

SO ORDERED: July 29, 2022.



  
Jeffrey J. Graham  
United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION**

In re:	)	
	)	Chapter 11
AEARO TECHNOLOGIES LLC, <i>et al.</i> , <sup>1</sup>	)	
	)	Case No. 22-02890-JJG-11
Debtors.	)	
	)	(Jointly Administered)

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE TO OPERATE THEIR CASH MANAGEMENT SYSTEM, (B) MAINTAIN EXISTING BUSINESS FORMS AND BOOKS AND RECORDS, AND (C) PERFORM POSTPETITION INTERCOMPANY TRANSACTIONS, (II) GRANTING ADMINISTRATIVE EXPENSE STATUS TO POSTPETITION INTERCOMPANY CLAIMS AMONG THE DEBTORS, AND (III) GRANTING RELATED RELIEF**

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are set forth in the *Debtors’ First Day Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief*, filed on July 26, 2022 [Docket No. 7]. The location of the Debtors’ service address for the purposes of these chapter 11 cases is: 7911 Zionsville Road, Indianapolis, Indiana 46268.

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”): (a) authorizing, but not directing, the Debtors to (i) continue to operate their Cash Management System, subject to the modifications described in the Motion, as well as honor any prepetition obligations related thereto, (ii) maintain existing Business Forms and Books and Records in the ordinary course of business, and (iii) perform the Postpetition Intercompany Transactions through the Cash Management System; and (b) granting administrative expense status to postpetition Intercompany Claims among the Debtors; (c) granting related relief; and (d) scheduling a final hearing to consider approval of the Motion on a final basis, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the Standing Order of Reference from the United States District Court for the Southern District of Indiana, dated July 11, 1984; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); 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 Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the

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

proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth in this Interim Order.
2. The final hearing (the "Final Hearing") on the Motion shall be held before the Honorable Chief Judge Jeffrey J. Graham **on August 18, 2022, at 9:00 a.m. (prevailing Eastern Time)**, at the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division, 46 East Ohio Street, Indianapolis, IN 46204, in Courtroom 311. **NOTE: ALL PERSONS ATTENDING THE HEARING IN PERSON MUST WEAR A MASK AT ALL TIMES UNLESS ADDRESSING THE COURT OR AS OTHERWISE PERMITTED BY CHIEF JUDGE GRAHAM.**

3. Parties may participate in the Hearing via Zoom, using the following link: <https://www.zoomgov.com/j/16023126397>. Parties that wish to listen, but not actively participate, may do so by phone: Phone: 551-285-1373 or 646-828-7666; Meeting ID: 160 2312 6397.

4. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time on August 15, 2022, and served on the Notice Parties. Objections may be filed electronically at [www.insb.uscourts.gov](http://www.insb.uscourts.gov), or delivered, in writing, to the Clerk of the Bankruptcy Court, 46 E. Ohio Street, Room 116, Indianapolis, IN 46204.

5. The Debtors are authorized, but not directed, on an interim basis, to: (a) continue operating the Cash Management System and honor any prepetition obligations related to the use thereof, subject to the terms and conditions in this Interim Order; (b) designate, maintain, close, and continue to use on an interim basis any or all of their existing Bank Accounts, including, but not limited to, their Bank Accounts identified on the Bank Account List, in the names and with the

same account numbers in existence as of the Petition Date; (c) treat their Bank Accounts for all purposes as debtor in possession Bank Accounts; (d) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, electronic transfers, and other debits, and to otherwise perform their obligations under the documents governing the Bank Accounts; and (e) open new debtor-in-possession Bank Accounts.

6. The Debtors are authorized, but not directed, to continue using, in their present form, the Business Forms, as well as checks and other documents related to any of their Banks Accounts existing immediately before the Petition Date, and maintain and continue using, in their present form, the Books and Records.

7. The relief granted in this Interim Order is extended to any new Bank Account opened by the Debtors in the ordinary course of business after the date hereof, which account shall be deemed a Debtors' "Bank Account," and to the bank at which such account is opened, which bank shall be deemed a "Cash Management Bank," so long as any such new Bank Account is with a bank that is (a) insured with FDIC or (b) designated as an Authorized Depository.

8. The Debtors and the Cash Management Banks may, without further order of this Court, agree to and implement changes to the Cash Management System in the ordinary course of business and as provided in the Motion, including, without limitation, the opening and closing of Bank Accounts, subject to the terms and conditions of this Interim Order; *provided* that the Debtors shall provide notice within three business days to the U.S. Trustee and any official committee appointed in these cases, if any, of the opening or closing of any such Bank Account or any changes to the Cash Management System.

