

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR
9004-1(b)**

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Inc.*

In re:

NOSTRUM LABORATORIES, INC.,

Debtor.

Case No.: 24-19611

Chapter 11

Honorable John K. Sherwood, U.S.B.J.

MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTOR TO (A) MAINTAIN INSURANCE COVERAGE OBTAINED PRE-PETITION AND PAY RELATED PRE-PETITION OBLIGATIONS, AND (B) TO RENEW, SUPPLEMENT, MODIFY AND/OR PURCHASE NECESSARY INSURANCE COVERAGE AND (II) GRANTING RELATED RELIEF

The above-captioned Debtor, Nostrum Laboratories, Inc. (“Debtor” or “Nostrum”) respectfully states the following in support of this Motion (“Motion”):

Requested Relief

1. Debtor seeks entry of interim or final orders, substantially in the forms attached hereto as **Exhibit A** (the “Interim Order”) and **Exhibit B** (the “Final Order”) authorizing the (I)

Debtor to (A) maintain insurance coverage obtained pre-petition and pay related pre-petition obligations, and (B) to renew, supplement, modify and/or purchase necessary insurance coverage and (II) granting related relief pursuant to 11 U.S.C. §§ 105(a) and 363.

2. On September 30, 2024 (the “Petition Date”), the Debtor filed a voluntary petition for relief in this Court pursuant to Chapter 11 of Title, United States Code (the “Bankruptcy Code”). We understand that Debtor remains in possession of its assets and continues management of its business as a Debtor-in-Possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

Jurisdiction and Venue

3. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 1334 and 157(b). This is a “core” proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O).

4. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The statutory bases for the relief requested herein are §§ 105(a) and 363 of Title 11 of the Bankruptcy Code, Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for the District of New Jersey (the “Local Rules”).

Background Facts

6. The Debtor is engaged in the formulation and commercialization of specialty pharmaceutical products and controlled release, orally administered, branded and generic drugs.

7. The Debtor manufactures several life-saving drugs that only it manufactures, such as theophylline SR in 100mg and 200mg dosages, which is used to treat a host of lung diseases.

The Debtor's Insurance Policies and Related Obligations

9. In the ordinary course of business, the Debtor maintains various insurance policies (collectively the "Insurance Policies") administered by multiple third-party insurance carriers (collectively the "Insurance Carriers"). The Insurance Policies provide coverage for, among other things, the Debtor's property, casualty liability, automobile liability, general liability, umbrella coverage, and product liability insurance. A schedule of the Insurance Policies is attached hereto as **Exhibit C** which is incorporated herein by reference.

10. Pursuant to this Motion, the Debtors are seeking authority to honor pre-petition obligations related to their Insurance Policies, to extend or reduce those Insurance Policies, and to enter into new Insurance Policies in the ordinary course of business, if necessary. The ability to maintain the Insurance Policies, to extend or reduce those Insurance Policies, and to enter into new insurance policies, as needed in the ordinary course of business, is essential to the preservation of the Debtor's business, operations, and assets. Moreover, coverage provided by the Insurance Policies is required by federal regulations, laws, and contracts governing the Debtor's commercial activities, including requirements of the Office of the United States Trustee for the District of New Jersey ("U.S. Trustee") that a debtor maintain adequate coverage given the circumstances of its Chapter 11 case.

11. Notably, the Debtor's business is highly regulated and without these critical Insurance Policies, Debtor can no longer operate. Accordingly, the Debtor requests the authority to maintaining its existing Insurance Policies to the extent appropriate with respect to the Debtor's go-forward operations, to pay pre-petition obligations related thereto, to extend or to reduce those Insurance Policies, or to enter into new Insurance Policies in the ordinary course of business.

