

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

In re:

WAG! GROUP CO., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-\_\_\_\_ ( )

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING THE DEBTORS TO MAINTAIN AND ADMINISTER THEIR  
EXISTING CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
OBLIGATIONS RELATED THERETO, (II) AUTHORIZING THE BANKS TO HONOR  
AND PROCESS CHECK AND ELECTRONIC TRANSFER REQUESTS RELATED  
THERETO, AND (III) GRANTING RELATED RELIEF**

The debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) hereby file this motion (this “Motion”) for entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** (the “Proposed Interim Order”) and **Exhibit B** (the “Proposed Final Order,” and together with the Proposed Interim Order, the “Proposed Orders”), (i) authorizing the Debtors to maintain, administer, and/or modify their Customer Programs (as defined below) in the ordinary course and honor certain prepetition obligations related thereto, (ii) authorizing the Debtors’ banks and other financial institutions (collectively, the “Banks”) to honor and process check and electronic transfer requests related to the foregoing, and (iii) granting related relief. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Alec Davidian in Support of Debtors’ Chapter 11*

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of their federal tax identification numbers, to the extent applicable, are Wag! Group Co. (0180), Wag Labs, Inc. (4381), Wag Wellness, LLC (N/A), Pawsome, LLC (2404), Compare Pet Insurance Services, Inc. (4657), We Compare, Inc. (5054), and Furnacy, Inc. (9977). The Debtors’ headquarters is located at 2261 Market Street, Suite 86056, San Francisco, California 94114.

*Petitions and First Day Pleadings* (the “First Day Declaration”),<sup>2</sup> filed contemporaneously herewith. In further support of this Motion, the Debtors respectfully represent as follows:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the District of Delaware (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 District of Delaware, dated as of February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors confirm their consent pursuant to Rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local 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.

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

3. The statutory and legal predicates for the relief sought herein are sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 9013-1(m).

### **BACKGROUND**

4. On the date hereof (the “Petition Date”), each of the Debtors filed voluntary petitions in the Court under chapter 11 of the Bankruptcy Code (these “Chapter 11 Cases”). The

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<sup>2</sup> Capitalized terms used but otherwise not defined herein shall have the meanings given to them in the First Day Declaration.

Debtors are authorized to operate their business and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. No official committee has been appointed in these Chapter 11 Cases, and no request has been made for the appointment of a trustee or an examiner.

6. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the First Day Declaration.

### **RELIEF REQUESTED**

7. By this Motion, the Debtors seek entry of the Proposed Orders: (i) authorizing the Debtors to maintain and administer their Customer Programs (as defined below) as described in this Motion and honor certain prepetition obligations related thereto in the ordinary course of business and consistent with past practice, (ii) authorizing the Banks to honor and process check and electronic transfer requests related to the foregoing, and (iii) granting related relief. A description of each of the Customer Programs (as defined below) is set forth below.

### **THE DEBTORS' SERVICES AND CUSTOMER PROGRAMS**

#### **I. The Debtors' Offerings**

##### **A. The Wag! Platform**

8. As described in further detail in the First Day Declaration, Wag Labs, Inc. ("Wag Labs") was founded in 2014 with the goal of making pet parenthood easier by simplifying the logistics of pet care to address basic pet care needs. Consistent with that goal, in 2015, Wag Labs developed, and continues to develop and support, a proprietary marketplace technology platform available as a website and mobile app (the "Wag! Platform") that is designed to address the basic service, product, and wellness needs of Pet Parents (as defined below). The Wag! Platform has evolved over time, starting as the first on-demand dog walking service launched in a single city

and expanding into approximately 5,300 cities nationwide. Also, the Debtors' business expanded within and beyond the Wag! Platform. Through various acquisitions, the Debtors have grown into a one-stop shop for pet care through expansions into the pet wellness, food and treat, and apparel markets whereby the Debtors offer their customers a wide variety of goods and services that are aimed at making pet parenthood and care easier and more accessible.

**B. Pet Care Services and Subscriptions**

9. The Debtors connect over 1 million pet parents (the "Pet Parents") with over 500,000 independent caregivers nationwide (the "Pet Caregivers") through the Wag! Platform, where Pet Parents can connect directly with Pet Caregivers to schedule appointments for desired personalized services, including pre-scheduled and on-demand dog walking, drop-in visits at the Pet Parent's home, in-home pet sitting, and dog training (collectively, the "Pet Care Services").

