

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

In re:

CTN HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10603 ()

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY
PREPETITION EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION,
AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) MAINTAIN
EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the "Debtors") respectfully state as follows in support of this motion (the "Motion"):

RELIEF REQUESTED

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** (the "Interim Order") and **Exhibit B** (the "Final Order"): authorizing, but not directing, the Debtors to (i) pay prepetition wages, salaries, other compensation, reimbursable employee expenses, and employment-related taxes and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related; and granting related relief including the scheduling of a final hearing on the Motion.

¹ The Debtors in these chapter 11 cases, along with the last four digits of the Debtors' federal tax identification numbers, are CTN Holdings, Inc. (9122), CTN SPV Holdings, LLC (8689), Make Earth Green Again, LLC (4441), Aspiration QFZ, LLC (1532), Aspiration Fund Adviser, LLC (4214), Catona Climate Solutions, LLC (3375) and Zero Carbon Holdings, LLC (1679). The mailing address for the Debtors is 548 Market Street, PMB 72015, San Francisco, CA 94101-5401.



JURISDICTION AND VENUE

2. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and the Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The Debtors consent pursuant to Rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (“Local Rules”) to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

4. The statutory bases for the relief requested herein are sections 105(a), 362(d), 363(b), 507(a), and 541(b)(1) of the Title 11 of the United States Code (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Rule 9013-1(m).

BACKGROUND

5. On March 30, 2025 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in this Court. The Debtors continue to manage their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. No trustee, examiner, or official committee has been appointed in these cases.

7. The Debtors are a climate finance company that sells carbon credits to enterprise clients sourced from the Debtors' diverse project developer network. To ensure a reliable supply of the highest quality carbon, the Debtors partner with project developers by providing financial investment, project monitoring, technical assistance and marketing services to carbon credit generators. These partnerships in turn yield high-quality carbon credits made available to the Debtors' customers through a variety of offered products.

8. Additional details regarding the Debtors, their business, the events leading to the commencement of these cases, and the facts and circumstances supporting the relief requested herein is set forth in the *Declaration of Miles Staglik in Support of Chapter 11 Petitions and First Day Relief* (the "First Day Declaration"), filed concurrently herewith and incorporated herein by reference.

THE DEBTORS' EMPLOYEES

9. As of the Petition Date, the Debtors employ approximately 25 employees, all of which are full-time, salaried employees (collectively, the "Employees"). The Employees are based in the United States, Canada, and the United Kingdom.

10. The Employees perform a variety of functions critical to the preservation of value and the administration of the Debtors' estates. The Employees include personnel who are intimately familiar with the Debtors' businesses, processes, and systems, and who cannot be easily replaced. Without the continued, uninterrupted services of the Employees, the ability of the Debtors to maximize the value of their estates will be materially impaired.

11. The Debtors' ability to run their business efficiently to maximize value for their estates depends on the expertise and continued support and service of their Employees. Due to the disruption and uncertainty that typically accompanies a chapter 11 filing, the Debtors believe that

the continuity and competence of their workforce would be jeopardized if the relief requested herein is not granted. Moreover, if the Debtors fail to pay the prepetition employee obligations described herein in the ordinary course of business, their workforce will suffer extreme personal hardship and, in some cases, may be unable to pay their basic living expenses. This would have a significant negative effect on workforce morale and productivity and would risk immediate and irreparable harm to the Debtors' operations.

12. As such, continuing the compensation and benefits programs described in this Motion are vital to preventing the loss of key members of the workforce during the pendency of these chapter 11 cases (these "Chapter 11 Cases") and to maintaining the continuity and stability of the Debtors' operations.

EMPLOYEE COMPENSATION AND BENEFITS

13. The Debtors, by this Motion, seek authority, but not direction, to: (a) pay and honor certain prepetition claims relating to, among other things, wages, salaries, other compensation, payroll services, federal and state withholding taxes and other amounts withheld (including garnishments and Employees' share of insurance premiums), reimbursable expenses, health insurance, retirement health and related benefits, workers' compensation benefits, and certain other benefits that the Debtors have historically provided in the ordinary course (collectively, the "Employee Compensation and Benefits"); and (b) pay all costs incident to the Employee Compensation and Benefits.

