

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF CONNECTICUT  
HARTFORD DIVISION**

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In re:	:
	:
WINDSOR MARKETING GROUP, INC.	:
-----X	
	CHAPTER 11
	CASE NO. 18-20022
	RE: ECF No. 4

**FOURTEENTH INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL,  
GRANTING ADEQUATE PROTECTION**

Upon the Motion for Interim and Final Orders Authorizing the Debtor to Use Cash Collateral, Granting Adequate Protection and Authorizing Borrowing, filed by Windsor Marketing Group, Inc. ("WMG" or "Debtor") as debtor and debtor-in-possession, seeking, among other things, entry of this Interim Order authorizing the Debtor to use cash collateral in accordance with the budget annexed hereto as Exhibit A (the "Budget") granting adequate protection and authorizing borrowing; and

The Debtor having requested that (a) pending the Final Hearing (as defined herein) on the Motion, a hearing be scheduled to consider entry of this Fourteenth Interim Order ("Fourteenth Interim Hearing"), (b) that a final hearing (the "Final Hearing") be scheduled on the Motion to consider entry of a final order (the "Final Order") authorizing and approving, on a final basis, the Debtor's use of Cash Collateral, and (c) notice procedures be established in respect of a subsequent Interim or Final Hearing; and

The Court having entered an Initial Interim Order on January 12, 2018, a Second Interim Order on January 26, 2018, a Third Interim Order or Final Order on February 13, 2018, a Fourth Interim Order on February 23, 2018, a Fifth Interim Order on March 23, 2018, a Sixth Interim Order on April 19, 2018, a Seventh Interim Order on April 27, 2018, an Eighth Interim Order on

May 16, 2018, a Ninth Interim Order on June 20, 2018, a Tenth Interim Order on June 27, 2018, an Eleventh Interim Order on July 11, 2018, a Twelfth Interim Order on July 30, 2018, a Thirteenth Interim Order on September 21, 2018 and scheduled the Fourteenth Interim Hearing on October 5, 2018. Notice of the Fourteenth Interim Hearing having been given to (a) the U.S. Trustee; (b) counsel to People's United Bank ("Lender"); (c) the Other Lien Holders, including the State of Connecticut Department of Economic and Community Development ("DECD") (as defined below) or their counsel; and (d) counsel to the Official Committee of Unsecured Creditors (the "Committee" and together with the U.S. Trustee, the Lender and the Other Lien Holders, the "Notice Parties"); and it appearing from the record and after considering the Debtor's immediate need for use of Cash Collateral, no other or further notice need be given; and the Lender having consented to the Debtor's use of Cash Collateral in accordance with this Interim Order; and

NOW, THEREFORE, upon the Motion and the record of the Fourteenth Interim Hearing held before the Court on October 5, 2018; and after due deliberation and good and sufficient cause appearing therefor, the Court hereby makes the following findings of fact and conclusions of law:

A. Filing. On January 8, 2018, (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, thereby commencing the above-captioned Chapter 11 case (the "Case"). Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtor has thereafter remained in possession of its assets and operated as Debtor in possession. The Debtor filed the Motion with the above-captioned Bankruptcy Court (the "Court") seeking expedited relief to permit Debtor to continue in operation as a going concern.

B. Jurisdiction. The Court's consideration of the Motion and this Interim Order is a core proceeding as defined in 28 U.S.C. § 157(b)(2)(A) and (M). The statutory predicates for the relief sought herein are Sections 361, 362 and 363 of the Bankruptcy Code and Federal Rule of

Bankruptcy Procedure 4001(b).

C. The Loans from Lender. After consultation with its attorneys and financial advisors, and without prejudice to the rights of the Committee as set forth in paragraphs 17 and 19 herein, the Debtor admits, stipulates, acknowledges and agrees that (collectively, paragraphs C(i) through C(iv) below are referred to herein as the “Debtor’s Stipulations”):

(i) Debtor and Lender are parties to the following prepetition loan and financing agreements (the “Prepetition Loans”):

(a) The Operating Line. Pursuant to that certain “Loan and Security Agreement” dated as of December, 2013 as amended from time to time (the “Revolver”), Lender made available to Debtor a revolving line of credit, subject to all terms and conditions contained in the Revolver in the original principal amount of \$5,000,000.

(b) Other Obligations to Lender. In addition to the Revolver, Debtor and Lender entered into three other distinct loan agreements referred to herein as the “First Capex Loan,” the “Second Capex Loan” and the “Term Loan.” Kevin Armata is the sole owner and president of the Debtor and guaranteed all obligations to Lender. All documents executed in connection with the Prepetition Loans are referred to as the “Loan Documents”.

(ii) The Prepetition Collateral. In order to secure the payment and performance of the Prepetition Loans, the Debtor granted Lender a first security interest in, a lien on and pledge and assignment (the “Prepetition Liens”) of substantially all present and future personal property of the Debtor (the “Prepetition Collateral”).

(iii) Prepetition Loan Obligations. As of the Petition Date, Debtor was indebted and liable to the Lender in the following principal amounts: (a) under the Revolver: \$3,400,929.52; (b) under the First Capex Loan: \$190,024.13; (c) under the Term Loan:

\$642,857.28; and (d) under the Second Capex Loan \$126,944.62. On the Petition Date the total amount outstanding under the Prepetition Loans was \$4,457,215.64.

(iv) Validity, Perfection and Priority of Prepetition Liens and Obligations.