10. Pet Parents have the option to subscribe to a premium subscription ("Wag! Premium"), which offers Pet Parents a discount ranging from 5-10% off all Pet Care Services, as well as other features, such as waived booking fees, free advice from licensed pet experts, priority access to top-rated Pet Caregivers, and VIP Pet Parent support, which connects Pet Parents with the Debtors' top customer service team members for around the clock assistance with Pet Care Services and subscription management. The Debtors charge Pet Parents \$5.99 per month, or \$59.99 per year, for Wag! Premium, which is subject to change. Each Wag! Premium plan provides Pet Parents with the same benefits; however, Pet Parents that subscribe to Wag! Premium can pay for certain add-on services regardless of their billing frequency. For example, access to premium veterinary health services is available for an additional fee.

11. Pet Caregivers can subscribe to Wag! Pro, a premium lifetime subscription with a price ranging from \$129.00 to \$199.00, which is subject to change, through which Pet Caregivers receive various benefits, including priority approvals and profile promotions.

**C. Wag! Wellness Plans**

12. Through the Wag! Platform and the Debtors' other online services, the Debtors provide Pet Parents with, among other things, around the clock access to licensed pet experts and access to the nation's largest pet insurance comparison resources, which are accessible through the Wag! Platform (the "Wag! Wellness Plans").

13. As part of the Wag! Wellness Plans, Pet Parents can elect to pay for a desired twelve-month pet care plan ranging from \$14.95, \$29.95, or \$59.95 per month, which are subject to change, pursuant to which they are reimbursed by the Debtors within one (1) to three (3) business days of the Pet Parent submitting a reimbursement form for such services (the "Wag! Wellness Benefits"), such as, among other things, physical wellness exams, annual shots and boosters, blood and diagnostic testing, and deworming. Pet Parents who have opted-in to a Wag! Wellness Plan also have the option to add on up to four (4) additional Wag! Wellness Benefits for additional monthly fees of \$19.95 or \$29.95 per service, including flea, tick, and heartworm medications, grooming, dental cleaning, and spay and neutering procedures.

14. In addition to the Wag! Wellness Benefits, the Wag! Wellness Services include the Debtors' insurance comparison services. Debtors Compare Pet Insurance Services, Inc. and We Compare, Inc. assist Pet Parents with finding and comparing insurance plans through certain third-party affiliates, the Wag! Platform, WeCompare.com, and Petted.com, one of the nation's largest pet insurance comparison marketplaces.

**D. Wag! Pet Food Services**

15. Pet Parents have access to pet food and treat advice (the “Wag! Pet Food Services”) through DogFoodAdvisor.com, one of the nation’s most visited and trusted dog food marketplaces for dog food and treat advice, and CatFoodAdvisor.com, which was launched in the third quarter of 2023 and provides Pet Parents with cat food and treat advice. Through the Wag! Pet Food Services, the Debtors provide Pet Parents with access to real-time reviews and advice to make informed decisions prior to selecting pet food and treats.

**E. Maxbone Apparel Services**

16. Pet Parents are able to purchase essential pet apparel from the Debtors (the “Maxbone Apparel Services”), such as functional accessories, toys, dog beds, leashes and other dog-walking necessities, stylish clothing, grooming supplies, and freeze-dried food through Maxbone.com.

**II. The Debtors’ Customer Programs**

17. Prior to the Petition Date and in the ordinary course of business, the Debtors offer their customers, including Pet Parents, Pet Caregivers, and other corporate customers (the “Customers”), discounts, refunds, reimbursements, credits, gift cards, and other accommodations to acquire new Customer relationships and maintain existing relationships (the “Customer Programs”).<sup>3</sup> The Customer Programs, described herein, promote Customer satisfaction, create goodwill for the Debtors’ business, and enhance the value of their brand. Due to the Customer Programs, the Debtors may owe certain cash and non-cash obligations to their Customers arising both before and after the Petition Date (the “Customer Obligations”).