14. The Debtors intend to continue their applicable prepetition Employee Compensation and Benefits in the ordinary course. Out of an abundance of caution, the Debtors further request confirmation of their right to modify, change, and discontinue any of their Employee Compensation and Benefits and to implement new programs, policies, and benefits in

the ordinary course during these Chapter 11 Cases in the Debtors' sole discretion and without the need for further Court approval, subject to applicable law.

15. By this Motion, the Debtors seek authority to make the following payments related to prepetition amounts owed on account of the Employee Compensation and Benefits (the "Prepetition Employee Obligations"):

Employee Obligation	Interim Amount	Final Amount
Employee Compensation	150,000	150,000
Withholding Obligations	21,220	21,220
Payroll Processing Fees	0	0
Reimbursable Expenses	5,000	5,000
Employee Benefits Programs	270	270
Total	176,490	176,490

I. Employee Compensation and Withholding Obligations.

A. Employee Compensation.

16. The Debtors' Employees are all full-time, salaried employees. In the ordinary course, the Employees are paid their gross wages, salaries, overtime, commissions, and other obligations described herein (collectively, the "Employee Compensation") bi-weekly for U.S. and Canadian employees and monthly at the end of each month for United Kingdom employees.

17. The Debtors currently estimate average monthly gross Employee Compensation, including gross wages and salaries, commissions, and related compensation, to be approximately \$600,000.00. As of the Petition Date, the Debtors estimate that they owe approximately \$150,000.00 on account of Employee Compensation earned by Employees prior to the Petition Date (the "Unpaid Compensation"), approximately all of which will be or will become due within the first 21 days of these Chapter 11 Cases. As described above, loss of the Unpaid

Compensation that the Employees are owed could cause such Employees to experience financial hardship and could harm the Debtors' operations and ability to maximize value.

18. Accordingly, by this Motion, the Debtors seek authority, but not direction, to pay their Employees any Unpaid Compensation in the ordinary course and consistent with past practice. For the avoidance of doubt, by this Motion the Debtors do not believe any Employee is owed, and in any event do not seek to pay, Unpaid Compensation to any Employee in excess of the \$15,150.00 priority wage cap imposed by section 507(a)(4) of the Bankruptcy Code.

B. Withholding Obligations.

19. In the ordinary course, the Debtors deduct amounts from Employees' paychecks, which may include deductions payable pursuant to certain employee benefit plans discussed herein, such as an Employee's share of health care benefits and insurance premiums, 401(k) contributions, legal protection, legally ordered deductions, and miscellaneous deductions (collectively, the "Deductions"), and forward such amounts to various third-party recipients. On average, the Debtors withhold from Employees' aggregate gross pay approximately \$41,400.00 on account of U.S. employees, \$520.00 on account of United Kingdom employees, and \$0.00 on account of Canadian employees. As such, the Debtors estimate that accrued Deductions as of the Petition Date total approximately \$10,350.00 on account of U.S. employees, \$520.00 on account of United Kingdom employees, and \$0.00 on account of Canadian employees.

20. In addition to the Deductions, the Debtors also withhold amounts from Employees' gross pay related to federal, state, and local income taxes, as well as Social Security and Medicare taxes (collectively, the "Employee Payroll Taxes") for remittance to the appropriate federal, state, or local taxing authorities. The Debtors match certain Employee Payroll Taxes. In addition, the Debtors pay, based upon a percentage of gross payroll, additional amounts for federal

and state unemployment insurance and Social Security and Medicare taxes (the “Payroll Taxes” and with the Employee Payroll Taxes, the “Payroll Tax Obligations”). The Payroll Tax Obligations are generally processed and forwarded to the appropriate federal, state, and local taxing authorities at the same time the Employees’ payroll checks are disbursed. In the aggregate, the Debtors’ monthly Payroll Tax Obligations total approximately \$213,900.00 on average. As of the Petition Date, the Debtors estimate that they owe approximately \$10,350.00 on account of Payroll Tax Obligations relating to the prepetition period, all of which will become due and payable during the first 21 days of these Chapter 11 Cases.