Without limiting or waiving the rights of the Committee under paragraphs 17 and 19 of this Interim Order, the Debtor acknowledges and agrees that: (a) as of the Petition Date, the Prepetition Liens on the Prepetition Collateral are valid, binding, enforceable, non-avoidable and properly perfected, (b) as of the Petition Date, the Prepetition Liens have priority over any and all other liens, if any, on the Prepetition Collateral, subject only to (1) certain purchase money security interests otherwise permitted by the Loan Documents (to the extent any such permitted liens were valid, binding, enforceable, properly perfected, non-avoidable and senior in priority to the Prepetition Liens as of the Petition Date, the “Prepetition Permitted Liens”) and (2) the Carve-Outs as defined in Paragraph 22 herein and otherwise had priority over any and all other liens on the Prepetition Collateral; (c) the Prepetition Loan Obligations constitute legal, valid, binding, and non-avoidable obligations of the Debtor; (d) as of the Petition Date, no offsets, challenges, objections, defenses, claims or counterclaims of any kind or nature to any of the Prepetition Liens or the Prepetition Loan Obligations exist, and as of the Petition Date no portion of the Prepetition Liens or the Prepetition Loan Obligations is subject to any challenge or defense including, without limitation, avoidance, disallowance, disgorgement, recharacterization, or subordination (whether equitable or otherwise) pursuant to the Bankruptcy Code or applicable non-bankruptcy law; (e) the Debtor and its estate have no claims, objections, challenges, causes of actions, and/or choses in action, including without limitation, avoidance claims under Chapter 5 of the Bankruptcy Code, against Lender or any of its

affiliates, agents, attorneys, advisors, professionals, officers, directors or employees arising out of, based upon or related to the Loan Documents.

D. Loans from DECD. The DECD asserts that the Debtor and DECD are parties to two Assistance Agreements, one dated March 20, 2009 (the “First Assistance Agreement”) and the other dated March 27, 2015 (the “Second Assistance Agreement,” and collectively with the First Assistance Agreement, the “Assistance Agreements”), together with ancillary security and other documents accompanying each, including a Security Agreement and UCC-1 financing statements (the “DECD Loan Documents”), which DECD asserts that it grants DECD a security interest in the Prepetition Collateral to secure Debtor’s obligations under the Assistance Agreements and accompanying Promissory Notes which it asserts the Debtor executed and delivered to DECD. As of the Petition Date, the DECD asserts that the Debtor was indebted and liable to the DECD approximately as follows (the “DECD Prepetition Loan Obligations”): (a) under the First Assistance Agreement: \$207,994.79; and (b) under the Second Assistance Agreement: \$1,502,223.21, subject to reinstatement of indebtedness that was subject to a loan forgiveness credit under the First Assistance Agreement, all of which as may be set forth in a proof of claim or claims to be filed by DECD.

E. Intercreditor Agreement. The DECD and Lender assert that the security interests granted to DECD to secure the DECD Prepetition Loan Obligations are subject to an Intercreditor and Subordination Agreement by and between DECD and Lender, dated November 11, 2015 and which they assert provides, *inter alia*, that the security interests of Lender to secure the Prepetition Loan Obligations would be first in priority and the security interests of DECD to secure the DECD Prepetition Loan Obligations would be second in priority.

F. Necessity for and Limitations on Use of Cash Collateral. The Debtor has an immediate

need to obtain authorization to use cash collateral. The availability to the Debtor of sufficient working capital, liquidity and other financial accommodations is vital to its ability to continue its operations so that it may pursue and effectuate a plan of reorganization. The Debtor requires use of its cash (which is generated primarily from operations), including all Cash Collateral, to carry on the operation of its business and to administer and preserve the value of its assets, including the Prepetition Collateral. The Debtor does not have sufficient available sources of working capital and financing to carry on the operation of its business without the use of the Cash Collateral.

G. The preservation and maintenance of the Debtor's business and its assets is necessary to maximize returns for all creditors and effectuate a plan of reorganization with respect to its remaining assets. Absent the Debtor's ability to use Cash Collateral in accordance with the terms hereof, the continued operation of its business would not be possible, and serious and irreparable harm to the Debtor, and its estate and creditors would occur.

H. The Lender and DECD are entitled, pursuant to sections 361, 362 and 363 of the Bankruptcy Code, to adequate protection of their respective interests in the Prepetition Collateral, including the Cash Collateral, for and to the extent of any actual diminution in value of the Prepetition Collateral, resulting from the use of the Cash Collateral, the use, sale or lease of the Prepetition Collateral (other than the Cash Collateral) and the imposition of the automatic stay.

I. Notice. The Motion, the proposed Fourteenth Interim Order and the order scheduling the Fourteenth Interim Hearing was served by the Debtor on the Notice Parties. The notice provided of the Motion and the Fourteenth Interim Hearing is sufficient and adequate notice and no further notice of the relief sought at the Fourteenth Interim Hearing is necessary or required.

J. Record. The record adequately demonstrates the need for the Court to have conducted the Fourteenth Interim Hearing on the notice provided because of the potential for

immediate and irreparable harm to the Debtor, its assets, business and estate. Based on the record, pursuant to sections 105 and 363 of the Bankruptcy Code and Bankruptcy Rule 4001(b), notice of the Fourteenth Interim Hearing was adequate as set forth herein and on the record.

Based upon the foregoing, IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

1. Pursuant to 11 U.S.C. § 363(c)(2)(B), the Debtor is hereby authorized during the period set forth in paragraph 6, to use Cash Collateral in the ordinary course of its business, to be disbursed for payment of the expenses as set forth on the Budget annexed hereto as Exhibit “A” and incorporated herein. The Debtor shall strictly comply with the Budget, including as to the timing and amount of disbursements, with the Debtor being permitted the following variances: (a) up to ten percent (10%) per line item for items other than materials, subcontractors and freight with the prior written consent of Lender, and all such requests to Lender for consent to such variances shall be reported to counsel to the Committee and DECD contemporaneously with the request to the Lender; and (b) up to twenty percent (20%) per line item, but only for materials, subcontractors and freight and only if such variances will not cause a negative change to the applicable week’s Net Cash Flow or Ending Cash as set forth in the Budget and will not cause an increase to Lender’s over-advance under the Revolver, all such variances to be reported to counsel to Lender, the Committee and DECD as soon as possible, but in no event more than one business day after such variance occurs.