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<sup>3</sup> Although this Motion is intended to be comprehensive, the Debtors may have inadvertently omitted individual promotion, incentive, discount, or accommodation programs offered to the Customers. The Debtors request relief with respect to all Customer Programs, regardless of whether such Customer Program is specifically identified herein.

18. The Debtors' goodwill and ongoing business relationships may erode if the Customers perceive that the Debtors are unable or unwilling to fulfill the prepetition commitments they have made through the Customer Programs. If the Debtors are unable to ensure satisfaction, maintain goodwill, and preserve the loyalty of their Customers, among other things, Pet Parents may cancel their subscriptions on the Wag! Platform, Pet Caregivers may cease providing Pet Care Services, and the Debtors' business would likely suffer material harm as a result. As discussed in the First Day Declaration, the Debtors operate in a highly competitive environment, and dissatisfied Customers have easily accessible alternatives in the marketplace. It is essential, therefore, and critical to preserving ongoing operations and maximizing the value of the Debtors' estate for all parties in interest, that the Debtors are able to continue the Customer Programs and honor Customer Obligations in the ordinary course. Indeed, without the ability to continue the Customer Programs and to satisfy Customer Obligations, the Debtors risk losing market share, harming their future business and revenue growth, and potentially reducing the recoveries of the Debtors' creditors in these Chapter 11 Cases.

**A. Refunds, Chargebacks, Credits, Wag! Wellness Reimbursements, and Payment Processing Companies**

**i. Refunds and Chargebacks**

19. Certain Customers may hold contingent claims against the Debtors for refunds, returns, and other credit balances (collectively, the "Refunds"). For example, in the ordinary course of business, the Debtors may offer Pet Parents Refunds for, among other things, Pet Care Services that are incomplete, incorrectly booked, or accidentally booked. The Debtors also offer Refunds in connection with the Maxbone Apparel Services, such as when a Pet Parent returns apparel in accordance with the Debtors' return policy. The Debtors may offer the Refunds through

multiple programs, including but not limited to the Debtors' own cancellation and refund programs.

20. Additionally, Pet Parents may dispute certain charges for the Pet Care Services, Wag! Premium, the Wag! Wellness Services, the Wag! Pet Food Services, and the Maxbone Apparel Services with their credit card issuer, and the Debtors may be obligated to refund to such issuer the disputed amounts, subject to certain adjustments (the "Chargebacks," and together with the Refunds, the "Refunds and Chargebacks").

21. On average, the Debtors process approximately \$25,000 in Refunds and Chargebacks per month. As of the Petition Date, the Debtors estimate that \$20,000 is outstanding on account of the Refunds and Chargebacks, and \$20,000 will come due in the first twenty-one (21) days of these Chapter 11 Cases.

**ii. Credits and the Referral Program**

22. Separately, Pet Parents and Pet Caregivers may receive credits as part of the Debtors' referral program (the "Referral Program"), or for other reasons, including as a form of customer service when a Pet Parent is dissatisfied with, or does not receive, Pet Care Services (collectively, the "Credits"). Under the Referral Program, Pet Caregivers and Pet Parents can send a link from their account on the Wag! Platform to Pet Parents who are first-time users of the Wag! Platform. If the new Pet Parent receives a Wag! Pet Care Service as a result of a referral from a Pet Caregiver or Pet Parent, the new Pet Parent receives a \$20 Credit on their account on the Wag! Platform. If a Pet Parent is the source of the referral, the Pet Parent also receives a \$20 Credit on their account on the Wag! Platform. If a Pet Caregiver is the source of the referral, the Debtors contribute \$25 to the Pet Caregiver's following weekly pay, an amount of which is subject to change. The Credit amount for the Referral Program is subject to change from time to time. As



of the Petition Date, the Debtors believe that approximately \$1,500 is outstanding in connection with the amounts owed to Pet Caregivers under the Referral Program.<sup>4</sup> All Credits issued to Pet Parents are loaded into their profiles on the Wag! Platform, and the Pet Parents can then use the Credits towards future Pet Care Services. The Debtors do not have any cash obligations in connection with the issuance of Credits to Pet Parents.

