



ORDERED in the Southern District of Florida on June 24, 2017.



Laurel M. Isicoff
Chief United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division
www.flsb.uscourts.gov

In re:

Chapter 11 Cases

GRANDPARENTS.COM, INC., *et al.*,

Case No. 17-14711-LMI
(Jointly Administered)

Debtors.¹

**FINAL ORDER (I) AUTHORIZING (A) SECURED POST-PETITION FINANCING
PURSUANT TO 11 U.S.C. SECTIONS 105, 361 AND 364(c); (B) USE OF
CASH COLLATERAL (ECF No. 11)**

This matter came on to be heard on June 5 2017 at 2:45 p.m. (the "Final Hearing"), upon the Emergency Motion of the Debtors, Grandparents.com, Inc. ("GP") and Grand Card LLC ("Grand Card", and together with GP, the "Debtors"), For Entry Of Interim And Final Orders (I) Authorizing The Debtors To Obtain Secured Credit And Use Cash Collateral, (II) Granting

¹ The address and the last four digits of the taxpayer identification of each of the debtors: (i) Grandparents.com, Inc., 589 8th Avenue, 6th Floor, New York, NY 10018 (1114) and (ii) Grand Card LLC, 10800 Biscayne Boulevard, Suite 750, Miami, FL 33161 (3030).

Limited Stay Relief For The Lender To Perfect Postpetition Loan, And (III) Scheduling Final Hearings (the “Motion”) (ECF No. 11), and the Court having reviewed and taken judicial notice of the file, the Declaration of Joshua Rizack in Support of the Debtors' Chapter 11 Petitions and First Day Motions (ECF No. 4) and the First and Second Interim DIP Orders entered in these cases (ECF Nos. 61 and 81), and having heard argument and proffer of counsel, finding that due and sufficient notice of the Motion having been provided to all interested parties, good and sufficient cause appearing and for the reasons stated on the record at the Final Hearing, the Court makes the following

FINDINGS OF FACT AND CONCLUSIONS OF LAW FOR ENTRY OF THIS FINAL ORDER ONLY:

A. Unless otherwise indicated herein, all capitalized terms used but not defined herein shall have the meanings given in the Motion.

B. On April 14, 2017 the Debtors filed their voluntary petitions for relief with this Court under Chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”).

C. The Debtors are continuing in possession of their property, and operating and managing their businesses, as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

D. This Court has jurisdiction over the Chapter 11 Cases and the Motion pursuant to 28 U.S.C. Section 157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. Section 157(b)(2).

E. Prepetition, GP and VB Funding LLC (“Lender”) entered into that certain September 15, 2016 Amended and Restated Promissory Note, along with other related documents and agreements (the “Loan Documents”) attached as Exhibit B to the Motion. The

Lender advanced funds prepetition to GP. The loan obligations are secured by a first priority lien in all the assets of the Debtors. In addition, Debtor Grand Card and non-debtor Grandparents Insurance Solutions, LLC, both wholly-owned subsidiaries of GP, are guarantors under the Loan Documents. The Debtors acknowledge that the Loan Documents are valid and that the security interests granted by the Loan Documents to Lender are enforceable and unavoidable. The Debtors do not have any other secured creditors. GP acknowledges that as of the Petition Date, it owes Lender at least \$9,827,621.96.

F. The Debtors propose that they obtain post-petition financing from Lender under the same terms as set forth in the Loan Documents, except as otherwise modified herein (the “DIP Loan”).

G. The Debtors are unable to operate without the use of Cash Collateral (defined below) and the DIP Loan.

H. The Debtors assert that they are unable to obtain unsecured credit allowable under Bankruptcy Code Section 503(b)(1) as an administrative expense in an amount necessary to fund operations and that financing on a post-petition basis is not otherwise available to pay operating expenses or wage obligations to their employees without the Debtors granting, pursuant to Bankruptcy Code Section 364(c)(1), claims having priority over any and all administrative expenses of the kinds specified in Sections 503(b) and 507(b) of the Bankruptcy Code and the granting of a senior priming lien pursuant to Bankruptcy Code Section 364(d).

