underwriters Insurance Company provides the Debtor with general liability insurance policy, automobile liability insurance policy and umbrella liability policy, which is effective through February 1, 2022 (the “Business Insurance Policy”). The annual premium for the Business Insurance Policy is \$6,960, and a total of \$696 of the annual premium has been paid so far. The Debtor is obligated to pay the Business Insurance Policy premium monthly, on or about the first day of each month for the 10-installment annual plan, and has an upcoming payment under the Business Insurance Policy due on or about the first day of March 2021, in the amount of \$696. As explained in further detail below, MediaTainment, Inc. (“MediaTainment”) will be paying the premium payment for the Debtor.

12. The Hartford Underwriters Insurance Company also provides the Debtor’s Workers Compensation and Employers’ Liability Policy, which is effective through February 1, 2022 (the “Workers Compensation Policy”). The Workers Compensation Policy is in place to cover the nine (9) employees that Stream had previously employed. These employees were hired by Visual Technology Innovations, Inc. (“VTI”) on or about January 7, 2021, effective as of December 31, 2020; therefore, presently Stream does not have any employees. However, Stream anticipates receiving significant investment revenues shortly after the initiation of this Chapter 11 case that will enable it to operate post-petition and, upon successfully reorganizing, VTI and Stream anticipate merging such that those 9 employees would again be employed by Stream and covered under the policy currently in effect. If the merger of the companies does not occur, the Workers Compensation Policy will be canceled. The annual premium for this policy is \$2,193, and a total of \$247 of the annual premium was paid prior to initiating this case. The Debtor is obligated to pay the Workers Compensation Policy premium monthly, on or about the first day of each month, and there is an upcoming payment under the Workers Compensation Policy in the

amount of \$183 due on or about the first day of March 2021. As explained in further detail directly below, MediaTainment will be paying the premium payment for the Debtor.

13. MediaTainment. Formed in 2009, MediaTainment is a Delaware corporation that originally served as the holding company for Stream while it raised initial investor funds for Stream via the issuance of MediaTainment shares and warrants. In 2019, those shares and warrants in MediaTainment that were issued to investors were exchanged for Stream shares and warrants. Accordingly, MediaTainment no longer owns any shares or warrants in Stream. In the near term, premiums for both Insurance Policies will be paid by MediaTainment, and funds paid therefor will be treated as an investment into Stream with MediaTainment receiving equity in Stream as compensation.

14. The Debtor believes that the continuation of the Insurance Policies is essential to the operations of the Debtor's business. The Debtor intends to continue to pay or have paid premium payments as they come due on the Insurance Policies and otherwise maintain the policies in the ordinary course of business.

Relief Requested

16. By this Motion, the Debtor requests authority to continue the Insurance Policies uninterrupted and pay or have paid any pre- or post-petition amounts related to the Insurance Policies to the extent that the Debtor determines, in its discretion, that payment is necessary or appropriate.

Basis for Relief

17. Pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtor seeks authority to continue the Insurance Policies uninterrupted, on the same basis, and in accordance with the same practices and procedures as were in effect before the Petition Date. Thus, by this

Motion, the Debtor proposes to honor the Insurance Policies and pay or have paid any other amount to the extent that the Debtor determines, in its discretion, that payment is necessary to avoid cancellation, default, alteration, assignment, attachment, lapse, or any form of impairment to the coverage, benefits, or proceeds provided under the Insurance Policies.

18. To the extent that the Debtor seeks, by this Motion, to pay or have paid any amounts relating to pre-petition coverage under the Insurance Policies, the Debtor submits that the Court may authorize payment of pre-petition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court, empowers the court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Under section 105(a) of the Bankruptcy Code, courts may permit pre-plan payments of pre-petition obligations when they are essential to the continued operation of the debtor’s business. Specifically, the Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of pre-petition obligations pursuant to the “necessity of payment” rule (also referred to as the “doctrine of necessity”).

19. The “doctrine of necessity” or the “necessity of payment” rule originated in railway cases and was first articulated by the United States Supreme Court in Miltenberger v. Logansport, C.&S.W.R. Co., 106 U.S. 286 (1882). The doctrine was expanded to non-railroad debtors in the mid-century. See Dudley v. Mealey, 147 F.2d 268, 271 (2d Cir. 1945) (holding, in a hotel reorganization case, that the court was not “helpless” to apply the rule to supply creditors of non-railroad debtors where the alternative was cessation of operations).