### **iii. Wag! Wellness Reimbursements**

23. As described above, in exchange for a monthly fee, and depending on the selected pet care plan, the Debtors reimburse Pet Parents for Wag! Wellness Benefits, including when Pet Parents take their pets to the vet for physical wellness exams, annual shots, bloodwork, and other routine veterinary procedures. The Debtors estimate that, as of the Petition Date, approximately \$2,500 is outstanding in connection with the Wag! Wellness Reimbursements, all of which will come due during the first twenty-one (21) days of these Chapter 11 Cases.

### **iv. Payment Processing Companies**

24. The Debtors accept several methods of payment from their Customers, including, but not limited to, credit cards and debit cards. For certain methods of payment, the Debtors receive, on a daily basis, sale proceeds less any Refunds, Chargebacks, and processing fees (the “Processing Fees”) charged by credit card companies or other third-party payment processors directly into certain revenue collection accounts. The Debtors use various payment processors, including Stripe, Inc., PayPal Holdings, Inc., and Shopify (collectively, the “Payment Processing Companies”) to process credit card or other payments pursuant to certain agreements

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<sup>4</sup> The Debtors seek to pay all prepetition amounts owed to Pet Caregivers in connection with the Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto, (II) Authorizing the Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto, and (III) Granting Related Relief (the “Cash Management Motion”), filed contemporaneously herewith, and do not seek to pay any such amounts in connection with this Motion.

(the “Payment Processing Agreements”) with the Payment Processing Companies. The Debtors’ continued acceptance of credit card or other payments is essential to the administration of the Debtors’ estates because the majority of the Debtors’ sales are made using credit card or other payments. To avoid disrupting these vital payment processing services, the Debtors have sought authority to continue honoring the Payment Processing Agreements in the ordinary course in the Cash Management Motion. The Payment Processing Companies, the Payment Processing Agreements, and the requested relief are discussed in greater detail in the Cash Management Motion.

25. The Debtors believe that the Refunds, the Credits, the Wag! Wellness Reimbursements, and the Chargebacks are necessary and ordinary course transactions required to continue to incentivize Customers to continue their relationships with the Debtors and foster brand loyalty in an extremely competitive market for pet care. By this Motion, the Debtors seek authorization to honor outstanding prepetition obligations, if any, on account of the Refunds, Credits, Wag! Wellness Reimbursements, and the Chargebacks, and to continue honoring Customer Obligations in connection therewith in a manner consistent with their past practices on a postpetition basis.

#### **B. Promotions**

26. The Debtors regularly conduct sales promotions through a variety of channels, including, but not limited to, online and Wag! Platform campaigns (collectively, the “Promotions”). The Promotions vary from time to time and may include pricing discounts, promotional rates for long term subscriptions, promotional codes for flat rate discounts, and other similar Promotions. There are occasions where there may be different, or additional, promotions available across different online channels, such as discounts on the Maxbone Apparel Services. Thus, at any given time, including as of the Petition Date, different Promotions may be available

to different Customers across the country. The Promotions are an important part of the Debtors' overall marketing strategy, helping attract new Customers and retain existing ones by encouraging purchases of the Debtors' services and products, and allowing the Debtors to maintain business relations with various third-party vendors. For the avoidance of doubt, the Debtors do not make cash payments on account of the Promotions.

27. By this Motion, out of an abundance of caution, the Debtors seek authority, but not direction, in a manner consistent with past practices, to continue offering the Promotions in the ordinary course, including any Promotions ongoing as of the Petition Date, and to honor any obligations in connection therewith whether arising prior to or after the Petition Date.

**C. Gift Cards**

28. In the ordinary course of business, the Debtors sell pre-paid electronic gift cards (the "Gift Cards") to be used for purchasing goods or services from the Wag! Platform (the "Gift Card Program"). The Gift Cards can be purchased for ranges from \$25 up to \$500. The Gift Cards do not expire and may not be redeemed for cash or monetary credit, except as required by law. The Debtors maintain detailed transaction data regarding the sale of Gifts Cards and their value, but do not track the identities of individual Gift Card holders. When Customers purchase the Gift Cards, they have every expectation that the Gift Cards will be redeemable, and the Debtors seek authority to honor the Gift Cards in the ordinary course of business consistent with past practices. The Debtors believe that continuing to honor Gift Card Program is essential for maintaining goodwill throughout these Chapter 11 Cases. Based on a review of their business records and prior Gift Card holder activity, the Debtors estimate that, as of the Petition Date, the value of outstanding unredeemed Gift Cards is approximately \$340,000. Failure to honor these obligations would tarnish the Debtors' reputation and may result in Pet Parents turning to one of the Debtors' competitors for replacement services.