I. Notice of the Preliminary Hearing and the relief requested in the Motion has been given to (i) the Office of the United States Trustee and (ii) the creditors holding the 20 largest unsecured claims against the Debtors. No official committee of unsecured creditors (the “Committee”) has been appointed in these Chapter 11 Cases.

J. The DIP Loan has been negotiated in good faith and at arm's length between the Debtors and Lender, and any credit extended to the Debtors pursuant to this Final Order shall be deemed to have been extended, issued or made, as the case may be, in good faith as required by, and within the meaning of, Section 364(e) of the Bankruptcy Code and the Lender shall have all of the protections thereunder.

K. Based on the record before this Court, it appears that the terms of this Final Order, including, without limitation, the terms of the DIP Loan and use of Cash Collateral (defined below), are fair and reasonable, reflect the Debtors' exercise of sound and prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

L. The Debtors have requested immediate entry of this Final Order so that the DIP Lender will advance funds in accordance with the Approved Budget attached hereto as **Exhibit A**. The advanced funds shall not exceed the amount of \$753,166.00 during the period from the June 10, 2017 at 5:00 p.m. until September 7, 2017 at 5:00 p.m. (the "Final Period").²

M. The partial relief granted herein to use Cash Collateral (defined below) and obtain the DIP Loan is necessary to avoid immediate and irreparable harm to the Debtors' estates. This Court concludes that entry of this Final Order is in the best interests of the Debtors' estates and creditors as its implementation will, among other things, allow for the Debtors to continue servicing their necessary contracts and providing services to their clients without interruption.

Based upon the foregoing findings and conclusions, and upon the record made before this Court at the Preliminary Hearing, good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED ON A FINAL BASIS:

² To the extent there are excess funds available from amounts advanced pursuant to the Approved Budget and this Final Order upon confirmation of a chapter 11 plan, such funds will be returned to the Lender.

1. Motion Granted. The Motion is **GRANTED**.
2. Authorization For DIP Loan and Permission to Use Cash Collateral. The Debtors are expressly authorized and empowered to (i) obtain credit pursuant to the Loan Documents and this Final Order (the "DIP Loan") and (ii) based on the consent of the Lender to use the proceeds of the DIP Loan constituting Cash Collateral (defined below) for the payment of the current and necessary expenses set forth in the budget attached hereto as **Exhibit A** and incorporated herein, plus an amount not to exceed ten percent (10%) for each line item (provided no amount shall be disbursed for legal or accounting fees absent proper application and entry of an order by the Court) (the "Approved Budget").
3. Terms of the DIP Loan. The terms of the DIP Loan are governed by the pre-petition loan documents between Lender and the Debtors, including the Amended and Restated Promissory Note dated September 15, 2016, along with related documents and agreements attached to the Motion as Composite Exhibit B and incorporated herein (the "Loan Documents"), as modified by this Final Order. The Loan Documents are modified and supplemented by this Final Order to require that the Debtors shall: (i) adhere to the Approved Budget, (ii) provide Lender with bi-weekly reports which reflect their actual receipts and expenditures for the prior 2 week term, and the percentage variance per line item to the Approved Budget (the "Reconciliation Report(s)"), and (iii) use their best efforts to adhere to the following timeline for the sale by the Debtors and a plan of liquidation to be proposed by the Debtors, subject to this Court's availability and the noticing requirements set forth in the Bankruptcy Code, Bankruptcy Rules or Orders of this Court (the "Timeline"):
 - Proposed hearing on Bid Procedures April 28, 2017
 - Advertisements to begin May 3, 2017
 - Notice of Executory contracts May 3, 2017
 - Bid Deadline May 31, 2017