20. The United States Court of Appeals for the Third Circuit recognized the “necessity of payment” doctrine in In re Lehigh & New England Ry. Co., 657 F.2d 570, 581 (3d

Cir. 1981). The Third Circuit held that a court could authorize the payment of pre-petition claims if such payment was essential to the continued operation of the debtor. Id. (stating courts may authorize payment of pre-petition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”); see also In re Penn Central Transp. Co., 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding necessity of payment doctrine permits “immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until its pre-reorganization claims have been paid”); In re Just for Feet, Inc., 242 B.R. 821, 824-25 (Bankr. D. Del. 1999) (noting that, in the Third Circuit, debtors may pay pre-petition claims that are essential to continued operation of business); In re Columbia Gas Sys., Inc., 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (same).

21. Today, the rationale for the necessity of payment rule—the rehabilitation of a debtor in reorganization cases—is “the paramount policy and goal of Chapter 11.” In re Ionosphere Clubs, Inc., 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989); see also In re Just For Feet, Inc., 242 B.R. at 826 (finding that payment of pre-petition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization”); In re Quality Interiors, Inc., 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“[P]ayment by a debtor in possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code,” but “[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.”); In re Eagle-Picher Indus., Inc., 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of pre-petition unsecured claims of tool makers as “necessary to avert a serious threat to the Chapter 11 process”); Burchinal v. Cent. Wash. Bank (In re Adams Apple, Inc.), 829 F.2d 1484, 1490 (9th

Cir. 1987) (recognizing that allowance of “unequal treatment of pre-petition debts when necessary for rehabilitation . . .” is appropriate); Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.), 80 B.R. 279, 287 (S.D.N.Y. 1987) (authorizing payment of pre-petition worker’s compensation claims on grounds that the fundamental purpose of reorganization and equity powers of bankruptcy courts “is to create a flexible mechanism that will permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately”); 3 Collier on Bankruptcy, § 105.04[5][a] (15th ed. rev. 2004) (discussing cases in which courts have relied on the “doctrine of necessity” or the “necessity of payment” rule to pay pre-petition claims immediately).

22. Courts also have permitted post-petition payment of pre-petition claims pursuant to section 105(a) of the Bankruptcy Code in other situations, such as if nonpayment of a pre-petition obligation would trigger a withholding of goods or services essential to the debtors’ business reorganization plan. See Ionosphere Clubs, 98 B.R. at 167-77 (finding that section 105 of the Bankruptcy Code empowers bankruptcy courts to authorize payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor).

23. This flexible approach is particularly critical where a pre-petition creditor provides vital goods or services to a debtor that would be unavailable if the debtor did not satisfy its pre-petition obligations. In In re Structurlite Plastics Corp., 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988), the bankruptcy court stated it “may exercise its equity powers under § 105(a) [of the Bankruptcy Code] to authorize payment of pre-petition claims where such payment is necessary ‘to permit the greatest likelihood of survival of the debtors and payment of creditors in full or at least proportionately.’” Id. The court explained that “a per se rule proscribing the payment of

pre-petition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code.” Id. at 932.

24. Moreover, the Court may authorize the Debtor to pay pre-petition amounts to maintain insurance coverage under section 363(b) of the Bankruptcy Code. Section 363(b)(1) of the Bankruptcy Code provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Under these sections, a court may authorize a debtor to pay certain pre-petition claims. See In re Ionosphere Clubs, 98 B.R. at 175 (affirming lower court order authorizing payment of pre-petition wages pursuant to section 363(b)). To do so, “the debtor must articulate some business justification, other than the mere appeasement of major creditors.” Id. As discussed herein, the maintenance of the Insurance Policies is critical to the operation and successful reorganization of the Debtor’s business.

25. Payment of any pre-petition insurance amounts and continued payment of insurance premiums on the Insurance Policies will benefit the estate and the Debtor’s creditors by allowing the Debtor to maintain insurance coverage required to operate the company and facilitate a smooth transition into Chapter 11. Accordingly, the Debtor believes it is in the best interests of its creditors and parties in interest to authorize the Debtor to maintain the Insurance Policies by paying or have paid any outstanding pre- or post-petition amounts owing thereunder.

26. In light of the foregoing, the Debtor respectfully submits that obtaining the authority to pay and/or honor any claims and obligations relating to the Insurance Policies is essential to the Debtor’s successful reorganization and is in the best interests of the Debtor’s estate and creditors.

27. Nothing in this Motion should be construed as an admission as to the validity or priority of any claim against the Debtor, a waiver of the Debtor's rights to dispute any claims or assert any counterclaims or affirmative defenses, or an approval or assumption of any agreement, contract or lease, pursuant to section 365 of the Bankruptcy Code.

28. Bankruptcy Rule 6003(b) provides that "[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding . . . a motion to use, lease or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition" As set forth above, the Debtor submits that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor for the reasons set forth herein, Bankruptcy Rule 6003(b) has been satisfied.