(a) The Debtor’s principal place of business is located at property commonly referred to as 100 Marketing Drive, Suffield CT (the “Premises”). The Debtor is the tenant under a lease of the Premises dated April 28, 2005, as amended by Amendment to Lease dated January 8, 2009, Amendment to Lease dated March 10, 2015, and Amendment to Lease dated March 29,

2016, Amendment to Lease dated April 1, 2016 (collectively, the “Lease”) from Marketing Research Park, LLC (the “Landlord”), an entity which is owned by the principal of the Debtor. Notwithstanding the amount of the monthly rental obligations due under the Lease, Debtor is hereby authorized to pay only those obligations with respect to the Premises owed by Landlord for ordinary course or outstanding mortgage obligations, real estate taxes, municipal charges, insurance, reasonable maintenance and other reasonable and necessary expenses of operation of the Premises and all such payments must be made directly from the Debtor to the applicable creditor of the Landlord (collectively the “Pass-Through Expenses”). Debtor shall maintain a schedule of all payments of such Pass-Through Expenses and provide a copy of the schedule to counsel to Lender, the Committee, DECD and the US Trustee on a bi-weekly basis. Without waiving its rights, including the right to be paid the difference between the monthly amount of rent due under the Lease and the amount of Pass-Through Expenses being paid, the Landlord has agreed to credit the Debtor’s monthly payment of the Pass-Through Expenses against postpetition monthly rental obligations for the term of this order to assist the Debtor in entering into an agreement for the use of cash collateral. This Order is without prejudice to the rights of Lender, the Committee, any future trustee or estate representative and all other parties in interest to challenge any and every aspect of the Lease and the Debtor’s transactions with the Landlord, including, without limitation, the reasonableness of the rent reserved under the Lease, the Landlord’s assertion of any claim for an administrative expense based upon the difference between the contract rent and the amount of the pass-through expenses described herein, the assumption or rejection of the Lease and any resulting claim for rejection damages; and this Order is without prejudice to the rights of all parties under Chapter 5 of the U.S. Bankruptcy Code.



2. Subject and subordinate to the Carve-Outs set forth in Paragraph 22 herein and pursuant to 11 U.S.C. §§ 361 and 363(e) and for purposes of 11 U.S.C. § 507(b), as adequate protection to Lender and DECD for the Debtor's use of Cash Collateral and for any actual diminution in the value of the Collateral, Lender DECD are hereby granted, nunc pro tunc to the Petition Date, the following ("Replacement Liens"), to be accorded the same priority as between Lender and DECD as their respective liens and security interests had against the Prepetition Collateral as of the Petition Date:

a. A continuing post-petition lien and security interest in all pre-petition property of the Debtor as it existed on the Petition Date, of the same type against which Lender and DECD held validly perfected liens and security interests as of the Petition Date; and

b. A continuing post-petition lien in all property acquired by the Debtor after the Petition Date of the same type against which the Lender and DECD held validly perfected liens and security interests as of the Petition Date ("Postpetition Collateral"), provided however that the Replacement Liens shall not extend to any claims or causes of action arising under chapter 5 of the Bankruptcy Code ("Avoidance Actions"), including the proceeds or property recovered in connection with the pursuit of any such Avoidance Actions.

For the avoidance of doubt, the Replacement Liens granted to the Lender and DECD above shall maintain the same priority, validity and enforceability as Lender's liens and DECD's liens had on the Prepetition Collateral and shall be recognized only to the extent of any actual diminution in the value of the Prepetition Collateral resulting from the use of Cash Collateral pursuant to this Order. The validity, enforceability, perfection and priority of the Replacement Liens shall not be subject to the equities of the case exception to § 552(b) of the Bankruptcy Code

and shall not depend upon filing, recordation, or any other act required under applicable state or federal law, rule or regulation.

3. It is the purpose and intent of this Order to allow the Debtor to use its cash and other proceeds which constitute Cash Collateral of the Lender and DECD on a revolving basis and to provide the Lender and DECD with a lien upon the pre-petition and post-petition assets, exclusive of Avoidance Actions and the proceeds or property recovered in connection with the pursuit of Avoidance Actions, so that their respective interests therein will not be diminished during the pendency of these Chapter 11 proceedings. For the purposes of this Order, the terms “collateral diminution” or “diminution in value” or any similar terms shall mean an amount equal to the actual aggregate diminution of the value of the Collateral after the Petition Date.

4. The Debtor will pay the DECD an adequate protection payment of \$5,000.00 on or before October 19, 2018 and to the extent not yet paid, the adequate protection payment of \$5,000.00 that was due pursuant to a prior cash collateral order on or before September 20, 2018 and is to be paid by October 19, 2018. Adequate protection payments made pursuant to the attached Budget are without prejudice to the rights of parties, including the Committee, to seek recharacterization and/or disgorgement of the adequate protection payments, but subject to the Investigation Periods set forth in decretal paragraphs 17 and 18 below.

5. The Debtor shall not use further state and federal tax refunds that may be due and payable to the Debtor and shall segregate any state and federal tax refund payments that are received and deposit them in a separate account maintained with Lender; and such refunds shall be Cash Collateral which the Debtor shall not use to fund the Budget or for any other purpose except upon further order of this Court, but subject to the Investigation Periods set forth in decretal paragraph 17 and paragraph 18 below.

6. The term for the use of Cash Collateral shall be for the period of October 6, 2018 and continuing through November 2, 2018 (the “Cash Collateral Usage Period”). Upon entry of this Order, the Cash Collateral Usage Period under the Thirteenth Interim Order shall terminate. To the extent of any temporal overlap between this Fourteenth Interim Order and the Thirteenth Interim Order, this Order shall, upon entry, supersede and replace the Thirteenth Interim Order.