- File Notice of Qualified Bidders June 1, 2017
- Assignment/Cure Objection Deadline May 31, 2017
- Deadline to Object to sale and Designation of Qualification May 31, 2017
- Proposed Auction and Sale Hearing June 5, 2017
- Notice of Accepted Service Contracts June 1, 2017
- Closing June 16, 2017 (or 3rd day after resolution of conditions precedent)
- Proration Notification June 7, 2017
- Date by which closing must occur June 16, 2017
- Deadline for 30 day closing ext. June 14, 2017
- Deadline to file Plan of Liquidation June 12, 2017
- Deadline for Confirmation of Plan September 7, 2017

4. Cash Collateral Authorization. The Debtors and Lender are parties to a loan transaction secured by, among other things, all of the Debtors' real and personal property of the Debtors now owned or hereafter acquired and all other property of whatever kind and nature, in each case, that is pledged as collateral under any document, Loan Documents, Court Orders, or any other order of the Bankruptcy Court in these Chapter 11 Cases (the "Collateral"). As of the Petition Date, all cash and cash equivalents of the Debtors were Lender's Collateral or proceeds of said Collateral (the "Cash Collateral"). The Debtors acknowledge that Cash Collateral shall consist of any and all (i) cash or cash equivalents on hand (whether under the control of the Debtors or any third party) and cash collections of the Debtors, whether obtained prior to, on or after the Petition Date, (ii) cash proceeds arising from the collection, sale, lease or other disposition, use or conversion of any of the Collateral, whether obtained prior to, on or after the Petition Date and (iii) any other property of the Debtors that constitutes Cash Collateral, as provided in sections 363(a) and 363(c) of the Bankruptcy Code; provided that Cash Collateral does not include the proceeds of any Chapter 5 avoidance actions held or maintained by the Debtors. Subject to the provisions of this Final Order, the Debtors are authorized to use Cash Collateral during the Final Period: (a) amounts expressly authorized by this Court, including

payments to the United States Trustee for quarterly fees; (b) the current and necessary expenses set forth in the Approved Budget; and (c) such additional amounts as may be expressly approved in writing by Lender and upon prior notice to the Office of the United States Trustee. The Debtors shall provide Lender with bi-weekly Reconciliation Reports. The authorization to use Cash Collateral will expire on September 7, 2017 at 5:00 p.m. Except as authorized in this Final Order, the Debtor is prohibited from using the Cash Collateral. Nothing in this Final Order shall authorize the disposition of any Collateral outside the ordinary course of business or the Debtors' use of the Cash Collateral resulting therefrom without the prior written consent of the Lender. In addition to any rights provided to Lender under 11 U.S.C. § 552(b)(2), as adequate protection of the rights and interests of the Lender in respect of the Debtors' use of any of Cash Collateral, the Lender will grant, pursuant to Section 361, 362 and 363 of the Bankruptcy Code, a valid, binding, enforceable, non-avoidable and perfected priority replacement security interest in and lien on all currently owned or hereafter acquired assets and/or properties of Debtors in the same types of collateral and to the same extent and priority existing as of the petition date ("Replacement Liens"), which Replacement Liens shall be deemed to be effective as of the Petition Date, and all proceeds, products, rents, revenues, or profits of such property; *provided however* that the Replacement Liens will be subordinate to the Lender's valid, binding, enforceable, non-avoidable and perfected first-priority priming lien against all the of the Debtors' post-petition assets up to the total amount of the advances made under the DIP Loan. If and upon the Replacement Liens shall be in addition to any security interest liens, or rights of setoff existing in favor of the Lender on the Petition Date, and shall secure all amounts due Lender.

5. The Debtors may enter into such other agreements, instruments and documents as may be necessary or required or requested by Lender in its sole discretion to evidence the DIP Loan and to consummate the terms and provisions contemplated by the Loan Documents and this Final Order and to evidence perfection of the liens and security interests to be given to Lender hereunder. The Debtors and Lender may enter into any nonmaterial amendments of or modification to the Loan Documents without the need of further notice and hearing or order of this Court.