29. Accordingly, by this Motion, the Debtors seek authority, but not direction, to continue honoring the Gift Card Program, including all Gift Cards purchased or issued prepetition, and allowing Pet Parents the continued use of Gift Cards in the ordinary course, and to honor any obligations in connection therewith whether arising prior to or after the Petition Date.

### **BASIS FOR RELIEF**

#### **I. Continuing to Honor the Customer Programs in the Ordinary Course Is Warranted Under Sections 105(a) and 363(b) of the Bankruptcy Code and Is in the Best Interests of the Debtors and Their Estates.**

30. The Court has authority to authorize the Debtors to continue the Customer Programs, modify such programs in the ordinary course of business, and pay prepetition claims arising thereunder, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. Courts generally acknowledge that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value. See In re Just for Feet, Inc., 242 B.R. 821, 826 (D. Del. 1999) (granting authority to pay prepetition claims of certain vendors and finding that such payment was "essential to the survival of the debtor during the chapter 11 reorganization"); see also In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (granting 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) (granting authority to pay prepetition claims of suppliers); see also In re NVR L.P., 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) ("[T]he court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor."). In so doing, 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 provided herein.

31. Pursuant to section 363(b) of the Bankruptcy Code, courts may authorize satisfaction of prepetition obligations where a sound business purpose exists for doing so. See In

re 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 In re 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).

32. Furthermore, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, debtors in possession are fiduciaries “holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” In re Coserv, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); see also Unofficial Comm. of Equity Holders v. McManigle (In re Penick Pharm., Inc.), 227 B.R. 229, 232–33 (Bankr. S.D.N.Y. 1998) (“Upon filings its petition, the Debtor became a debtor in possession and, through its management . . . was burdened with the duties and responsibilities of a bankruptcy trustee.”). Implicit in the fiduciary duties of any debtor in possession is the obligation to “protect and preserve the estate, including an operating business’s going-concern value.” In re CoServ, 273 B.R. at 497; see also In re Marvel Ent. Grp., Inc., 140 F.3d 463, 471 (3d. Cir. 1998) (“The debtor-in-possession is a fiduciary of the creditors and, as a result, has an obligation to refrain from acting in a manner which could damage the estate, or hinder a successful reorganization.”) (quoting Petit v. New England Mort. Servs., 182 B.R. 64, 69 (D. Me. 1995)). Indeed, courts have noted 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, 273 B.R. 497.

33. In addition, courts may authorize satisfaction 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.” This “doctrine of necessity” functions in a chapter 11 case as a mechanism by which the bankruptcy court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code and further supports the relief requested herein. See In re Lehigh & New England Ry., 657 F.2d 570, 581 (3d Cir. 1981); see also In re United Am., Inc., 327 B.R. 776, 781 (Bankr. E.D. Va. 2005) (acknowledging that the doctrine of necessity “is a necessary deviation because otherwise there will be no reorganization and no creditor will have an opportunity to recoup any part of its pre-petition claim.”); In re Just for Feet, Inc., 242 B.R. at 824–25 (holding that section 105(a) of the Bankruptcy Code “provides a statutory basis for payment of prepetition claims” under the doctrine of necessity); In re NVR L.P., 147 B.R. at 127 (“Under [section 105(a)] the court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”) (holding that a court may authorize payment of prepetition claims if such payment is essential to debtor’s continued operation).

34. Accordingly, the Court may authorize the Debtors to continue the Customer Programs, modify such programs in the ordinary course of business, and satisfy prepetition claims arising thereunder, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. Continuing to administer the Customer Programs without interruption during the pendency of these Chapter 11 Cases is critical to preserving the value of the Debtors’ assets by, most importantly, preserving Customer goodwill and retaining subscribers and market share. If the Customer Programs are maintained, Customers can continue to receive flexible payment programs, Refunds, Credits, and cash benefits for their Referrals, promoting Customer satisfaction, brand loyalty, and ensuring that the Debtors remain competitive. By encouraging sustained access to the Debtors’ services, the

continuation of the Customer Programs will inure to the benefit of the Debtors' estates and their creditors.