A. Insurance Policies and Premiums.

12. The Debtor pays all premiums associated with their Insurance Policies (“Insurance Premiums”) on an annual basis. Typically, the Insurance Policies are one year in length and renew throughout the year dependent on their effective date. Debtor has paid an aggregate of approximately \$443,507.30 in Insurance Premiums in 2023, exclusive of applicable taxes and surcharges, deductibles, broker and consulting fees, and commissions. *See* Declaration of Parashram Sabale (“Sabale Decl.”) ¶ 3. The Debtor currently finances the Insurance Premium obligations.

13. Further, through the Insurance Broker, IPFS, Debtor finances its Insurance Policies in an amount of \$395,395.80 (\$376,255.23 representing the amount financed, \$19,140.57 in finance charges at a rate of 10.950% per annum). *See* Sabale Decl. ¶ 4. As of August 1, 2024, Debtor began making 10 installment payments of \$39,539.58. Inclusive of all policies, for an aggregate total of Insurance Policies is \$488,463.00 per annum.

14. The Debtor estimates approximately \$39,539.58 is due and owing for post-petition Insurance Premiums as of the date of this application for the October 2024 Insurance Premium. As such, out of an abundance of caution, Debtor seeks the authority to continue honoring any amounts on account of the Insurance Policies in the ordinary course of business to ensure there is uninterrupted coverage under the Insurance Policies.

15. The Debtor’s Insurance Policies, the categories of insurance they cover, their approximate annual premium, and each respective Insurance Carrier’s name, policy number, and policy term are listed on **Exhibit C** to the Order.

B. Deductibles.

16. Certain Insurance Policies require Debtor pays per-incident deductibles (collectively “Deductibles”), depending upon the type of claim and the Insurance Policy involved. Under certain Insurance Policies, the Insurance Carriers, and Third-Party Administrators (as defined below) may pay claimants directly and then invoice the Debtor or draw funds directly from the Debtor’s bank accounts on account of any such Deductibles. In such situation, the Insurance Carriers may have pre-petition claims against the Debtor due to pre-petition payment of the claims without a corresponding Deductible. If a claim is made under these policies, the Debtor must make payments in the first instance up to the limit and, once the Debtor has made such payments, the carrier is obligated to cover remaining costs. In instances where an Insurance Policy provides for both a Deductible and the Debtor generally must exhaust the SIR before the Deductible will apply.

C. Insurance Policy Audits.

18. Some of the Insurance Policies are subject to regular audits (the “Insurance Policy Audits”) during their respective policy periods which may result in an adjustment of Insurance Premiums owed on account thereof. Insurance Policy Audits for pre-petition Insurance Premium payments will not conclude until after the Petition Date. As a result, the aggregate amount of the Debtor’s obligations arising from the Insurance Policy Audits, if any, is unknown at this time. Accordingly, Debtor seeks the authority, but not the direction, to honor any amounts owed on account of any Insurance Policy Audits in the ordinary course of business, subject to applicable caps.

D. Insurance Brokerage Commissions.

19. In connection with the Insurance Policies, the Debtor retains insurance brokerage services from IPFS Corporation (“IPFS”) 1055 Broadway, 11th Floor Kansas City, MO 64105 and SRA Insurance Agency LLC (“SRA”) 4435 Main Street 4th Floor Kansas City, MO 64111

(collectively “Insurance Brokers”) to help manage their portfolio of insurance coverage. The Insurance Brokers assist the Debtor in obtaining necessary and comprehensive insurance coverage for the Debtor’s operations by aiding Debtor in the procurement and negotiation of the insurance Policies and enabling the Debtor to obtain those Insurance Policies for competitive rates and on advantageous terms. In connection with these services, the Debtor does not pay Insurance Broker commissions (the “Insurance Brokerage Commissions”) directly. Rather, the Insurance Broker Commissions are contained within the Debtor’s Insurance Premium amounts. The majority of the Insurance Brokerage Commissions are payable according to the Insurance Policies’ renewal periods. The insurance Brokerage Commission constitute part of the Insurance Premiums the Debtor pays associated with their Insurance Policies. As of the Petition Date, Debtor estimates there are no outstanding amounts due on account for the Insurance Brokerage commissions.