7. The Debtor and its officers and agents are authorized and directed to execute, file, and record any security agreements, financing statements, instruments, or other documents as may be requested by the Lender or DECD to evidence and/or perfect the liens and/or security interests granted herein. The Lender and DECD are hereby authorized to file and/or record any such documents, and the automatic stay pursuant to § 362 of the Bankruptcy Code is hereby modified to allow it to file and record such documents as are necessary to evidence and perfect the replacement liens granted herein. During the pendency of this case, such additional documents and filings shall be at the option of the Lender or DECD but are not necessary or required for the purposes of or protection granted by this Order.

8. Nothing herein shall prevent the Lender or DECD from seeking to terminate the use of Cash Collateral or otherwise to obtain relief from the automatic stay or to assert any other rights, claims, remedies, or defenses available to it.

9. The Debtor shall provide the Lender, the Official Committee of Unsecured Creditors (the “Committee”) and DECD with the information required to be provided from the Debtor to the Lender under the Loan Documents, the costs of which shall be paid in accordance with the Loan Documents. Without limiting the generality of the foregoing, during the term of this Fourteenth Interim Order, Debtor shall provide the Lender, the Committee, and the DECD with: (i) a weekly report by Tuesday of the following week, showing comparison of Debtor’s

actual collections and disbursements, as measured against Debtor's projected collections and disbursements in the Budget, as measured on a weekly basis; (ii) a weekly accounts receivable aging and accounts payable aging; (iii) a weekly report showing all deposits, disbursements and other activity in the Deposit Accounts; (iv) borrowing base certificates and all other information required by the Loan Documents, except that borrowing base certificates may be provided weekly as long as the Debtor provides daily reports of sales and receipts; (v) the total sale and receipts of the Debtor; (vi) 3 months projections; (vii) and a copy of the signed contract from its customer as referenced in open court. The Debtor also shall cooperate with all reasonable audit and appraisal requests of the Lender and its representatives and agents, the cost of which shall be paid in accordance with the Loan Documents.

10. The Debtor stipulates that Lender and DECD are entitled to all of the rights and benefits of § 552(b) of the Bankruptcy Code and the Debtor waives any right to argue or seek the "equities of the case" exception under § 552(b) of the Bankruptcy Code with respect to proceeds, product, offspring or profits of any of the Collateral provided such waiver is not binding on the Court, the Debtor's estate, the Committee, or the DECD, or any subsequent appointed trustee in this Chapter 11 case or any Chapter 7 case. This paragraph is subject to the provisions of paragraphs 18 as to the DECD.

11. To the extent the Replacement Liens granted to Lender and DECD pursuant to this Order are insufficient to compensate Lender or DECD for any actual diminution in value of the Cash Collateral, Lender and DECD shall be entitled to a super-priority administrative claim pursuant to 11 U.S.C. § 503(b) of the Bankruptcy Code, and Lender and DECD shall be entitled to the protections of and the priority set forth in 11 U.S.C. § 507(b), subject and subordinate to the Carve-Outs set forth in Paragraph 22 herein.

12. Notwithstanding the expiration or termination of this Order, the terms and provisions of this Order with respect to the Replacement Liens, security interests, administrative claim and other adequate protection granted to Lender and DECD herein shall continue for the duration of this Chapter 11 Case, for the duration of this case under any other Chapter of the Bankruptcy Code to which it may be converted and shall survive the dismissal of any such case. The Replacement Liens, security interests, administrative claim and other adequate protection granted to Lender and DECD shall maintain the priorities established by this Order until satisfied and discharged and shall be binding upon and shall inure to the benefit of the successors and assigns of Lender, DECD, the Debtor and the Debtor's bankruptcy estate, including any Chapter 11 or Chapter 7 Trustee appointed with respect to the Debtor.

13. The liens of the Lender and any replacement thereof, and the liens of DECD and any replacements thereof pursuant to this Order, and any priority to which the Lender may be entitled or becomes entitled under § 507(b) of the Bankruptcy Code, shall be subject to and subordinate to amounts payable by the Debtor under § 1930(a)(6) of Title 28 of the United States Code and the other Carve-outs set forth in Paragraph 22 herein.

14. Except to the extent inconsistent with the express terms hereof, nothing contained herein shall be construed as preventing or prejudicing the Lender, DECD, the Debtor or the Committee from pursuing any rights and remedies provided by the Bankruptcy Code and any other applicable law.

15. The Debtor's right to use Cash Collateral shall terminate immediately and without the need for further orders of this Court, unless the Debtor and/or the Committee file an

objection within two (2) business following receipt of written notice from the Lender or DECD of the occurrence of any of the following \*<sup>1</sup>:

a. An order of this Court shall be entered dismissing the Chapter 11 Case, converting the Chapter 11 Case to one under Chapter 7 of the Bankruptcy Code or appointing a Chapter 11 trustee in the Chapter 11 Case;

b. An order of this Court shall be entered granting relief from the automatic stay under section 362 of the Bankruptcy Code that would permit a party in interest other than the Lender or DECD to immediately exercise any rights or remedies or consummate a foreclosure or foreclosures upon any material portion of the Lender's collateral or DECD's alleged collateral;

c. An order of this Court or any other court having jurisdiction to do so shall be entered amending, supplementing, staying, vacating, reversing, revoking, rescinding or otherwise modifying any material provision of this Interim Order without the express written consent of the Lender; and

d. The Debtor uses Cash Collateral for purposes outside the Budget.