35. Further, the Customer Programs are also essential marketing tools for attracting new Customers, especially the Referral Program. In contrast, if the Debtors are unable to continue the Customer Programs postpetition or pay Customer Obligations due and owing to Customers, the Debtors risk losing the ability to attract new Customers, alienating existing Customers (who might then initiate business relationships with the Debtors' competitors), and suffering potential corresponding losses in Customer loyalty that will harm their ability to maximize value. Without the ability to continue the Customer Programs, the Debtors will be at a competitive disadvantage in the marketplace, amplifying the negative effect of customer uncertainty that may arise from filing these Chapter 11 Cases. Accordingly, the Debtors submit that sufficient cause exists to warrant honoring the Customer Programs and any obligations relating thereto, and respectfully request that the relief sought herein be approved on the terms set forth in the Proposed Orders, as applicable.

## **II. Processing of Electronic Fund Transfers Should Be Authorized.**

36. The Debtors also request that the Court authorize the Banks, when requested by the Debtors, in their discretion, to honor and process checks or electronic fund transfers drawn on the Debtors' bank accounts to pay prepetition amounts described herein, whether such checks or other requests were submitted prior to, or after, the Petition Date. 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, anticipated debtor-in-possession financing, and anticipated access to cash collateral. The Debtors further request that the Banks be authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved pursuant to this Motion.

**SATISFACTION OF BANKRUPTCY RULE 6003**

37. Pursuant to Bankruptcy Rule 6003, the Court may grant relief within twenty-one (21) days after the filing of the petition regarding a motion to “use, sell, lease, or otherwise incur an obligation regarding property of the estate” only if such relief is necessary to avoid immediate and irreparable harm. See Fed. R. Bankr. P. 6003(b). Immediate and irreparable harm exists where the absence of relief would impair a debtor’s ability to reorganize or threaten the debtor’s future as a going concern. See In re Ames Dep’t Stores, Inc., 115 B.R. 34, 36 (Bankr. S.D.N.Y. 1990) (discussing the elements of “immediate and irreparable harm” in relation to Bankruptcy Rule 4001).

38. As described herein and in the First Day Declaration, the Debtors will suffer immediate and irreparable harm without authorization for the relief requested herein. Accordingly, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

**WAIVER OF BANKRUPTCY RULE 6004(h)**

39. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their businesses without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the fourteen (14) day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.



**RESERVATION OF RIGHTS**

40. Nothing contained herein is intended or shall be construed as: (i) an implication or admission as to the amount of, basis for, or validity of any claim against any of the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (ii) an impairment or waiver of any Debtor's or any other party in interest's right to dispute any claim against, or interest in, any Debtor, its property, or its estate on any grounds; (iii) a promise or requirement to pay any particular claim; (iv) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (v) 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; (vi) an implication, admission, or finding as to the validity, enforceability, or perfection of any lien on, interest in, or other encumbrance on the property of any Debtor or its estate; (vii) an impairment or waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law; or (viii) a waiver of any Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law; (ix) a waiver of the obligation of any party in interest to file a proof of claim; or (x) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease.

**NOTICE**

41. Notice of this Motion has been or will be provided to: (i) the Office of the United States Trustee for the District of Delaware; (ii) the Office of the United States Attorney for the District of Delaware; (iii) the Internal Revenue Service; (iv) the United States Securities and Exchange Commission; (v) counsel to the Prepetition Secured Creditor and DIP Lender; (vi) those creditors holding the thirty (30) largest unsecured claims against the Debtors' estates (on a

consolidated basis); (vii) the Banks; (viii) the Payment Processors; and (ix) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors will serve copies of this Motion and an order entered in respect of this Motion as required by Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

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**CONCLUSION**

WHEREFORE, the Debtors request that the Court enter the Proposed Orders, granting the relief requested herein and such other and further relief as is just and proper.