20. Continuation of the services of the Insurance Brokers are necessary to ensure the Debtor’s ability to secure Insurance Policies at competitive rates on advantageous terms, facilitate the proper maintenance of Debtor’s Insurance Policies post-petition, and to ensure adequate protection of the Debtor’s property for any parties in interest. Accordingly, the Debtor’s request authority to honor any Insurance Brokerage Commission in full uninterrupted coverage under their Insurance Policies.

Basis for Relief

A. Continuation of the Insurance Policies Is Required by the Bankruptcy Code and U.S. Trustee Guidelines.

21. Section 1112(b)(4)(C) of the Bankruptcy Code provides that “failure to maintain appropriate insurance that poses a risk to the estate or to the public” is “cause” for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C).

22. In addition, in many instances, the coverage provided under the Insurance Policies is required by the federal regulations, federal laws, and contracts that govern the Debtor's commercial activities, including the operating guidelines issued by the Office of the United States Trustee for the District of New Jersey (the "U.S. Trustee Guidelines"). Being Debtor's business is a highly regulated industry, overseen by the Food and Drug Administration ("FDA") and Drug Enforcement Agency ("DEA") Debtor cannot operate without specific Insurance Policies. Accordingly, the Debtor believes it is essential to its estate, and consistent with the Bankruptcy Code and the U.S. Trustee Guidelines, that they continue to satisfy all obligations related to the Insurance Policies and have the authority to supplement, amend, extend, renew, or replace their Insurance Policies as needed, in their judgment, without further order of the Court.

B. Debtor Should Be Authorized to Satisfy Pre-Petition Obligations Under The Insurance Policies And Continuing To Honor Such Obligations Post-Petition.

23. The requested relief is essential to Debtor's continued operations in the ordinary course, and as such, is warranted under §§ 105(a) and 363 of the bankruptcy Code. Courts have recognized it is appropriate to authorize the payments of obligations where necessary to preserve and protect the estate, including an operating business' going-concern value. *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) ("The ability of a [b]ankruptcy [c]ourt to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept."); *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). Based upon this, courts acknowledge that both section 105(a) and 363 of the Bankruptcy Code support payment of pre-petition claims.

24. Further, § 363 of the Bankruptcy Code, provides, in pertinent part, that a debtor in possession may enter into transactions, including the use, sale, or lease of property in the ordinary

course of business, without notice or a hearing. 11 U.S.C. § 363(c)(1). Pursuant to § 363(c)(1) of the Bankruptcy Code, the Debtor’s obligations under the Insurance Policies are within the ordinary course of business and may be continued under § 363(c)(1).

25. In the alternative, after notice and hearing, a debtor in possession may use, sell, or lease, other than in the ordinary course of business, property of the estate[.]” 11 U.S.C. § 363(b)(1). This specific provision authorizes a debtor to pay pre-petition claims where a “sound business purposes” exists. *See Ionosphere Clubs*, 98 B.R. at 175.¹

26. Additionally, § 105(a) of the Bankruptcy Code provides a Court may “[i]ssue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of the Bankruptcy Code, pursuant to the **doctrine of necessity**. 11 U.S.C. § 105(a). (Emphasis added).

27. In a Chapter 11 bankruptcy, the doctrine of necessity allows a court to exercise their equitable power to allow payment of pre-petition claims not explicitly authorized by the Bankruptcy Code. *See In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581–82 (3d Cir. 1981) (holding that a court may authorize payment of prepetition claims if such payment is essential to debtor’s continued operation).

28. Section 105(a) provides a statutory basis for payment of pre-petition claims under the doctrine of necessity. *In re Just for Feet, Inc.*, 242 B.R. at 824-25.

¹ “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *The Committee of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp.* (*In re Johns-Manville Corp.*), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986); *See Stanziale v. Nachtomi* (*In re Tower Air, Inc.*), 416 F.3d 229, 238 (3d Cir. 2005) (“**Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.**”). (Emphasis added).