16. Adequate Protection for Other Lien Holders. People's Capital Leasing Corp. and DECD (together, the "Other Lien Holders") may assert interests in some portion of the Cash Collateral. To the extent that any of the Other Lien Holders hold an interest in the Cash Collateral, as adequate protection for the Debtor's use of Cash Collateral pursuant to this Interim Order, each such Other Lien Holder is hereby granted, but subject and subordinate to the Carve-Outs set forth in Paragraph 22 herein, (a) a replacement lien on all of its Prepetition Collateral and its Postpetition Collateral provided however that the Replacement Liens shall not extend to any claims or causes

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\* If such notice is issued contesting such cause, the Court hereby grants the Lender an expedited hearing, at the earliest opportunity, to demonstrate any of the referenced causes to enforce the restrictions on cash collateral use.

of action arising under chapter 5 of the Bankruptcy Code (“Avoidance Actions”), including the proceeds or property recovered in connection with the pursuit of any such Avoidance Actions and (b) a superpriority claim under Section 503(b) and entitled to the protections of and the priority set forth in 11 U.S.C. § 507(b); provided, however, that such replacement liens and superpriority claims shall be only for the amount of any actual diminution in value (if any) of such Other Lien Holder’s interest (if any) in the Cash Collateral and that such replacement liens or superpriority claim shall be only to the same validity, priority and extent of any pre-petition interest in the Cash Collateral held by such Other Lien Holder. The Other Lien Holders shall not be required to file any financing statements, mortgages, notices of lien or similar instruments in any jurisdiction or filing office, or to take any other action in order to validate or perfect the replacement liens granted herein.

17. Binding Effect/Investigation Period - Lender. The findings of fact set forth in paragraph C, E and H above, the rights granted to the Lender in paragraphs 2-5, 7, 9-13 and 15 above, and the stipulations and other agreements of the Debtor set forth herein as to Lender, shall be binding upon the Debtor, and its respective successors and assigns (including any Chapter 7 or Chapter 11 trustee hereinafter appointed or elected for the estate of the Debtor). The findings of fact set forth in paragraphs C, E and H above, the rights granted to the Lender in paragraphs 2-5, 7, 9-13 and 15 above and the stipulations and other agreements of the Debtor set forth herein, shall be binding upon all other parties-in-interest, including the Committee, unless the Committee or any other party-in-interest (other than the Debtor), duly commences an adversary proceeding or a contested matter, (a) challenging or otherwise objecting to the validity, enforceability, priority, perfection, characterization or amount of the Lender’s Prepetition Loans, or to the Lender’s interests in the Prepetition Collateral (collectively the “People’s Lien Challenge”) no later than

April 23, 2018 (“People’s Lien Challenge Investigation Period”) or (b) asserting any claims or causes of action against Lender (collectively the “People’s Claim Challenge”) no later than May 24, 2018 (“People’s Claim Challenge Investigation Period”). If no such adversary proceeding or contested matter is duly commenced during the People’s Lien Challenge Investigation Period or the People’s Claim Challenge Investigation Period, then, (x) the claims of the Lender arising from the Prepetition Loans and the Prepetition Collateral shall constitute allowed claims against the Debtor and shall not be subject to any contest, objection, recoupment, counterclaim, defense, offset, subordination, recharacterization, avoidance, or other claim, challenge, or cause of action under the Bankruptcy Code, applicable non-bankruptcy law, or otherwise, and (y) the security interests of Lender in the Prepetition Collateral, shall be deemed legal, valid, binding, enforceable, duly perfected, not subject to any objection, counterclaim, setoff, offset of any kind, subordination, or defense, and such liens are otherwise unavoidable; and (z) the Lender shall not be subject to any other or further claims, counterclaims, causes of action or lawsuits by any representative of the estate with respect to acts or omissions occurring prior to the Petition Date.

18. Binding Effect/Investigation Period - DECD.

Subject to the terms of this Section 18, the findings of fact set forth in paragraph H above, the assertions of DECD recited in paragraphs D and E above, the rights granted to the DECD in paragraphs 2, 3, 4, 5, 7, 9-13 and 15 above and the stipulations and other agreements of the Debtor set forth herein as to DECD are binding upon the Debtor. Notwithstanding the foregoing, the Debtor reserves the right to investigate and challenge the DECD Prepetition Loan Obligations and its respective interest in the Prepetition Collateral (and related rights granted under this order or prior orders) regarding any issues concerning the calculation and amount of the DECD Prepetition Loan Obligations, loan forgiveness credits including the reinstatement of any loan forgiveness



credits, liquidated damages, penalties, and similar claims regardless of the legal and/or equitable theory and/or the priority of the DECD's respective interests in the Prepetition Collateral (collectively, the "Priority, Amount and Forgiveness Credit Issues"). The findings of fact set forth in paragraph H above, the assertions of DECD recited in paragraphs D and E above, the rights granted to the DECD in paragraphs 2, 3, 4, 5, 7, 9-13 and 15 above and the stipulations and other agreements of the Debtor set forth herein as to DECD shall be binding upon the Debtor unless the Debtor duly commences an adversary proceeding or a contested matter no later than October 29, 2018 challenging or otherwise objecting to the characterization or amount of the DECD Prepetition Loan Obligations or to the DECD's respective interests in the Prepetition Collateral based on or arising out of the Priority, Amount and Forgiveness Credit Issues (the "Debtor's Review Period"). If the Debtor does not commence an adversary proceeding or a contested matter against the DECD regarding Priority, Amount and Forgiveness Credit Issues by October 29, 2018, the findings of fact or assertions of DECD, as the case may, which are set forth in paragraphs D, E and H above, the rights granted to the DECD in paragraphs 2, 3, 4, 5, 7, 9-13 and 15 above and the stipulations and other agreements of the Debtor set forth herein, shall be binding upon all other parties-in-interest, including the Committee as to Priority, Amount and Forgiveness Credit Issues only, unless the Committee duly commences an adversary proceeding or a contested matter no later than November 12, 2018 against the DECD challenging or otherwise objecting to the characterization or amount of the DECD Prepetition Loan Obligations or to the DECD's respective interests in the Prepetition Collateral based on or arising out of the Priority, Amount and Forgiveness Credit Issues (the "Committee DECD Claim Challenge Period"). Additionally, the findings of fact or assertions of the DECD, as the case may be, which are set forth in paragraphs D, E and H above, the rights granted to the DECD in paragraphs 2, 3, 4, 5, 7, 9-13 and 15 above and the stipulations

