

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

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In re:	:	Chapter 11
	:	
Lucky Brand Dungarees, LLC, <i>et al.</i> , <sup>1</sup>	:	Case No. 20-11768 (CSS)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	<b>Re: Docket No. 9</b>
	X	

**INTERIM ORDER (I) AUTHORIZING  
DEBTORS TO (A) PAY PREPETITION WAGES,  
SALARIES, WITHHOLDING OBLIGATIONS AND  
OTHER COMPENSATION AND BENEFITS, (B) MAINTAIN  
EMPLOYEE BENEFITS PROGRAMS, AND (C) PAY RELATED  
ADMINISTRATIVE OBLIGATIONS, AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for entry of interim and final orders (i) authorizing the Debtors (a) to pay, in their sole discretion, all prepetition amounts required under or related to the Debtors’ Compensation Obligations, Employee Incentive Programs, Reimbursable Expenses, Withholding Obligations, Payroll Maintenance Fees, Employee Benefits Programs, and Supplemental Workforce Obligations, (b) to continue their prepetition compensation practices, programs, benefits, and policies for their employees and independent contractors, as were in effect as of the date hereof and as may be modified, amended, or supplemented from time to time in the ordinary course of the Debtors’ businesses, and (c) to honor and pay any related administrative fees, costs,

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Lucky Brand Dungarees, LLC (3823), LBD Parent Holdings, LLC (4563), Lucky Brand Dungarees Stores, LLC (7295), Lucky PR, LLC (9578), and LBD Intermediate Holdings, LLC (7702). The Debtors’ address is 540 S Santa Fe Avenue, Los Angeles, California 90013.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

expenses, and obligations arising thereunder, and (ii) granting related relief, all as more fully set forth in the Motion; and this Court having reviewed the Motion and the First Day Declaration; and this Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 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; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may 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 it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary, except as set forth in the Motion with respect to entry of this Interim Order and notice of the Final Hearing (as defined below); and upon the record herein; and after due deliberation thereon; and this Court having determined that there is good and sufficient cause for the relief granted in this Interim Order, therefore, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is granted on an interim basis, as set forth herein.
2. The Debtors are authorized, but not directed, to pay and honor all prepetition obligations, including processing and administrative fees, on account of the Workforce Obligations for prepetition periods in amounts not to exceed \$3,829,158 in the aggregate on an interim basis, in accordance with the chart below.

<b>Category</b>	<b>Approximate Amount Seeking to Pay During Interim Period</b>
Compensation Obligations	\$1,700,774
Employee Incentive Programs	\$12,700
Reimbursable Expenses Including Corporate Credit Cards	\$91,415

Withholding Obligations	\$667,503
Payroll Maintenance Fees	\$26,700
Employee Benefits Programs <sup>3</sup>	\$1,320,066
Supplemental Workforce Obligations	\$10,000
Total	\$3,829,158

3. No payments to or on behalf of any individual employee or member of the Supplemental Workforce on account of prepetition obligations shall exceed the amounts set forth in 11 U.S.C. §§ 507(a)(4) and 507(a)(5) unless required by applicable state law.

4. The Debtors and any applicable third parties are authorized to continue to allocate and distribute Withholding Obligations to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' stated policies and prepetition practices.

5. The Debtors are authorized, but not directed, to continue to administer the Compensation and Benefits Programs in the ordinary course of business.

6. The Debtors are authorized, but not directed, to modify, change, and discontinue any of their Compensation and Benefits Programs and to implement new programs, policies, and benefits in the ordinary course of business during the Chapter 11 Cases, in their discretion and without the need for further Court approval, subject to applicable orders entered in the Chapter 11 Cases, any agreements executed in contemplation of the Chapter 11 Cases, and the requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, provided, however, that the

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<sup>3</sup> A significant portion of this amount represents accrued but unpaid cash payout for Paid Leave which will only be payable upon termination of employment.

Debtors shall seek court approval, on notice, of any modification or change that would implicate any portion of section 503(c) of the Bankruptcy Code.

7. The Debtors are authorized, but not directed, to continue to make payments to the Independent Director to the extent any amounts become due and owing, on a postpetition basis in the ordinary course of business, provided, however, that this Order does not authorize payment of any fees to the Independent Director for pre-petition services, or any fees that do not become due prior to entry of a final order on the Motion.

8. Nothing herein shall be deemed to (a) authorize the payment of any amounts subject to section 503(c) of the Bankruptcy Code, including any bonus or severance obligations, or (b) authorize the Debtors to cash out unpaid Paid Leave, except upon termination of an Employee, if applicable nonbankruptcy law requires such payment; provided that nothing in this Interim Order shall prejudice the Debtors' ability to seek approval of such relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

9. The Banks shall be, and are hereby authorized, when requested by the Debtors in their sole discretion, to process, honor, pay, and, if necessary, reissue any and all checks or electronic funds transfers, including prepetition checks and electronic payment and transfer requests that the Debtors reissue or re-request postpetition, drawn on the Debtors' accounts, to make any payments authorized by this Order, whether those checks were presented before or after the Petition Date, provided that sufficient funds are available in such accounts to make the payments.