29. The doctrine of necessity permits the court via their discretion and inherent equitable authority to authorize payment of claims prior to confirmation of a reorganization plan. *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994).

30. Thus, pursuant to both §§ 105(a) and 363 of the Bankruptcy Code warrant the Court granting the requested relief.

31. In the matter at bar, the doctrine of necessity is certainly met by Debtor. Debtor operates a highly regulated business and in a Chapter 11 case, it is essential for Debtor to continue operating to provide critical and life-saving drugs to the American public. Thereby, without the Court's approval for Debtor to continue Insurance Policies and payments thereof during the pendency of the bankruptcy, Debtor will no longer be able to operate. Debtor's potential non-payment of any premiums, deductibles, commissions, and/or related fees could result in termination of one or more policies and the possibility of the Insurance Companies failing to renew the Insurance Policies forbidding Debtor from obtaining new Insurance Policies if need be. If any of the aforementioned issues occur, the Debtor could be exposed to serious sanctions, fines, and grave repercussions from both the FDA and DEA. Further, if any Insurance Policies are cancelled this would render Debtor unable to operate to the detriment of not only the Debtor, but the bankruptcy estate, parties in interest and the American public are in dire need of Debtor's life-saving drugs.

32. Moreover, any interruption or lapse in Insurance Coverage posts serious risk, including but not limited to: liability for payments on unpaid Insurance Premiums that if approved would otherwise not be a problem, the possible loss of Insurance Coverage leading to excessive fines and penalties from the FDA and/or DEA, the Debtor's inability to continue operations and loss of production of critical drugs for the American public; the inability to procure comparable

insurance at a reasonable cost; the inability to procure replacement Insurance Policies if the current Insurance Policies lapse necessitating the requested relief.

33. Furthermore, if Debtor is not permitted to pay commission due and owing to Insurance Brokers and/or Insurance Agents, it may prevent Debtor from obtaining the best policies at the most affordable cost for this specific industry. If Debtor fails to pay the commission due and owing, Debtor may be forced to use its already strapped workforce to procure Insurance which would be to the detriment of Debtor and the bankruptcy estate. For these reasons, Debtor meets the requirements of § 363(b).

34. Debtor further seeks to continue, supplement, amend, and extend their existing Insurance Policies, if required. As noted *infra*, the continuation of Insurance Policies is critical to the continued and uninterrupted business in the ordinary course to preserve Debtor's ongoing business, property, and assets. Continued Insurance Coverage is required per U.S. laws, regulations, and contracts, specifically by the FDA and DEA, as well as the U.S. Trustee's requirement that Debtor maintain insurance coverage pursuant to a Chapter 11 case. Thus, in the event any of the Insurance Policies somehow lapse or must be modified, it is vital for this Court to permit Debtor to supplement, amend, or purchase additional Insurance Policies to continue operating in the ordinary course to preserve the bankruptcy estate. Courts in this district have permitted debtors to continue insurance policies in the ordinary course pursuant to §§ 105(a) and 363(b) of the Bankruptcy Code. *See In re Cyxtera Techs., Inc.*, No. 23- 14853 (JKS) (Bankr. D.N.J. June 29, 2023); *See also In re David's Bridal, LLC*, No. 23-13131 (CMG) (Bankr. D.N.J. May 18, 2023); *In re Bed Bath & Beyond Inc.*, No. 23-13359 (VFP) (Bankr. D.N.J. May 17, 2023); *In re BlockFi Inc.*, No. 22-19361 (MBK) (Bankr. D.N.J. Jan. 18, 2022); *In re SLT Holdco, Inc.*, No. 20-18368 (MBK) (Bankr. D.N.J. July 29, 2020).

This Court Should Authorize Checks and Electronic Funds Transfers.