6. The DIP Indebtedness. The DIP Loan and all other indebtedness and obligations incurred by the Debtors on or after the Petition Date with respect to loans, advances and any other indebtedness or obligations, contingent or absolute, pursuant to this Final Order and the DIP Loan which may now or from time to time hereafter be owing by the Debtors to Lender (including principal, accrued and unpaid interest, fees, costs and expenses, including without limitation reasonable attorneys' fees and expenses, and any other amounts owed under this Order or the Loan Documents) are referred to herein as the "DIP Indebtedness".

7. Interest, Fees, Costs and Expenses. The DIP Indebtedness shall bear interest at the applicable non-default rate as set forth in the Motion and in the Loan Documents. Notwithstanding the foregoing, nothing in this Final Order shall be construed to limit or otherwise impair the joint and several liability of the Debtors and its non-debtor subsidiaries, for all of the DIP Indebtedness under the Loan Documents.

8. Termination of the DIP Loan and Use of Cash Collateral. Lender's obligation to provide the DIP Loan and Lender's consent to the use of the Cash Collateral may terminate upon further notice and order of this Court in the event of default as follows: (i) failure to adhere to the Approved Budget, (ii) failure to timely provide any of the Reconciliation Reports, when due,

(iii) failure to abide by the Timeline, or (iv) September 7, 2017 (the “Due Date”). In the event of a Post-Petition default of the terms of this Final Order and/or the DIP Loan, the Lender may declare a default and seek an expedited hearing but in no event shall the Lender cease funding under the DIP Loan without a Court order.

9. Security for DIP Loan. As the DIP Loan has been applied to the purchase price of the assets and the Lender is now the owner of the assets that previously served as security for the DIP Loan, the Lender has no additional security interest in the Debtor’s assets that were not subject to the sale. For the avoidance of doubt, the Lender does not have a DIP Lien on the proceeds of any Chapter 5 avoidance actions held or maintained by the Debtors. Furthermore, the Lender shall not be granted an administrative expense for any portion of the DIP Loan funded pre or post-Closing of the Sale.

10. Books and Records. The Debtors shall permit Lender and any authorized representatives designated by Lender (including, without limitation, its auditors, appraisers and financial advisors) to visit and inspect any of the properties of any Debtor, including the Debtors' respective financial and accounting records, and to make copies and take extracts therefrom, and to discuss any Debtors' affairs, finances and business with such Debtors' officers and independent public accountants, at such reasonable times during normal business hours and as often as may be reasonably requested. Without limiting the generality of the foregoing, the Debtors shall promptly provide to Lender any information or data reasonably requested to monitor the Debtors' compliance with the covenants and the provisions of the Loan Documents and this Order.

11. Effect of Dismissal, Conversion or Substantive Consolidation. If any Chapter 11 Case is dismissed, converted, otherwise superseded or substantively consolidated, Lender’s

rights and remedies under this Final Order and the Loan Documents shall be and remain in full force and effect as if such Chapter 11 Case had not been dismissed, converted, superseded or substantively consolidated. Furthermore, notwithstanding any such dismissal, conversion, or substantive consolidation, all of the terms and conditions of this Final Order, including, without limitation, the liens and the priorities granted hereunder, shall remain in full force and effect.

12. Order Binding on Successors. The provisions of this Final Order shall be binding upon and inure to the benefit of Lender and the Debtors and their respective successors and assigns (including any subsequently appointed trustee, examiner or other estate representative appointed as a representative of the Debtors' estates or of any estate in any successor cases).

13. Order Binding Upon Parties in Interest. All of the provisions of this Final Order shall be final and binding on the Debtors (including, without limitation, their successors and assigns), the Debtors' shareholders, the estates, and all creditors and other parties in interest, including any Chapter 11 or Chapter 7 trustee hereinafter appointed; *provided that* any shareholder, creditor or party in interest shall have 60 days from April 21, 2017 to file an adversary action contesting the Lender's pre-petition indebtedness or pre-petition lien rights on the Debtors' assets or the Collateral solely in order to contest Lender's rights to a distribution in these cases or rights and priority as to any asset not subject of the Sale, and any creditor's committee formed shall have 60 days from its formation to investigate and file an adversary action contesting the Lender's pre-petition indebtedness or pre-petition lien rights solely in order to contest Lender's rights to a distribution in these cases or rights and priority as to any asset not subject of the Sale, or such claims are forever waived by any shareholder, creditor, party-in-interest or creditor's committee (the "Challenge Period"); *provided, however*, that the Challenge Period shall not (i) prejudice or otherwise affect the Lender's ability to credit bid its pre-petition