Dated: July 21, 2025  
Wilmington, Delaware

**YOUNG CONAWAY STARGATT & TAYLOR,  
LLP**

*/s/ Sarah Gawrysiak*

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Michael R. Nestor (No. 3526)  
Kara Hammond Coyle (No. 4410)  
Shella Borovinskaya (No. 6758)  
Kristin L. McElroy (No. 6871)  
Brynna M. Gaffney (No. 7402)  
Sarah Gawrysiak (No. 7403)  
Rodney Square  
1000 North King Street  
Wilmington, Delaware 19801  
Telephone: (302) 571-6600  
Facsimile: (302) 571-1253  
Email: mnestor@ycst.com  
kcoyle@ycst.com  
sborovinskaya@ycst.com  
kmcclroy@ycst.com  
bgaffney@ycst.com  
sgawrysiak@ycst.com

*Proposed Counsel to the Debtors and Debtors in  
Possession*

**Exhibit A**

**Proposed Interim Order**

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

In re:

WAG! GROUP CO., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-\_\_\_\_ (\_\_\_\_)

(Jointly Administered)

Ref. Docket No. \_\_\_\_

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS  
TO MAINTAIN AND ADMINISTER THEIR EXISTING  
CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
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BANKS TO HONOR AND PROCESS CHECK AND ELECTRONIC TRANSFER  
REQUESTS RELATED THERETO, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”), pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1, (i) authorizing the Debtors to maintain and administer the Customer Programs and honor certain prepetition obligations related thereto, (ii) authorizing the Banks to honor and process check and electronic transfer requests related thereto, and (iii) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and upon consideration of the Motion and all pleadings related thereto; and due and proper notice of the Motion having been given; and having determined that no other or further notice of the Motion is required; and having determined that this Court has jurisdiction to consider

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of their federal tax identification numbers, to the extent applicable, are Wag! Group Co. (0180), Wag Labs, Inc. (4381), Wag Wellness, LLC (N/A), Pawsome, LLC (2404), Compare Pet Insurance Services, Inc. (4657), We Compare, Inc. (5054), and Furmacy, Inc. (9977). The Debtors’ headquarters is located at 2261 Market Street, Suite 86056, San Francisco, California 94114.

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

the Motion 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 having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and having determined that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; 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. **A final hearing on the relief sought in the Motion shall be conducted on [\_\_\_\_], 2025 at [\_\_\_\_] (prevailing Eastern Time) (the “Final Hearing”).** Any party-in-interest objecting to the relief sought at the Final Hearing or the Proposed Final Order shall file and serve a written objection, which objection shall be served upon (i) Wag! Group Co., 2261 Market Street, Suite 86056, San Francisco, California 94114, Attn: Nicholas Yu (nicholas.yu@wagwalking.com); (ii) proposed counsel to the Debtors, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Michael R. Nestor, Esq. (mnestor@ycst.com), Kara Hammond Coyle, Esq. (kcoyle@ycst.com), Shella Borovinskaya, Esq. (sborovinskaya@ycst.com), and Kristin L. McElroy, Esq. (kmcelroy@ycst.com); (iii) counsel to any official committee appointed in these Chapter 11 Cases; (iv) counsel to the Prepetition Secured Creditor and the DIP Lender, (a) Honigman LLP, 2290 First National Building, 660 Woodward Avenue, Detroit, Michigan 48226, Attn: Glenn S. Walter, Esq. (gwalter@honigman.com), and (b) The Tuhey Law Firm LLC, 823 Linden Avenue, Oak Park, Illinois 60302, Attn: John M. Tuhey, Esq. (jtuhey@tuheyllaw.com); and (v) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lockbox 35,

Wilmington, DE 19801, Attn: Jane M. Leamy, Esq. (Jane.M.Leamy@usdoj.gov), in each case no later than [\_\_\_\_\_], 2025 at 4:00 p.m. (prevailing Eastern Time). If no objections to the entry of the Proposed Final Order are timely filed, this Court may enter the Proposed Final Order without further notice or a hearing.

3. The Debtors are authorized, but not directed, to continue to administer the Customer Programs currently in effect, modify such programs as in the ordinary course of business, and honor any Customer Obligations related to the Customer Programs without regard to whether the Debtors' obligations arose before, on, or after the Petition Date, in an amount not to exceed \$24,000 pending entry of a final order.

4. The Debtors are authorized to continue, replace, implement, modify, and/or terminate one or more of the Customer Programs, in each case as the Debtors deem appropriate in their business judgment and in the ordinary course of business, without further Court order.