35. Based upon Debtor’s ability as debtor in possession to utilize cash collateral necessary to operate business in the ordinary course, and the debtor in possession expecting cash flow by virtue of continuing to operate in the ordinary course, Debtor respectfully requests use of checks and electronic funds transfers during the pendency of this action for payments made pursuant to this Motion. The Debtor requests this Court authorize all financial institution(s) and bank(s) to receive, process, honor, and pay any and all checks and/or wire transfers when requested by Debtor with respect to the relief requested within this Motion.

The Requirements of Bankruptcy Rule 6003(b) Are Satisfied

36. 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.” As set forth in this Motion, the Debtor believes an immediate and orderly transition into Chapter 11 is critical to the viability of its operations and that any delay in granting the relief requested could hinder the Debtor’s 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 Debtor’s operations at this critical juncture. Accordingly, the Debtor submits that it has satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support the relief requested herein.

Request of Waiver of Stay

37. To the extent that the relief sought in the Motion constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtor seeks a waiver of the fourteen-day stay under Bankruptcy Rule 6004(h). Further, to the extent applicable, the Debtor requests that the Court find that the provisions of Bankruptcy Rule 6003 are satisfied. As explained herein, the relief requested

in this Motion is immediately necessary for the Debtor to be able to continue to operate its business and preserve the value of its estate for the benefit of all creditors.

Waiver of Memorandum of Law

38. The Debtor respectfully requests that the Court waive the requirement to file a separate memorandum of law pursuant to Local Rule 9013-1(a)(3) because the legal basis upon which the Debtor relies is set forth herein and the Motion does not raise any novel issues of law.

Reservation of Rights

39. Nothing contained in this Motion or any actions taken pursuant to any order granting the relief requested by this Motion is intended or should be construed as (a) an admission as to the validity of any particular claim against the Debtor, (b) a waiver of the Debtor's rights to dispute any particular claim on any grounds, (c) a promise or requirement to pay any particular 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 agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code, (f) a waiver or limitation of the Debtor's rights under the Bankruptcy Code or any other applicable law, or (g) a concession by the Debtor that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Motion are valid, and the Debtor expressly reserves its rights to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtor's rights to subsequently dispute such claim.

No Prior Request

40. No prior request for the relief sought in this Motion has been made to this Court or any other court.

Notice

41. The Debtor will provide notice of this Motion to the following parties and/or their respective counsel, as applicable: (a) the office of the United States Trustee for the District of New Jersey; (b) the Debtor's top 20 unsecured creditors (on a consolidated basis), (c) the United States Attorney's Office for the District of New Jersey; (d) the Secured Creditors (e) the Cash Management Banks; and (f) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtor submits that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtor respectfully requests that the Court enter interim and final orders, in substantially the forms submitted herewith, granting the relief requested herein and such other relief as is just and proper under the circumstances.

Dated: Woodland Park, New Jersey
October 21, 2024

ANSELL GRIMM & AARON, P.C.

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EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR
9004-1(b)**

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Inc.*

In re:

NOSTRUM LABORATORIES, INC.,

Debtor.

Case No.: 24-19611

Chapter 11

Honorable John K. Sherwood, U.S.B.J.

**INTERIM ORDER (I) AUTHORIZING DEBTOR TO (A) MAINTAIN INSURANCE
COVERAGE ENTERED PRE-PETITION AND PAY RELATED PRE-PETITION
OBLIGATIONS, AND (B) RENEW, SUPPLEMENT, MODIFY, AND/OR PURCHASE
INSURANCE COVERAGE, AND (II) GRANTING RELATED RELIEF**

The relief set forth on the following pages, numbered two (2) through five (5) is hereby
ORDERED.