21. As of the Petition Date, the Debtors estimate that the total amount of outstanding Deductions and Payroll Tax Obligations (together, the “Withholding Obligations”) is approximately \$21,220.00, all of which will come due during the interim period. By this motion, the Debtors seek authority, but not direction, to pay in a manner consistent with historical practice any unpaid Withholding Obligations and to continue to honor the Withholding Obligations in the ordinary course during the administration of these Chapter 11 Cases.

C. Other Employment-Related Taxes.

22. In addition to their ongoing employment-related tax obligations, the Debtors owe certain past-due obligations to federal and state employment taxing authorities (the “Pre-Petition Employment Tax Obligations”). The Debtors estimate that the total amount of Pre-Petition Employment Tax Obligations outstanding as of the Petition Date is approximately \$100,958.55, including \$75,197.52 on account of federal withholding tax obligations, and \$25,761.03 on account of employment-related taxes assessed by various states where the Debtors are authorized to do business. The Debtors believe that some or all of the Pre-Petition Employment Related Tax Obligations represent trust-fund taxes which are not property of the estate and for

which certain of the Debtors' executives, including the recently-retained chief restructuring officer, may have personal liability. The Debtors' officers and directors are not comfortable serving in these roles during these Chapter 11 Cases with the risk that certain taxing authorities could seek payment of the Pre-Petition Employment Tax Obligations from them personally due to their service as directors and/or officers of the Debtors. The Debtors therefore believe that payment of the Pre-Petition Employment Tax Obligations is necessary to retain these officers and directors who the Debtors believe are necessary to effect a successful reorganization. Accordingly, by this Motion, the Debtors request authority to pay the Pre-Petition Employment Tax Obligations promptly upon entry of the Interim Order.

D. Payroll Processing.

23. The Debtors use Rippling People Center Inc. ("Rippling") to administer their payroll, which includes calculating and processing gross-to-net payroll, issuing payroll payments to the appropriate funds transfer networks, generating pay statements and coordinating the payment of any Withholding Obligations. The Debtors' payroll is funded by debiting the payroll amount from the Debtors' bank account in advance of the payroll due date. The Debtors pay Rippling approximately \$3,612.00 monthly for its services. As of the Petition Date, the Debtors estimate they owe approximately \$0.00 to Rippling on account of payroll services (the "Unpaid Payroll Processing Fees"). Nevertheless, the Debtors request authority to pay any Unpaid Payroll Processing Fees they ultimately may determine are owed to Rippling, which if owed will come due within the interim period. By this Motion, the Debtors seek authority, but not direction, to pay the Unpaid Payroll Processing Fees in the ordinary course and consistent with past practice and to continue payroll processing in the ordinary course during the administration of these Chapter 11 Cases.

E. Expense Reimbursement.

24. The Debtors, in the ordinary course of business, may reimburse Employees for a variety of ordinary, necessary, and reasonable business-related expenses that the Employees incur on behalf of the Debtors in the scope of their employment (the “Reimbursable Expenses”). Most Employees initially incur and pay such Reimbursable Expenses by using personal funds or credit cards and are subsequently reimbursed by the Debtors after submission and approval of expense reimbursement reports. Employees are expected to use sound judgment and good business sense when incurring such expenses. The Debtors use Rippling to administer expense reimbursements. Employees’ supervisors initially review and approve or deny any reimbursement request. If approved, the reimbursement request then goes to the Debtors’ finance team and requires dual authorization. Once approved, Reimbursable Expenses are included in the Employees’ next paycheck. The Debtors’ inability to reimburse such Reimbursable Expenses could impose hardship on such Employees, where such Employees otherwise incurred obligations for the Debtors’ benefit. The Debtors estimate that, as of the Petition Date, \$5,000 is owed on account of prepetition Reimbursable Expenses.