and post-petition secured claims in the context of the sale of the Debtors' assets pursuant to section 363(k) of the Bankruptcy Code, (ii) affect the finality of any sale of the Debtors' assets to the Lender, or (iii) cause the Lender to be required to replace, supplement, or otherwise improve its credit bid with cash, other asset or any other value. Moreover, nothing in this Order shall preclude or otherwise prejudice Lender's absolute right to credit bid any pre-petition indebtedness or post-petition advances. The deadline to file any challenge to the Credit Bid has expired.

14. Effect of Modification of Final Order. The Debtors shall not, without Lender's prior written consent (which shall be given or refused in its sole discretion), seek to modify, vacate or amend this Final Order or any Loan Documents. If any of the provisions of this Final Order are hereafter modified, vacated or stayed by subsequent order of this or any other Court without Lender's prior written consent, such stay, modification or vacatur shall not affect the validity of any obligation outstanding immediately prior to the effective time of such stay, modification or vacation, or the validity and enforceability of any lien, priority, right, privilege or benefit authorized hereby with respect to any such obligations. Notwithstanding any such stay, modification or vacatur, any obligation outstanding immediately prior to the effective time of such modification, stay or vacatur shall be governed in all respects by the original provisions of this Final Order, and Lender shall be entitled to all the rights, privileges and benefits, including, without limitation, the security interests and priorities granted herein, with respect to all such obligations.

15. Safe Harbor. The Court has considered and determined the matters addressed herein pursuant to its powers under the Bankruptcy Code, including the power to authorize the Debtors to obtain credit on the terms and conditions upon which the Debtors and Lender have

agreed. Thus, each of such terms and conditions constitutes a part of the authorization under Section 364 of the Bankruptcy Code, and is, therefore, subject to the protections contained in Section 364(e) of the Bankruptcy Code.

16. The Debtors shall promptly serve a copy of this Order, by regular mail upon the creditors holding the 20 largest unsecured claims of each of the Debtors and any other party which theretofore has filed in the Chapter 11 Cases a request for special notice with this Court and served such request upon Debtors' counsel.

17. Waiver. The Lender has not consented to, through the DIP Loan, Approved Budget or otherwise, and the Debtors waive, the claim, right or other imposition of any costs or expense of administration or other charge, fees, liens, assessment or claim (including, without limitation, any amounts set forth in the Approved Budget) against Lender, its claims or collateral (including the Collateral) for any advances made under the DIP Loan under § 506(c) of the Bankruptcy Code or otherwise, all of which rights the Debtors waive pursuant to the terms of the Final Order. Accordingly, the Lender shall not be subject to the equitable doctrine of “marshaling”, surcharge, subordination, or any other similar doctrine with respect to any of Lender’s Collateral, or otherwise.

18. Objections Overruled or Withdrawn. All objections to the entry of this Final Order have been withdrawn or are hereby overruled.

19. Controlling Effect of Order. To the extent any provisions in this Final Order conflict with any provisions of the Motion, or any Loan Document, the provisions of this Final Order shall control.

20. Order Effective. This Final Order shall be effective *nunc pro tunc* to the April 28, 2017.

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Submitted by:

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Attorneys for Debtors

Copy furnished to:

Donald R. Kirk, Esq.