Upon Debtor’s Motion for Entry of an Interim Order authorizing Debtor to (A) maintain insurance coverage entered pre-petition and pay related pre-petition obligations, and (B) renew, supplement, modify, and/or purchase necessary insurance coverage, and (II) granting related relief (the “Motion”), for the reasons set forth in the Motion; and upon the Declaration of Parashram Sabale (“Sabale Decl.”); and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Reference to the Bankruptcy Court Under Title 11 of the United States District Court for the District of New Jersey, entered July 23, 1984, and amended on September 18, 2012 (Simandle, C.J.); 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 relief requested in the Motion is in the best interests of the Debtor’s estates, its creditors, and other parties in interest; and this Court having found that the Debtor’s notice of the Motion was 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 establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefore **IT IS HEREBY ORDERED**

THAT:

1. The Motion is **GRANTED**.
2. The Final Hearing on the Motion will be held on _____, 2024 at _____. Objections, if any, that relate to the Motion shall be filed and served so as to be actually received by _____, 2024. If no objections are filed to the Motion, the Court may enter an order approving the relief requested in the Motion on a final basis without further notice or hearing.

3. The Debtor shall serve a copy of the Motion and this Interim Order on the insurance carriers listed in **Exhibit C** to the Motion within two (2) business days after the entry of this Order.

4. The Debtor is authorized, but not directed, and in each case in accordance with the ordinary course of business and this Order, to:

- a. Continue the insurance policies (“Insurance Policies”), including without limitation the Insurance Policies identified on **Exhibit C** to the Motion, and pay any pre-petition and/or post-petition obligations related to Insurance Policies, including any monies due and owing on the account’s insurance deductible, the insurance premiums, any amounts owed to the Insurance Broker under the Insurance Policies, in accordance with the same practices and procedures as were in effect prior to the commencement of the Debtor’s Chapter 11 case;
- b. Honor any amounts owed on any account of any Insurance Policy Audits in the ordinary course of business.

Provided that, with respect to paragraphs 4(a)-(b) above, nothing in this Interim Order shall permit Debtor to pay any amounts due and owing before such amounts are due, including but not limited to amounts related to the Insurance Policies.

5. To the extent Debtor subsequently becomes aware of additional Insurance Policies that have not previously been disclosed, or to the extent the Debtor enters into new Insurance Policies or is required to renew any Insurance Policies, the Debtor shall disclose these Insurance Policies to the U.S. Trustee, the secured creditors, and any official committees appointed in this Chapter 11 case.

6. The bank(s) and financial institution(s) on which checks were drawn or electronic payment requests were made in payment of pre-petition obligations approved herein shall be

authorized to receive, process, honor, and pay all such checks and/or electronic payment requests for payments, and any and all bank(s) and financial institutions are authorized to rely on the Debtor's designation of any specific check and/or electronic payment request as approved by this Interim Order.

7. Nothing contained in the Motion or this Order, and no action taken pursuant to the relief requested or granted (including any payment made in accordance with this Order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission or finding that any particular claim is an administrative expense claim, other priority claim or otherwise of a type specified or defined in the Motion or this Order; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to Section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability or perfection of any lien on, security interest in, or other encumbrance on property of the Debtor's estates, or (g) a waiver or limitation of any claims, causes of action or other rights of the Debtor or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law.

8. The Debtor is authorized, but not directed, to issue post-petition checks, or to effect post-petition 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 only to prepetition amounts owed in connection with the relief granted herein.

9. Nothing in this Order authorizes the Debtor to accelerate any payments not otherwise due.

10. 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.

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

12. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

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

EXHIBIT B

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

**Caption in Compliance with D.N.J. LBR
9004-1(b)**

ANSELL GRIMM & AARON, P.C.
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In re:

NOSTRUM LABORATORIES, INC.,

Debtor.

Case No.: 24-19611

Chapter 11

Honorable John K. Sherwood, U.S.B.J.

**FINAL ORDER (I) AUTHORIZING DEBTOR TO (A) MAINTAIN INSURANCE
COVERAGE ENTERED PRE-PETITION AND PAY RELATED PRE-PETITION
OBLIGATIONS, AND (B) RENEW, SUPPLEMENT, MODIFY, AND/OR PURCHASE
INSURANCE COVERAGE, AND (II) GRANTING RELATED RELIEF**

The relief set forth on the following pages, numbered two (2) through five (5) is
ORDERED.