5. Subject to the limitations of paragraph 3 above, the Debtors are authorized to continue to issue Refunds, Credits, the Wag! Wellness Reimbursements, and Chargebacks, in their discretion, in the ordinary course of business, whether related to payments made before or after the Petition Date; provided, however, that for the avoidance of doubt, the Debtors may honor all amounts related to Gift Cards and Credits without regard to the limitations of paragraph 3.

6. The Banks on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and the Banks 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.

7. Any payment made pursuant to this Interim Order is not intended and should not be construed as an admission as the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

8. The Debtors are authorized, but not directed, 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. Nothing in the Motion or this Interim Order or the relief granted herein (including any actions taken or payments made by the Debtors) is to be construed as (i) an implication or admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable non-bankruptcy law; (ii) an impairment or waiver of the Debtors' or any other party in interest's right to dispute any claim against, or interest in, any Debtor, its property, or its estate on any grounds; (iii) a promise or requirement to pay any particular claim; (iv) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (v) an implication or admission that any particular claim is of a type specified or defined in the Motion or this Interim Order; (vi) an implication, admission, or finding as to the validity, enforceability, or perfection of any lien on, interest in, or other encumbrance on the property of any Debtor or its estate; (vii) an impairment or waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law; (viii) a waiver of any Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law; (ix) a waiver of the obligation of any party in interest to file a proof of claim; or (x) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease.



10. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order.

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

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

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

**Exhibit B**

**Proposed Final Order**

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

In re:

WAG! GROUP CO., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-\_\_\_\_ (\_\_\_\_)

(Jointly Administered)

Ref. Docket Nos. \_\_\_\_ & \_\_\_\_

**FINAL ORDER (I) AUTHORIZING THE DEBTORS  
TO MAINTAIN AND ADMINISTER THEIR EXISTING  
CUSTOMER PROGRAMS AND HONOR CERTAIN PREPETITION  
OBLIGATIONS RELATED THERETO, (II) AUTHORIZING THE BANKS  
TO HONOR AND PROCESS CHECK AND ELECTRONIC TRANSFER  
REQUESTS RELATED THERETO, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) for entry of a final order (this “Final Order”), pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1, (i) authorizing the Debtors to maintain and administer the Customer Programs and honor certain prepetition obligations related thereto, (ii) authorizing the Banks to honor and process check and electronic transfer requests related thereto, and (iii) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and upon consideration of the Motion and all pleadings related thereto; and due and proper notice of the Motion having been given; and having determined that no other or further notice of the Motion is required; and having determined that this Court has jurisdiction to consider the Motion in

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

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 having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and having determined that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; 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 continue to administer the Customer Programs currently in effect, modify such programs as in the ordinary course of business, and honor any prepetition Customer Obligations related to the Customer Programs, on a final basis without regard to whether the Debtors' obligations arose before, on, or after the Petition Date.
3. The Debtors are authorized to continue, replace, implement, modify, and/or terminate one or more of the Customer Programs, in each case as the Debtors deem appropriate in their business judgment and in the ordinary course of business, without further Court order.
4. The Debtors are authorized to continue to issue Refunds, Credits, the Wag! Wellness Reimbursements, and Chargebacks, in their discretion, in the ordinary course of business, whether related to payments made before or after the Petition Date.
5. The Banks on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and the Banks 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. Any payment made pursuant to this Final Order is not intended and should not be construed as an admission as the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

7. The Debtors are authorized, but not directed, 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.

8. Nothing in the Motion or this Final Order or the relief granted herein (including any actions taken or payments made by the Debtors) is to be construed as (i) an implication or admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable non-bankruptcy law; (ii) an impairment or waiver of the Debtors' or any other party in interest's right to dispute any claim against, or interest in, any Debtor, its property, or its estate on any grounds; (iii) a promise or requirement to pay any particular claim; (iv) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (v) an implication or admission that any particular claim is of a type specified or defined in the Motion or this Final Order; (vi) an implication, admission, or finding as to the validity, enforceability, or perfection of any lien on, interest in, or other encumbrance on the property of any Debtor or its estate; (vii) an impairment or waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law; (viii) a waiver of any Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law; (ix) a waiver of the obligation of any party

in interest to file a proof of claim; or (x) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order.

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

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