[Attorney Steven R. Wirth is hereby directed to serve a conformed copy of this order on all interested parties and file a Certificate of Service]

EXHIBIT A
Approved Budget

Grandparents.com, Inc.
Cash Budget

	1 6/16/2017	2 6/23/2017	3 6/30/2017	4 7/7/2017	5 7/14/2017	6 7/21/2017	7 7/28/2017	8 8/4/2017	9 8/11/2017	10 8/18/2017	11 8/25/2017	12 9/1/2017	Total
Beginning Cash	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Cash In													
Advertising (Imedia, Amazon Sales, Crosspixel, datonics, other)													-
AETNA Royalties & Commissions													-
AGA Membership Fees													-
Other													-
Total Cash In	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Out													
Payroll & Benefits													
Richard Anthony	6,250												6,250
Lee Lazarus	10,884		10,884		10,884		10,884		10,884		10,884		65,304
Latoya Monah	2,708							1,000				1,000	2,708
Elena Fries	2,604												5,604
Jessica Dysart	2,000												2,000
Employer Taxes	1,939		933		933		933		933		933		6,602
ADP		200		100		100		100		100		100	700
Health Insurance Group				3,500				3,500					7,000
Consultants													
Commission's to Clare				1,000									1,000
Operating Expenses													
Rent/Storage				850				200					1,050
Bank Fees		125				50				50			225
Other Insurance D&O	15,818				15,818				15,818				47,454
Telephone	399				100				100			100	599
Office Expenses	100				100				100				300
Computershare													-
IT													
Mailchimp													-
Rackspace													-
Equisolve													-
GoDaddy													-
Amazon Cloud Service GC													-
Shutterstock													-
Digital Ocean													-
Amazon Cloud Service (AWS) GP				59				59				59	177
Cloud Nine													-

Grandparents.com, Inc.
Cash Budget

	1 6/16/2017	2 6/23/2017	3 6/30/2017	4 7/7/2017	5 7/14/2017	6 7/21/2017	7 7/28/2017	8 8/4/2017	9 8/11/2017	10 8/18/2017	11 8/25/2017	12 9/1/2017	Total
Sprout Social													-
GitHub													-
Google Storage	281				281					281			843
Google Expense													-
GitHub													-
Balsamiq													-
Inspector													-
Box													-
Other													-
Misc.	1,000				1,000				1,000				4,000
Board Fees													15,000
Restructuring Fees													-
CRO		125,000		25,000				25,000					200,000
TRGC				15,000				10,000					30,000
EisnerAmper (\$15,000 for 2016 Tax)			2,500					1,500					20,500
Akerman												100,000	100,000
Filing Fees/Quarterly US Trustee Fees				5,200								650	5,850
Advertising (Sales of assets)													-
* Retention Bonus Lazarus													-
Retention Bonus Others													-
Funding Trust												200,000	200,000
Unsecured												50,000	50,000
Total Cash Out	43,983	125,325	14,317	51,709	29,116	150	11,817	41,359	43,635	631	11,817	399,309	773,166
Net Change in Cash	(43,983)	(125,325)	(14,317)	(51,709)	(29,116)	(150)	(11,817)	(41,359)	(43,635)	(631)	(11,817)	(399,309)	(773,166)
Advance/DIP	43,983	125,325	14,317	51,709	29,116	150	11,817	41,359	43,635	631	11,817	379,309	753,166
Ending Cash Balance	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	-

* To be paid pursuant to carve out in DIP loan
 **The DIP lender has agreed to fund in accordance with the Approved Budget. The total available under the prepetition credit facility/DIP Loan, subject to Lender's approval, is \$1,042,250 million not including this budget.

Grandparents.com, Inc.
Cash Budget

	1 6/16/2017	2 6/23/2017	3 6/30/2017	4 7/7/2017	5 7/14/2017	6 7/21/2017	7 7/28/2017	8 8/4/2017	9 8/11/2017	10 8/18/2017	11 8/25/2017	12 9/1/2017	Total
Grandparents Insurance Solutions, Inc.													
Cash	32,894	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	32,894
Expenses													
Preferred Employers (Mel Harris)		4,200											4,200
State Licensing Fees		500											500
Other Insurance E&O		116											116
Cash Out	4,816	-	-	-	-	-	-	-	-	-	-	-	4,816
Ending Cash Balance	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078	28,078