Upon Debtor’s Motion for Entry of a Final Order authorizing Debtor to (A) maintain insurance coverage entered pre-petition and pay related pre-petition obligations, and (B) renew, supplement, modify, and/or purchase necessary insurance coverage, and (II) granting related relief (the “Motion”), for the reasons set forth in the Motion; and upon the Declaration of Parashram Sabale (“Sabale Decl.”); and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Reference to the Bankruptcy Court Under Title 11 of the United States District Court for the District of New Jersey, entered July 23, 1984, and amended on September 18, 2012 (Simandle, C.J.); 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 relief requested in the Motion is in the best interests of the Debtor’s estates, its creditors, and other parties in interest; and this Court having found that the Debtor’s notice of the Motion was 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 establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefore **IT IS HEREBY ORDERED**

THAT:

1. The Motion is **GRANTED**.
2. The Debtor shall serve a copy of this Motion and this Final Order on the Insurance Carriers listed in **Exhibit C** to this Motion within two (2) business days after the entry of this Order.

3. The Debtor is authorized, but not directed, and in each case in accordance with the ordinary course of business and this Order, to:

- a. Continue the insurance policies (“Insurance Policies”), including without limitation the Insurance Policies identified on **Exhibit C** to the Motion, and pay any pre-petition and/or post-petition obligations related to Insurance Policies, including any monies due and owing on the account’s insurance deductible, the insurance premiums, any amounts owed to the Insurance Broker under the Insurance Policies, in accordance with the same practices and procedures as were in effect prior to the commencement of the Debtor’s Chapter 11 case;
- b. Honor any amounts owed on any account of any Insurance Policy Audits in the ordinary course of business.

Provided that, with respect to paragraphs 2(a)-(b) above, nothing in this Final Order shall permit Debtor to pay any amounts due and owing before such amounts are due, including but not limited to amounts related to the Insurance Policies.

4. To the extent Debtor subsequently becomes aware of additional Insurance Policies that have not previously been disclosed, or to the extent the Debtor enters into new Insurance Policies or is required to renew any Insurance Policies, the Debtor shall disclose these Insurance Policies to the U.S. Trustee, its secured creditors, and any official committees appointed in this Chapter 11 case.

5. The bank(s) and financial institution(s) on which checks were drawn or electronic payment requests were made in payment of pre-petition obligations approved herein shall be authorized to receive, process, honor, and pay all such checks and/or electronic payment requests for payments, and any and all bank(s) and financial institutions are authorized to rely on the

Debtor's designation of any specific check and/or electronic payment request as approved by this Final Order.

6. Nothing contained in the Motion or this Order, and no action taken pursuant to the relief requested or granted (including any payment made in accordance with this Order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission or finding that any particular claim is an administrative expense claim, other priority claim or otherwise of a type specified or defined in the Motion or this Order; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to Section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability or perfection of any lien on, security interest in, or other encumbrance on property of the Debtor's estates,; or (g) a waiver or limitation of any claims, causes of action or other rights of the Debtor or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law.

7. The Debtor is authorized, but not directed, to issue post-petition checks, or to effect post-petition 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 only to prepetition amounts owed in connection with the relief granted herein.

8. Nothing in this Final Order authorizes the Debtor to accelerate any payments not otherwise due.

9. 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.

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

11. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

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

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR
9004-1(b)**

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Inc.*

In re:

NOSTRUM LABORATORIES, INC.,

Debtor.

Case No.: 24-19611

Chapter 11

Honorable John K. Sherwood, U.S.B.J.