II. The Employee Benefits Programs.

25. The Debtors offer eligible Employees a large portfolio of benefits in a number of insurance and benefits programs, including, among other programs, medical, life and disability insurance, vision, dental, retirement plans, and other employee benefit plans as described below (collectively, the “Employee Benefits Programs”) provided by, among others, Anthem Blue Cross Blue Shield and The Guardian Life Insurance Company of America (“Guardian”).

26. The Employee Benefits Programs are a key component of Employee Compensation. As described above, failure to continue the Employee Benefits Programs could

cause Employees to experience severe hardship and could harm the Debtors' operations. Accordingly, by this Motion, the Debtors seek authority, but not direction, to: (a) pay any unpaid amounts due with respect to the Employee Benefits Programs; and (b) continue to provide Employee Benefits Programs in the ordinary course during the administration of these Chapter 11 Cases. As of the Petition Date, the Debtors estimate that they owe approximately \$270.00 on account of the Employee Benefits Programs, excluding amounts collected from employees for their portion of premiums but not yet remitted to the insurers, all of which will come due within the interim period. The Employee Benefits Programs are described in greater detail below.

A. Medical Benefits.

27. The Debtors offer all full-time Employees and their dependents the opportunity to participate in medical coverage through Anthem Blue Cross Blue Shield (the "Health Benefit Plans"). These Health Benefit Plans are administered by Burnham Benefits. Premiums for the Health Benefit Plans are shared approximately 80 to 85% by the company and 15 to 20% by the Employees. The Debtors pay, on average, approximately \$27,600 per month to cover outstanding claims and fees associated with the Health Benefit Plans. The Debtors estimate that, as of the Petition Date, they do not owe any prepetition amounts on the Health Benefit Plans.

B. Dental, Vision, Life, and Disability Insurance Benefits.

28. Additionally, the Debtors offer all eligible Employees the option of participating in a dental plan (the "Dental Plan") through Guardian. The Dental Plan is managed by Burnham Benefits. Premiums for the Dental Plan are shared approximately 80 to 85% by the company and 15 to 20% by the Employees.

29. The Debtors also offer all eligible Employees the option of participating in a vision plan (the “Vision Plan”) through Guardian. Premiums for the Vision Plan are shared approximately 80 to 85% by the company and 15 to 20% by the Employees.

30. The Debtors provide all eligible Employees with basic life and basic accidental death and dismemberment insurance coverage through Guardian in the event of serious illness, injury or death (“Basic Life/AD&D Insurance”). The Debtors also offer short-term and long-term disability coverage (“Disability Coverage”) through Guardian, in the event an Employee becomes unable to work due an illness or injury. The Basic Life/AD&D Insurance and Disability Coverage programs are managed by Burnham Benefits. Premiums for the Basic Life/AD&D and Disability Coverage are shared approximately 80 to 85% by the company and 15 to 20% by the Employees.

31. The average cost of the Dental Plan, Vision Plan, Basic Life/AD&D Insurance, and Disability Coverage to the company is approximately \$3,450 per month. The Debtors estimated that, as of the Petition Date, they do not have any outstanding prepetition balance on these programs.

C. Workers’ Compensation.

32. The Debtors maintain workers’ compensation insurance that provides coverage for employee-related injuries, disability or death, as required by applicable state laws (the “Workers’ Compensation Program”). Currently, the Debtors maintain a workers’ compensation insurance policy with The Hartford (the “Workers’ Compensation Insurer”). The Debtors pay an annual premium in connection with the Workers’ Compensation Program of approximately \$15,000.00 based upon a fixed rate established and billed by the Workers’ Compensation Insurer (the “Workers’ Compensation Insurance Premium”). As of the Petition

Date, the Debtors estimate that approximately \$270.00 in Workers' Compensation Insurance Premiums is outstanding. No other obligations on account of the Workers' Compensation Program are outstanding as of the Petition Date.