and other agreements of the Debtor set forth herein, shall be binding upon all other parties-in-interest, including the Committee for all matters pertaining to the DECD's claims, liens and/or security interests other than the Priority, Amount and Forgiveness Credit Issues unless the Committee commences an adversary proceeding or a contested matter against the DECD by May 24, 2018 (a) challenging or otherwise objecting to the validity, enforceability, perfection, characterization or amount of the DECD Prepetition Loan Obligations, or to the liens and/or security interests of DECD therefor, or (b) asserting any claims or causes of action against the DECD for all claims, objections and challenges related to or arising out of the DECD Prepetition Loan Obligations or the Assistance Agreements (the "Committee DECD Lien Challenge Period"). If no such adversary proceeding or contested matter is duly commenced during the periods set forth in this paragraph (unless extended by order of the Court or agreement of the parties), then (x) the claims of the DECD, arising from the DECD Prepetition Loan Obligations, Assistance Agreements and the Prepetition Collateral shall constitute allowed claims against the Debtor and shall not be subject to any contest, objection, recoupment, counterclaim, defense, offset, subordination, recharacterization, avoidance, or other claim, challenge, or cause of action under the Bankruptcy Code, applicable non-bankruptcy law, or otherwise, and (y) the security interests of DECD in the Prepetition Collateral, as the case may be, shall be deemed legal, valid, binding, enforceable, duly perfected, not subject to any objection, counterclaim, setoff, offset of any kind, subordination, or defense, and such liens are otherwise unavoidable; and (z) the DECD shall not be subject to any other or further claims, counterclaims, causes of action or lawsuits by any representative of the estate with respect to acts or omissions occurring prior to the Petition Date.

Notwithstanding anything in this Order to the contrary, the rights, interests and liens of the DECD and the agreements and representations of the Debtor with respect to the DECD are all

subject to the provisions of this paragraph 18 and subject to further modification and extension without further Court order based on a written agreement among the Debtor, Committee and the DECD or as provided in Paragraph 19.

19. Extension of Time. Notwithstanding anything in this Order to the contrary, the time periods set forth in paragraphs 17 and 18 may also be extended for cause shown, and in the event a motion seeking such an extension is timely filed within the relevant period together with a motion for an expedited hearing, the relevant period shall be deemed extended through the date that is three (3) business days after this Court enters an order on such motion for an extension of time either granting or denying such request.

20. Derivative Standing. The Committee is hereby granted standing and authority to prosecute any and all causes of action, claims or challenges on behalf of the Debtor and its estate as to Lender only regarding the Peoples Lien Challenge and Peoples Claim Challenge and to prosecute all causes of action, claims and challenges on behalf of the Debtor and its estate as to the DECD except challenging or otherwise objecting to the characterization or amount of the DECD Prepetition Loan Obligations or to the DECD's respective interests in the Prepetition Collateral based on or arising out of the Priority, Amount and Forgiveness Credit Issues ("DECD Limited Claim Challenge"). Should the Debtor not commence a contested matter or adversary proceeding against the DECD during the Debtor's Review Period, the Committee is hereby granted standing and authority, without further order of this Court, to prosecute any and all causes of action, claims or challenges on behalf of the Debtor and its estate against the DECD regarding the DECD Limited Claim Challenge.

21. Subject to appropriate confidentiality agreements, the Debtor agrees that it will provide or cause to be provided weekly updates from True North Investment Partners LLC on its efforts to assist the Debtor with refinancing to People's, DECD and Committee.

22. Carve-Outs.

(a) Notwithstanding any other provision in this Order or any future or existing order, the liens, any claim (including without limitation a superpriority claim under any section of the Bankruptcy Code), the adequate protection liens, Replacement Liens, all other liens, administrative claims of any kind or priority and any other rights and remedies granted to the Lender and/or the DECD under this Order or prior or future orders are and shall be subject and subordinate to (i) the payment of amounts due pursuant to 28 U.S.C. § 1930(a)(6) and any fees payable to the Clerk of the Bankruptcy Court (the "Court Fees"), (ii) the payment to (a) Debtor's counsel, Zeisler & Zeisler, P.C. and (b) Committee professionals, Lowenstein Sandler LLP, Neubert, Pepe & Monteith, P.C. and Blum Shapiro & Co., PC for any Court approved fees and expenses, in the aggregate amount of One Hundred Fifty Thousand Dollars (\$150,000.00) (the "Professional Fee Carve-out") and (iii) Debtor's investment banker advisory firm, TrueNorth Capital Partners LLC ("TrueNorth"), for any fees and expenses in accordance with and in the amounts set forth in the engagement letter between TrueNorth and the Debtor as approved by the Court (the "TrueNorth Carve-Out"). The Professional Fee Carve-out, the Court Fees, and the TrueNorth Carve-out are collectively referred to as the "Carve-outs". The Carve-outs shall be funded solely with cash on hand and with the first proceeds of Prepetition Collateral, Post-Petition Collateral and Cash Collateral but not including any adequate protection payments and any other monies paid pursuant to any now existing or future order of this Court paid to the Lender or the DECD, the "Collateral Proceeds"). Neither the Lender, nor DECD, shall be responsible for the direct payment or

reimbursement of any fees or disbursements of any professionals employed by the Debtor (“Case Professionals”) or any Committee expenses, and in no event shall Lender or DECD be required to disgorge any adequate protection payments or other monies paid by the Debtor pursuant to any now existing or future order of this Court to fund the Carve-Out. Nothing in this Order or otherwise shall be construed to obligate the Lender or DECD in any way to pay compensation to or to reimburse expenses of any Case Professional (including any Committee expenses), or to guarantee that the Debtor has sufficient funds to pay such compensation or reimbursement. The right to priority of payment of the Carve-outs from any and all liens and claims for each carve-out shall survive any termination event of this Order, the expiration of this Order and the dismissal or conversion of this Chapter 11 case.