10. The Banks may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors before the Petition Date should be

honored pursuant to this Interim Order, and the Banks shall not have any liability to any party for relying on such representations by the Debtors as provided for in this Interim Order.

11. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of Workforce Obligations as set forth herein, and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored as a result of the commencement of the Chapter 11 Cases.

12. Nothing in the Motion or this Interim Order, nor any actions or payments made by the Debtors pursuant to this Interim Order, shall be construed as: (i) an admission as to the validity of any claim against the Debtors or the existence of any lien against the Debtors' properties, (ii) a waiver of the Debtors' rights to dispute any claim or lien on any grounds, (iii) a promise to pay any claim, (iv) an implication or admission that any particular claim would constitute an allowed claim, (v) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code, or (vi) a limitation on the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to this Interim Order. Nothing contained in this Interim Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

13. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Interim Order shall be effective and enforceable immediately upon entry hereof.

14. The requirements set forth in Bankruptcy Rule 6004(a) are hereby waived.

15. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

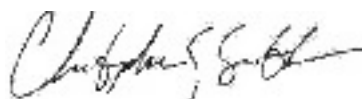
16. The Debtors are hereby authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Interim Order.

17. The final hearing (the “**Final Hearing**”) on the Motion shall be held on July 30, 2020, at 12:00 p.m., prevailing Eastern Time. On or before 4:00 p.m., prevailing Eastern Time, on July 23, 2020, any objections or responses to entry of a Final Order on the Motion shall be filed with this Court, and served on: (i) proposed counsel to the Debtors, (a) Latham & Watkins LLP, 355 South Grand Avenue, Suite 100, Los Angeles, California 90071 (Attn: Ted A. Dillman (ted.dillman@lw.com), and Lisa Lansio (lisa.lansio@lw.com)), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 N. King Street, Wilmington, Delaware 19801 (Attn: Kara Hammond Coyle (kcoyle@ycst.com) and Joseph M. Mulvihill (jmulvihill@ycst.com)), (ii) counsel to Wells Fargo Bank, National Association, as administrative agent under the First Lien Credit Agreement, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110 (Attn: Kevin J. Simard (ksimard@choate.com) and Jennifer Conway Fenn (jfenn@choate.com)), (iii) counsel to Wells Fargo Bank, National Association, as term agent under the First Lien Credit Agreement, Greenberg Traurig, LLP, One International Place, Suite 200, Boston, MA 02110 (Attn: Jeffrey Wolfe (wolfje@gtlaw.com)), (iv) counsel to certain of the Second Lien Lenders, certain of the DIP Lenders, and the DIP Lender Representative, DLA Piper LLP (US), 1251 Avenue of the Americas, 27th Floor, New York, NY 10020 (Attn: Thomas Califano (thomas.califano@dlapiper.com) and Shmuel Klahr (shmuel.klahr@dlapiper.com)), (v) counsel to Hilco Merchant Resources LLC, Paul Hastings LLP, 71 S. Wacker Drive, 45th Floor, Chicago, IL 60606 (Attn: Holly Snow (hollysnow@paulhastings.com)), (vi) counsel to Clover Holdings II, LLC, Richards, Layton & Finger, PA, 920 N King Street, Wilmington, DE 19801 (Attn: Mark D. Collins (collins@rlf.com)), (vii) counsel to Wilmington Trust, N.A., as Second Lien Term Loan

A Agent, Alston & Bird LLP, One Atlantic Center, 1201 West Peachtree Street, Suite 4900, Atlanta, GA 30309-3424 (Attn: David A. Wender (david.wender@alston.com) and Antone J. Little (antone.little@alston.com)), (viii) counsel to SPARC Group LLC and ABG-Lucky, LLC, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019-6064 (Attn: Kelley A. Cornish (KCornish@paulweiss.com), Edward T. Ackerman (EAckerman@paulweiss.com), Brian Bolin (BBolin@paulweiss.com), and Jeffrey L. Stricker (JStricker@paulweiss.com)). (ix) proposed counsel to any statutory committee appointed in the Chapter 11 Cases, and (x) the Office of the United States Trustee for the District of Delaware, 844 N. King Street, Wilmington, Delaware 19801 (Attn: Juliet Sarkessian (Juliet.M.Sarkessian@usdoj.gov)). In the event that no objections to entry of the Final Order on the Motion are timely received, this Court may enter such Final Order without need for the Final Hearing.

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

Dated: July 6th, 2020  
Wilmington, Delaware



CHRISTOPHER S. SONTCHI  
UNITED STATES BANKRUPTCY JUDGE