D. Employee Retirement Plans.

33. The Debtors maintain a 401(k) savings plan, a qualified defined contribution plan pursuant to section 401(k) of the Internal Revenue Code, for all Employees (the "401(k) Plan"). The 401(k) Plan is provided and administered by Nova 401(k) Associates, with record keeping provided by Empower Associates. The 401(k) Plan allows for automatic pre-tax salary deductions of eligible compensation up to the limits set forth by the Internal Revenue Code. Approximately 17 Employees currently participate in the 401(k) Plan with monthly contributions to the 401(k) Plan totaling approximately \$16,000. The 401(k) Plan requires the Debtors to make a recordkeeping and administrative fee annually of approximately \$11,000. As of the Petition Date, the Debtors are current on their obligations with respect to the 401(k) Plan and believe there are no outstanding amounts.

E. Paid Time Off.

34. The Debtors offer their Employees unlimited paid time off ("PTO"). There is no specific allocation of PTO, and Employees do not accrue PTO based on their tenure at the company. Accordingly, pursuant to this Motion, the Debtors request authority to honor their PTO policy in the ordinary course of business and consistent with past practices.

BASIS FOR RELIEF

I. Honoring the Employee Compensation and Benefits Is Essential to Maintaining and Maximizing the Value of the Debtors' Estates.

35. The Debtors' business depends upon its reliable and loyal Employees. Honoring the Employee Compensation and Benefits is essential to ensure such reliability and

loyalty. Failing to promptly honor such obligations will create doubt and concern among the Employees, and could lead to a significant loss of Employees. Significant loss of Employees at this critical time would immediately and irreparably harm the Debtors' ability to maintain operations to the detriment of all parties.

36. Therefore, the Debtors seek the relief in this Motion on several bases under the Bankruptcy Code. First, the Debtors should be permitted to pay these obligations because many if not all are or may be entitled to priority under section 507 of the Bankruptcy Code. Second, the Debtors should be permitted to pay and remit Withholding Obligations and the Pre-Petition Employment Tax Obligations because under section 541 of the Bankruptcy Code many if not all of these amounts do not constitute property of the Debtors' estates. Third, the Debtors should be permitted to satisfy the Unpaid Compensation in the ordinary course of business pursuant to section 363 of the Bankruptcy Code. Finally, honoring the Employee Compensation and Benefits is a sound exercise of the Debtors' business judgment, and permissible under the "doctrine of necessity."

A. The Employee Compensation and Benefits are Ordinary Course Transactions Authorized by Section 363(c) of the Bankruptcy Code.

37. As an initial matter, the Debtors believe that continuing to provide the various Employee Compensation and Benefits is within the Debtors' ordinary course of business and therefore authorized under section 363(c)(1) of the Bankruptcy Code, which authorizes the debtor in possession to "use property of the estate in the ordinary course of business without notice or a hearing." "The framework of section 363 is designed to allow a trustee (or debtor-in-possession) the flexibility to engage in ordinary transactions without unnecessary creditor and bankruptcy court oversight, while protecting creditors by giving them an opportunity to be heard when transactions are not ordinary." *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992).

38. To maintain operations and preserve the value of their estates, it is essential that the Debtors retain the uninterrupted services and loyalty of the Employees. The continuation of the various Employee Compensation and Benefits as detailed herein is necessary to ensure that the Debtors have sufficient Employees and adequate services during these Chapter 11 Cases to maximize the value of their estates for all creditors. The Debtors are particularly concerned with trying to minimize the personal hardship Employees may suffer as a result of the commencement of these Chapter 11 Cases.

39. Accordingly, the Debtors submit that the relief requested herein is (i) critical to their ability to operate effectively and preserve the value of their estates throughout these Chapter 11 Cases and (ii) in the best interests of the Debtors, their estates, and their creditors.

40. Subject to the Court's approval, the Debtors seek authority, but not direction to continue to pay all postpetition amounts related to the Employee Compensation and Benefits and to continue honoring the Employee Compensation and Benefits in the ordinary course postpetition. Out of an abundance of caution, the Debtors further request the authority to modify, change, or discontinue any of the Employee Compensation and Benefits during the pendency of these Chapter 11 Cases in the Debtors' sole discretion without the need for further Court approval, subject to applicable law.