(b) The Professional Fee Carve-out may not be used for fees or expenses incurred by Case Professionals: (i) in connection with or to finance in any way any action, suit, arbitration, proceeding, application, motion or other litigation of any type against the Lender or DECD or their respective rights and remedies under the Loan Documents, the DECD Loan Documents or this Order, including, without limitation, for the payment of any services rendered by the professionals retained by the Debtor or any Committee in connection with the assertion of or joinder in any claim, counterclaim, action, proceeding, application, motion, objection, defense or other contested matter, the purpose of which is to seek, any order, judgment determination, declaration or similar relief, (a) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Prepetition Loan Obligations, the Prepetition Collateral, Postpetition collateral or Cash Collateral or the DECD Prepetition Loan Obligations, (b) for monetary or injunctive relief against the Lender or DECD, except pursuant to paragraph 15 herein, or (c) preventing the Lender or DECD from credit bidding in connection with any proposed plan of reorganization or liquidation or any proposed

transaction pursuant to Section 363 of the Bankruptcy Code; (; (d) asserting, commencing or prosecuting any affirmative claims or causes of action whatsoever, including, without limitation, any actions under Chapter 5 of the Bankruptcy Code, against Lender or DECD; or (e) prosecuting an objection to, contesting in any manner, or raising any defenses to, the validity, extent, amount, perfection, priority, or enforceability of any of the Prepetition Loan Obligations, the DECD Prepetition Loan Obligations, the Prepetition Liens, DECD's interests in the Prepetition Collateral or any other rights or interests of the Lender or DECD. For the purposes of this Paragraph 22 only, the term Lender shall include People's Capital and Leasing Corp. Notwithstanding anything in this paragraph or any other provision of this Order to the contrary, the Professional Fee Carve-out may be used by Case Professionals to investigate any potential challenges with respect to the Debtor's Stipulations, the Loan Documents, the Prepetition Loan Obligations, the DECD Prepetition Loan Documents, the DECD Prepetition Loan Obligations and Prepetition Liens.

23. Recognizing that TrueNorth has actively been engaged in a competitive marketing and soliciting process to identify potential lenders to refinance at least part of the secured debt owed by the Debtor, and that the Debtor and Notice Parties are in agreement that the Debtor be authorized to enter into nonbinding letters of intent for refinancing, the Debtor has been authorized to enter into commercially reasonable nonbinding letters of intent for refinancing (which may be nonexclusive) provided the total sum paid to or reimbursed to all such potential lenders shall not exceed the sum of \$54,000.00 in the aggregate, absent further order of the Court. Notwithstanding the foregoing, any post petition financing ultimately to be obtained by the Debtor relating to such nonbinding letters of intent for refinancing authorized pursuant to this paragraph shall be subject to further order of the Court, and all rights of all parties with respect thereto are reserved until such time.

24. Debtor's Stipulations. Subject to the terms of this Order, the Debtor's Stipulations are hereby approved.

25. Notice of Further Interim or Final Hearing; Objections. Upon entry of this order, a copy of this order shall be transmitted to all appearing parties in this case. The Debtor is directed to transmit a copy of a proposed Fourteenth Interim and/or Final Order to use cash collateral, to counsel to the Committee, DECD and People's and the US Trustee on or about October 15, 2018. Any party in interest objecting to the further use of cash collateral on a final basis and the entry of the Fourteenth Interim Order or Final Order shall file written objections with the Clerk of the United States Bankruptcy Court for the District of Connecticut no later than 2:00 p.m. (prevailing Eastern Time) on October 17, 2018 and shall serve such objections so that the same are received on or before such date by: (a) Zeisler & Zeisler, P.C., 10 Middle Street, 15<sup>th</sup> Floor, Bridgeport , CT 06604, Attn: James Berman, Esq., counsel for the Debtor; (b) Scott D. Rosen, Esq., Cohn Birnbaum & Shea, PC, 100 Pearl Street, #12, Hartford, CT 06103, counsel for the Lender; (c) Lowenstein Sandler LLP, One Lowenstein Drive, Roseland, NJ 07068, Attn: Mary E. Seymour, Esq., counsel for the Committee; (d) the Office of the US Trustee; Pullman & Comley, LLC, 850 Main Street, 8<sup>th</sup> Floor, Bridgeport, CT 06601-7006, Attn: Irve J. Goldman, Esq., counsel to the DECD.

26. Further Hearing. A further hearing ("Hearing"), on the Debtor's use of Cash Collateral shall be held on October 19, 2018 at 11:00 a.m. at the United States Bankruptcy Court, District of Connecticut, Hartford Division, 450 Main Street, Hartford, Connecticut to consider and determine any objections by other parties in interest to the Debtor's use of Cash Collateral as requested in the Motion.

Dated at Hartford, Connecticut this 5th day of October, 2018.

*James J. Tancredi*  
United States Bankruptcy Judge  
District of Connecticut

**EXHIBIT "A"**

**BUDGET**



**Windsor Marketing Group**  
**Projected Cash Flow Statements**  
**For Each of the Thirteen Weeks Ended December 7, 2018**