9. Except as otherwise provided in this Interim Order and only to the extent sufficient funds are available in each applicable Bank Account, all Cash Management Banks at which the

Debtors' Bank Accounts are maintained are authorized to continue to service and administer such Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course of business consistent with prepetition practices, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wire transfers, and electronic and other transfers issued, whether before or after the Petition Date, and drawn on the Debtors' Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be; *provided* that the Debtors will instruct the Cash Management Banks as to which checks, drafts, wire transfers (excluding any wire transfers or electronic transactions that the Cash Management Banks are obligated to settle), or other items presented, issued, or drawn, shall not be honored.

10. The Cash Management Banks are authorized to debit the Debtors' accounts in the ordinary course of business and without further order of the Court on account of all checks drawn on the Debtors' accounts that were cashed at the Cash Management Banks' counters or exchanged for cashier's or official checks by the payees thereof prior to the Petition Date.

11. The Cash Management Banks are authorized, without further order of this Court, to charge back to the appropriate accounts of the Debtors any amounts resulting from returned checks or other returned items, including returned items that result from wire transfers or other electronic transfers of any kind, regardless of whether such returned items were deposited or transferred prepetition or postpetition and regardless of whether the returned items relate to prepetition or postpetition items or transfers.

12. Subject to the terms set forth herein, any bank, including the Cash Management Banks, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this Court, and no bank that honors a prepetition check or other item

drawn on any account that is the subject of this Interim Order (a) at the direction of the Debtors; (b) in a good-faith belief that this Court has authorized such prepetition check or item to be honored; or (c) as a result of a mistake made despite implementation of reasonable customary handling procedures, shall be deemed to be nor shall be liable to the Debtors, their estates, or any other party on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Interim Order.

13. All banks maintaining any of the Bank Accounts that are provided with notice of this Interim Order shall not honor or pay any bank payments drawn on the listed Debtors' Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Debtors' Bank Accounts.

14. Any banks, including the Cash Management Banks, are further authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; *provided* that the Cash Management Banks shall not have any liability to any party for relying on such representations to the extent such reliance otherwise complies with applicable law.

15. Except as otherwise provided in this Interim Order, the Cash Management Banks are authorized to charge, and the Debtors are authorized, but not directed, to pay, honor, or allow, prepetition and postpetition fees, costs, charges, and expenses, including the Bank Fees, whether such items were deposited prepetition or postpetition, to any Bank Account in the ordinary course of business consistent with prepetition practices. Any such postpetition fees, costs, charges, and expenses, including the Bank Fees, that are not so paid shall be entitled to priority as administrative expenses pursuant to section 503(b)(1) of the Bankruptcy Code.

16. Notwithstanding the Debtors' use of the Cash Management System, the Debtors shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of which entity pays those disbursements.

17. The Debtors are authorized to continue the Postpetition Intercompany Transactions in the ordinary course of business and consistent with past practice.

18. The Debtors are authorized, subject to the terms and conditions of this Interim Order, to continue performing under and honoring their respective obligations, commitments, and transactions related to Postpetition Intercompany Transactions; *provided* that non-Debtor 3M shall transfer to the Debtors the Prepetition Cash Pool Balance within five days of entry of this Interim Order.

19. Pursuant to section 503(b)(1) of the Bankruptcy Code, all postpetition Intercompany Claims, including any interest and fees related thereto, made by a Debtor to another Debtor shall in each case be accorded administrative expense status.

20. The Debtors are authorized to continue the PCards and M&E Card programs in the ordinary course of business on a postpetition basis, consistent with past practice.

21. The Debtors shall continue to monitor, track, and trace all funds flowing to and from the Debtors from each other, the Non-Debtor Affiliates, and third parties.

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

23. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the

amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code, any foreign bankruptcy or insolvency law, or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (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 to the validity, priority, enforceability, or perfection of any lien on, security interest in, or encumbrance on property of the Debtors' estates; (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. Any payment made pursuant to this Interim 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 Debtors' rights to subsequently dispute such claim.

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

25. 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.

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



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

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**Exhibit 1**

**Cash Management System Schematic**



\* - account also directly receives / disburses cash



**Exhibit 2****Bank Account List**

<b>Debtor</b>	<b>Bank</b>	<b>Country</b>	<b>Currency</b>	<b>Account Number</b>	<b>Account Designation</b>
Aearo Technologies LLC	Bank of America	USA	US Dollar	xx7724	Collection Account
Aearo Technologies LLC	J.P. Morgan	USA	US Dollar	xx0910	Collection Account
Aearo Technologies LLC	J.P. Morgan	USA	US Dollar	xx0944	Concentration Account
Aearo Technologies LLC	J.P. Morgan	USA	US Dollar	xx0928	Collection Account
Aearo Technologies LLC	J.P. Morgan	USA	US Dollar	xx0936	Controlled Disbursement Account
Cabot Safety Intermediate, LLC	J.P. Morgan	USA	US Dollar	xx3071	Cabot Account