B. Paying Certain Withholding Obligations and Pre-Petition Employment Tax Obligations Is Required by Law Under Section 541 of the Bankruptcy Code.

41. The Debtors also seek authority to pay Withholding Obligations to the appropriate entities. These amounts principally represent amounts that Employees, governments, and judicial authorities have designated for withholding from Employees' paychecks, which are not considered property of the Debtors' estates because the Debtors have withheld such amounts from Employees' paychecks on another party's behalf. *See* 11 U.S.C. §§ 541(b)(7) and (d).

42. Similarly, applicable U.S. federal and state laws require the Debtors to withhold federal, state and local income taxes from Employees' paychecks and to pay such amounts to the appropriate taxing authority. *See* 26 U.S.C. §§ 6672 and 7501(a); *City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–96 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes). These unremitted Withholding Obligations are also not property of the Debtors' estates and, accordingly, the Debtors request that the Court authorize them to transmit the unremitted Withholding Obligations to the proper parties in the ordinary course of business.

43. Likewise, the Pre-Petition Employment Tax Obligations also may constitute so-called "trust-fund" obligations that are required to be collected from third parties and held in trust for payment to taxing and regulatory authorities. *See, e.g., Official Comm. of Unsecured Creditors of the Columbia Gas Transmission Corp. v. Columbia Gas Sys. Inc. (In re Columbia Gas Sys. Inc.)*, 997 F.2d 1039, 1051 (3d Cir. 1993) (determining that refunds required to be collected by federal law created trust fund was not property of debtors' estates). Consequently, some or all of the funds that would be used to pay the Pre-Petition Employment Tax Obligations are not property of the Debtors' estates. *See* 11 U.S.C. § 541(d); *Begier v. I.R.S.*, 496 U.S. 53, 55–67 (1990) (finding that taxes such as excise taxes, FICA taxes, and withholding taxes are property held by debtor in trust for another and, as such, do not constitute property of estate); *City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 96 (3d Cir. 1994) (determining that withheld taxes were subject to a trust); *In re Am. Int'l Airways, Inc.*, 70 B.R. 102, 103 (Bankr. E.D. Pa. 1987) (stating that funds held in trust for federal excise and withholding taxes are not property of debtor's estate and, therefore, not available for distribution to creditors). Because funds that are

not property of the Debtors' estates are not available for distribution to creditors, timely payment of the Pre-Petition Employment Tax Obligations would not prejudice the Debtors' estates and their creditors.²

44. Additionally, payment of the Pre-Petition Employment Tax Obligations upon entry of the Interim Order is a sound exercise of the Debtors' business judgment because certain of the Debtors' officers and directors, including the recently retained chief restructuring officer, may have personal liability for such obligations in the event the Debtors do not remit payment. The Debtors' officers and directors may choose to not continue their service to the Debtors during the Chapter 11 Cases if they run the risk that taxing authorities may seek to collect the Pre-Petition Employment Tax Obligations from them personally as a result of their service as officers and/or directors of the Debtors. The participation of the Debtors' officers and directors is necessary to a successful reorganization. Therefore, the Debtors submit that prompt payment of the Pre-Petition Employment Tax Obligations upon entry of the Interim Order is a sound exercise of the Debtors' business judgment and should be approved.

C. Payment of the Prepetition Employee Compensation and Benefits Obligations Is a Sound Exercise of the Debtors' Business Judgment and Is Appropriate Under Section 363 and 105(a) of the Bankruptcy Code.

45. Section 363 of the Bankruptcy Code provides, in relevant part, that "[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Under section 363(b) of the Bankruptcy Code, courts require only that the debtor "show that a sound business purpose justifies such actions." *Dai-Ichi Kangyo Bank, Ltd v. Montgomery Ward Holding Corp. (In re Montgomery Ward*

² For the avoidance of doubt, the Debtors hereby request authority to pay the Pre-Petition Employment Tax Obligations as provided herein regardless of whether such Taxes and Fees constitute trust-fund obligations.