	W/E 09/14/18	W/E 09/21/18	W/E 09/28/18	W/E 10/05/18	W/E 10/12/18	W/E 10/19/18	W/E 10/26/18	W/E 11/02/18	W/E 11/09/18	W/E 11/16/18	W/E 11/23/18	W/E 11/30/18	W/E 12/07/18	13 Week Totals
<b>OPERATIONS</b>														
<b>Receipts</b>														
Sales Receipts	330,000	370,000	375,000	385,000	370,000	400,000	370,000	400,000	390,000	390,000	390,000	390,000	390,000	4,950,000
Non-A/R Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>330,000</b>	<b>370,000</b>	<b>375,000</b>	<b>385,000</b>	<b>370,000</b>	<b>400,000</b>	<b>370,000</b>	<b>400,000</b>	<b>390,000</b>	<b>390,000</b>	<b>390,000</b>	<b>390,000</b>	<b>390,000</b>	<b>4,950,000</b>
<b>Disbursements</b>														
<b>Operating Expenses</b>														
Payroll	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(109,000)	(1,417,000)
Payroll Taxes	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(143,000)
Employee Benefits	-	-	-	(58,000)	-	-	-	(60,200)	-	-	-	(60,200)	-	(178,400)
Employee Expense Reimburse	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(32,500)
Materials	(90,000)	(80,000)	(85,000)	(90,000)	(90,000)	(110,000)	(100,000)	(85,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(1,230,000)
Subcontractors	(3,000)	(3,000)	(3,000)	(3,000)	(3,300)	(3,300)	(3,300)	(2,800)	(3,000)	(3,500)	(4,000)	(4,000)	(2,800)	(42,000)
Sales Taxes	-	(30,200)	-	-	-	-	(35,300)	-	-	-	(45,800)	-	-	(111,300)
Freight	(40,200)	(33,600)	(32,700)	(43,600)	(43,600)	(43,600)	(43,600)	(43,600)	(47,200)	(47,200)	(47,200)	(40,000)	(43,600)	(549,700)
Insurance	-	(21,989)	-	-	(25,099)	-	-	-	-	(25,099)	-	-	-	(72,187)
Office Expense	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(13,000)
Professional Fees	(10,000)	(5,000)	(10,000)	(6,000)	(6,000)	(18,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(97,000)
Rent	(20,000)	(60,000)	(60,000)	(21,438)	(20,000)	(20,000)	(20,000)	(20,000)	(21,438)	(20,000)	(20,000)	(20,000)	(21,438)	(344,314)
Repairs & Maintenance	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(19,500)
Telephone	-	(4,500)	-	(4,500)	-	(4,500)	-	(4,500)	-	(4,500)	-	-	(4,500)	(27,000)
Utilities	-	(13,500)	(15,000)	(10,500)	(42,032)	(23,500)	(15,000)	(10,500)	(35,000)	(10,000)	(23,500)	(15,000)	(30,500)	(244,032)
Court Fees	-	-	-	-	-	-	-	(41,000)	-	-	-	-	-	(41,000)
Miscellaneous	(1,375)	(2,650)	(1,000)	(1,000)	(1,375)	(2,650)	(1,000)	(1,000)	(1,000)	(1,375)	(2,650)	(1,000)	(1,000)	(19,075)
Deposits for Refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for Professional Fees	-	-	-	-	-	-	(15,000)	-	(15,000)	-	(15,000)	-	(15,000)	(60,000)
<b>Total Disbursements</b>	<b>(289,575)</b>	<b>(379,439)</b>	<b>(331,700)</b>	<b>(363,038)</b>	<b>(356,406)</b>	<b>(350,550)</b>	<b>(364,200)</b>	<b>(399,600)</b>	<b>(353,638)</b>	<b>(342,674)</b>	<b>(389,150)</b>	<b>(371,200)</b>	<b>(349,838)</b>	<b>(4,641,008)</b>
<b>Cash Flow-Operations</b>	<b>40,425</b>	<b>(9,439)</b>	<b>43,300</b>	<b>21,962</b>	<b>13,594</b>	<b>49,450</b>	<b>5,800</b>	<b>400</b>	<b>36,362</b>	<b>47,326</b>	<b>850</b>	<b>18,800</b>	<b>40,162</b>	<b>308,992</b>
<b>INVESTING</b>														
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Flow - Investing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FINANCING</b>														
Revolving Line-of-Credit (Pymts) / Adv	-	-	-	-	-	-	-	-	-	-	-	-	-	-
People's Term Loans	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(5,317)	(69,123)
People's - Lease #105	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(97,500)
Fujifilm North America - Lease	-	(9,000)	-	(9,000)	-	-	-	(9,000)	-	-	-	-	(9,000)	(36,000)
State of Conn Dept of Econ & Comm Dev	-	-	(5,000)	-	-	-	-	(5,000)	-	-	-	(5,000)	-	(15,000)
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Flow-Financing</b>	<b>(12,817)</b>	<b>(21,817)</b>	<b>(17,817)</b>	<b>(21,817)</b>	<b>(12,817)</b>	<b>(12,817)</b>	<b>(12,817)</b>	<b>(26,817)</b>	<b>(12,817)</b>	<b>(12,817)</b>	<b>(12,817)</b>	<b>(17,817)</b>	<b>(21,817)</b>	<b>(217,623)</b>
<b>Total Net Cash Flow</b>	<b>27,608</b>	<b>(31,256)</b>	<b>25,483</b>	<b>145</b>	<b>777</b>	<b>36,633</b>	<b>(7,017)</b>	<b>(26,417)</b>	<b>23,545</b>	<b>34,509</b>	<b>(11,967)</b>	<b>983</b>	<b>18,345</b>	<b>91,369</b>
<b>SUMMARY</b>														
Cash Beginning	8,451	36,058	4,802	30,285	30,430	31,207	67,840	60,823	34,405	57,950	92,459	80,492	81,475	8,451
Net Weekly Cash Flow	27,608	(31,256)	25,483	145	777	36,633	(7,017)	(26,417)	23,545	34,509	(11,967)	983	18,345	91,369
<b>Cash Ending</b>	<b>36,058</b>	<b>4,802</b>	<b>30,285</b>	<b>30,430</b>	<b>31,207</b>	<b>67,840</b>	<b>60,823</b>	<b>34,405</b>	<b>57,950</b>	<b>92,459</b>	<b>80,492</b>	<b>81,475</b>	<b>99,820</b>	<b>99,820</b>