Notice

29. The Debtor has provided notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) the entities listed on the List of Creditors Holding the 20 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) the Internal Revenue Service; and (d) the Debtor's insurer. In light of the nature of the relief requested, the Debtor respectfully submits that no further notice is necessary.

No Prior Request

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

WHEREFORE, for the reasons set forth herein, the Debtor respectfully requests that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, (a) authorizing the Debtor to maintain and continue its Insurance Policies uninterrupted and pay or have paid any pre-petition amounts related to such policies to the extent the Debtor determines, in its discretion,

that such payment is appropriate and (b) granting such other and further relief as is just and proper.

Dated: February 25, 2021

/s/ Martin J. Weis

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Proposed Counsel for the Debtor and Debtor in Possession

Exhibit A
[Proposed Order]

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

In re:	:	Chapter 11
	:	
Stream TV Networks, Inc.,	:	Case No. 21-10433(KBO)
	:	
Debtor.	:	D.I. __
	:	

**ORDER AUTHORIZING STREAM TV NETWORKS, INC. TO CONTINUE
INSURANCE COVERAGE ENTERED INTO PRE-PETITION AND HONOR
OBLIGATIONS RELATED THERETO**

Upon consideration of the motion (the “Motion”)¹ of Stream TV Networks, Inc., as debtor and debtor in possession (the “Debtor”) for entry of an order (this “Order”) authorizing the Debtor to maintain and continue the Insurance Policies uninterrupted and pay any pre-petition amounts related to such policies to the extent the Debtor determines, in its discretion, that such payment is appropriate; and it appearing that the relief requested is in the best interests of the Debtor’s estate, its creditors and other parties in interest; and it appearing that the relief requested is necessary to avoid immediate and irreparable harm; and it appearing that this Court has jurisdiction over this matter pursuant to U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2); and it appearing that venue of this proceeding and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of this Motion having been provided; and it appearing that no other or further notice need be provided; and after due deliberation and sufficient cause appearing therefore, it is hereby **ORDERED**:

1. The Motion is granted.

¹ Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

2. The Debtor is authorized, but not directed, to maintain the Insurance Policies without interruption, on the same basis, and in accordance with the same practices and procedures that were in effect prior to the Petition Date.

3. The Debtor is authorized, but not directed, to make or have made any payment under or with respect to the Insurance Policies to the extent the Debtor determines, in its discretion, that such payment is necessary to avoid cancellation, default, alteration, assignment, attachment, lapse, or any form of impairment to the coverage, benefits or proceeds provided under the Insurance Policies.

4. Nothing in the Motion or this Order, nor as a result of the Debtor's payment of any insurance obligation pursuant to this Order, shall be deemed or construed as an admission as to the validity or priority of any claim against the Debtor or an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code.

5. The Debtor is authorized and empowered to take all actions necessary to implement the relief granted in this Order.

6. The requirements set forth in Rule 6003(b) of the Bankruptcy Rules are satisfied by the contents of the Motion or otherwise waived.

7. Notwithstanding the possible applicability of Rules 6004, 7062 and 9014 of the Bankruptcy Rules, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

8. All time periods set forth in this Order shall be calculated in accordance with Rule 9006(a) of the Bankruptcy Rules.

9. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: _____, 2021
Wilmington, Delaware

United States Bankruptcy Judge

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

In re:	:	Chapter 11
	:	
Stream TV Networks, Inc.,	:	Case No. 21-10433(KBO)
	:	
Debtor.	:	
	:	

**NOTICE OF STREAM TV NETWORKS, INC. MOTION FOR AUTHORIZATION TO
CONTINUE INSURANCE COVERAGE ENTERED INTO PRE-PETITION AND
HONOR OBLIGATIONS RELATED THERETO**

PLEASE TAKE NOTICE that on February 25, 2021, the above-captioned debtor and debtor-in-possession (the “Debtor”) filed the Motion for Authorization to Continue Insurance Coverage Entered Into Pre-Petition and Honor Obligations Related Thereto (the “Motion”).

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion must be in writing, filed with the Clerk of the Bankruptcy Court, and served upon the undersigned counsel to the Debtor, so as to actually be received by or before March 18, 2021 at 4:00 p.m. (EST).

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion shall be held on March 22, 2021 at 10:00 a.m. (EST), before the Honorable Karen B. Owens, United States Bankruptcy Court for the District of Delaware, at 824 Market Street, 6th Floor, Courtroom 3, Wilmington, DE 19801.

IF NO OBJECTION OR RESPONSE TO THE MOTION IS TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: February 25, 2021

/s/ Martin J. Weis

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