Holding Corp.), 242 B.R. 147, 153 (D. Del. 1999) (requiring that the debtor show a “sound business purpose” to justify its actions under section 363 of the Bankruptcy Code) (internal citations omitted); *see also In re Phx. Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987) (requiring a “good business reason” for a sale under section 363 of the Bankruptcy Code); *In re Adelphia Commc’ns Corp.*, No. 02-41729 (REG), 2003 WL 22316543, at *30 (Bankr. S.D.N.Y. Mar. 4, 2003) (requiring a “good business reason” for disposition of assets outside of the ordinary course in bankruptcy); *In re Lionel Corp.*, 722 F.2d 1063, 1070 (2d Cir. 1983) (same). Moreover, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (citation omitted); *In re Global Home Prods., LLC*, 369 B.R. 778, 783-84 (Bankr. D. Del. 2007); *In re Dana Corp.*, 358 B.R. 567, 584 (Bankr. S.D.N.Y. 2006).

46. In addition to being justified under section 363(b)(1) of the Bankruptcy Code, payment of the Employee Compensation and Benefits is warranted under the doctrine of necessity. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court, empowers the bankruptcy court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Under section 105(a) and the “doctrine of necessity,” the Court may use its broad grant of equitable power to permit the payment of the Employee Compensation and Benefits when such payment is essential to the continued operation of the debtor’s business. *See, e.g. In re Just for Feet, Inc.*, 242 B.R. 821, 824-45 (D. Del. 1999) (holding that section 105(a) of the Bankruptcy Code provides a statutory basis for the payment of prepetition claims under the doctrine of necessity and noting that “[t]he

Supreme Court, the Third Circuit and the District of Delaware all recognize the court's power to authorize payment of pre-petition claims when such payment is necessary for the debtors' survival during chapter 11"); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (confirming that the doctrine of necessity is the standard in the Third Circuit for enabling a court to authorize the payment of prepetition claims prior to the confirmation of a reorganization plan).\

47. The United States Court of Appeals for the Third Circuit recognized the "necessity of payment" doctrine in *In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581(3d Cir. 1981). The Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. *Id.* (stating a court may authorize payment of prepetition claims when there "is the possibility that the creditor will employ an immediate economic sanction, failing such payment"); *see also Official Comm. of Unsecured Creditors of Motor Coach Indus. Int'l, Inc. v. Motor Coach Indus. Int'l, Inc. (In re Motor Coach Indus. Int'l, Inc.*, No. 08-12136, 2009 WL 330993, at *3 (D. Del. Feb. 10, 2009) (denying stay pending appeal on grounds that there is no serious basis to challenge doctrine of necessity in the Third Circuit); *In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding that necessity of payment doctrine permits "immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid"); *Just for Feet*, 242 B.R. at 824–26 (noting that the Third Circuit permits debtors to pay prepetition claims that are essential to the continued operation of business).

48. The necessity of payment doctrine is designed to foster a debtor's rehabilitation, which courts have recognized is "the paramount policy of Chapter 11." *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989); *see also In re Chateaugay Corp.*,

80 B.R. 279, 287 (S.D.N.Y. 1987) (authorizing payment of prepetition workers' compensation claims on grounds that the fundamental purpose of reorganization and equity powers of bankruptcy courts "is to create a flexible mechanism that will permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately"); *Just for Feet*, 242 B.R. at 826 (finding that payment of prepetition claims to certain trade vendors was "essential to the survival of the debtor during the chapter 11 reorganization"); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) ("A general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment."); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of prepetition unsecured claims of tool makers as "necessary to avert a serious threat to the Chapter 11 process"). Moreover, Bankruptcy Rule 6003 itself implies that the payment of Prepetition Workforce Obligations may be permissible within the first twenty-one (21) days of a case where doing so is "necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003.