**DECLARATION OF PARASHRAM SABALE IN SUPPORT OF DEBTOR’S MOTION
FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTOR TO (A)
MAINTAIN INSURANCE COVERAGE OBTAINED PRE-PETITION AND PAY
RELATED PRE-PETITION OBLIGATIONS, AND (B) TO RENEW, SUPPLEMENT,
MODIFY AND/OR PURCHASE NECESSARY INSURANCE COVERAGE AND (II)
GRANTING RELATED RELIEF PURSUANT TO 11 U.S.C. § 365(a)**

I, Parashram Sabale, declare under penalty of perjury under the law of the United States:

1. I am the Controller of Debtor Nostrum Laboratories, Inc. (“Nostrum”, “NLI”, or “Debtor”) and submit this declaration in support of Debtor’s Motion For Interim And Final Orders (I) Authorizing Debtor to (A) Maintain Insurance Coverage Obtained Pre-Petition And Pay Related Pre-Petition Obligations, and (B) To Renew, Supplement, Modify And/Or Purchase Necessary

insurance Coverage And (II) Granting Related Relief Pursuant To 11 U.S.C. § 365(A). As such, I am fully familiar with the facts and circumstances contained herein.

2. In my role as Controller of Debtor, I am charged with negotiating and obtaining insurance policies (“Insurance Policies”) for Debtor. Also, as Controller I pay invoices for the insurance premiums (“Insurance Premiums”).

3. In 2023, Debtor paid an aggregate of \$ \$443,507.30 in Insurance Premiums exclusive of applicable taxes and surcharges, deductibles, broker and consulting fees, and commissions.

4. Debtor finances Insurance Premium obligations through its Insurance Broker IPFS in an amount of \$395,395.80 (\$376,255.23 representing the amount financed, \$19,140.57 in finance charges at a rate of 10.950% per annum). As of August 1, 2024, Debtor began making 10 installment payments of \$39,539.58 inclusive of all policies, for an aggregate total of Insurance Policies is \$488,463.00 per annum.

5. As of the date of this application, approximately \$ \$39,539.58 is due and owing for post-petition Insurance Premiums for October 2024.

6. In my role as Controller I am aware of Insurance Policies Debtor currently obtains, including but not limited to the category of insurance they cover, the approximate annual premium, the Insurance Carrier’s name, policy number, and policy term. Annexed hereto as **Exhibit C** is a true and correct copy of the Insurance Policy information.

WHEREFORE, Debtor requests this Court enter an Order permitting Debtor to retain its Insurance Policies and ordering any additional relief just and proper by this Court.

Pursuant to 28 U.S.C. § 1746, I declare penalty of perjury that the foregoing statements are true and correct.

Dated: October ^{21st}_, 2024



Parashram Sabale

EXHIBIT C

<u>Insurance Policy Type</u>	<u>Insurance Policy #</u>	<u>Issuer of Insurance</u>	<u>Policy Term</u>	<u>Coverage</u>	<u>Payment Frequency</u>	<u>Premium Amount</u>
Life Sciences Products Liability	00108247-4	James River Insurance Company— Producer: Amwins Insurance Brokerage, LLC (Chicago)	July 1, 2024-July 1, 2025	Life Sciences	Annual	\$122,139
International Workers Compensation/ International Travel Assistance with Natural Disasters	3596-38-71 MN	Chubb— Producer: AssuredPartners of Missouri, LLC	July 1, 2024-July 1, 2025	-Property insurance -Liability Insurance -International Workers Comp. Insurance -International Auto Liability Insurance -Accident & Health Insurance	Annual	Property→\$175,833 Liability→\$12,246 International/ International Workers Comp→ \$1,000 \$270 International Auto Liability→\$310 Accident & Health Insurance→\$400 Total: \$190,059
Workers Compensation and Employers Liability Policy	(25)7174-42-49	Chubb Issued by: Bankers Standard insurance Company	July 1, 2024-July 1, 2025	Workers Compensation and Employers Liability Policy		Kansas City, MO: \$12,539 \$73,282 Princeton, NJ: \$258 New York, NY: \$300 Forrest Hilld, NY: \$444 New York, NY: \$772 Easton, PA: \$158

Umbrella Coverage	7987-42-98	Chubb Commercial Excess and Umbrella Insurance Producer— AssuredPartnres of Missouri LLC	July 1, 2024-July 1, 2025	Commercial Umbrella	Annual	\$24,210