49. It is a sound exercise of the Debtors' business judgment to pay the Prepetition Employee Obligations because doing so will help the Debtors avoid the potential for a value-destructive interruption to their business operations during these Chapter 11 Cases. For the reasons discussed herein, payment of the Prepetition Employee Obligations enhances value for the benefit of all interested parties. Ultimately, the maximization of value of the Debtors' estates is inextricably tied to their workforce. The Debtors cannot afford to lose their workforce, who are critical to the Debtors' going concern value. Moreover, most of the Debtors' Employees rely exclusively on the Prepetition Employee Obligations to satisfy their daily living expenses. If amounts owed are not received or other benefits are delayed, the Employees may be exposed to

significant financial hardship and, in some cases, will be unable to meet their basic needs, which may make continuing to work for the Debtors impossible. If the Debtors are unable to satisfy their various compensation and benefits obligations, the Employees will suffer at a time when their support is critical to the Debtors. Therefore, in order to provide certainty to the Debtors' Employees, maintain morale and productivity, limit attrition and minimize the adverse effect of the commencement of these Chapter 11 Cases, it is necessary to continue providing ordinary course compensation and benefits. Moreover, for the avoidance of doubt, no Employee will receive payment under this Motion in excess of the statutory cap of \$15,150 on account of any existing and outstanding Prepetition Employee Obligations as of the Petition Date. Accordingly, payment of the Employee Compensation and Benefits is warranted under section 363(b) and the doctrine of necessity.

50. Further, certain of the Employee Compensation and Benefits are entitled to priority under section 507(a)(4) and 507(a)(5) of the Bankruptcy Code. Thus, granting the relief sought in this motion is likely to only affect the timing of such payments to Employees, and should not negatively affect recoveries for general unsecured creditors.

51. Indeed, courts in this district have recognized the importance of satisfying employee obligations in cases requesting relief similar to that requested here. *See, e.g., In re Timber Pharmaceuticals, Inc. et al.*, Case No. 23-11878 (JKS) (Bankr. D. Del. Dec. 13, 2023) (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on a postpetition basis); *In re Town Sports Int'l, LLC*, Case No. 20-12168 (CSS) (Bankr. D. Del. Sept. 16, 2020) (same); *In re Extraction Oil and Gas, Inc.*, Case No. 20-10548 (Bankr. D. Del. July 13, 2020) (same); *In re APC Automotive Technologies Intermediate Holdings, LLC*, Case No. 20-11466 (CSS) (Bankr. D. Del. June 4, 2020) (same); *In*

re Akorn, Inc., Case No. 20-11177 (KBO) (Bankr. D. Del. May 22, 2020) (same). Accordingly, the Debtors respectfully request that the Court authorize the Debtors to pay Prepetition Employee Obligations and continue the Employee Compensation and Benefits in the ordinary course of business and consistent with past practice.

SATISFACTION OF BANKRUPTCY RULE 6003

52. Pursuant to Bankruptcy Rule 6003, the Court may grant relief within twenty-one (21) days after the filing of the petition regarding a motion to “use, sell, lease, or otherwise incur an obligation regarding property of the estate” only if such relief is necessary to avoid immediate and irreparable harm. Fed. R. Bankr. P. 6003(b). Immediate and irreparable harm exists where the absence of relief would impair a debtor’s ability to reorganize or threaten the debtor’s future as a going concern. *See In re Ames Dep’t Stores, Inc.*, 115 B.R. 34, 36 n.2 (Bankr. S.D.N.Y. 1990) (discussing the elements of “immediate and irreparable harm” in relation to Bankruptcy Rule 4001).

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

RESERVATION OF RIGHTS

54. Nothing contained in this motion or any actions taken by the Debtors pursuant to relief granted in the Orders is intended or should be construed as: (a) an admission as to the validity of any particular claim against a Debtor entity; (b) a waiver of the Debtors’ rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the

Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)

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

NOTICE

56. Notice of this Motion will be provided to: (a) the Office of the United States Trustee; (b) counsel to the Debtors' proposed debtor-in-possession financing lender; (c) the Internal Revenue Service; (d) Securities and Exchange Commission; (e) Delaware State Treasury; (f) Delaware Secretary of State; (g) the parties included on the Debtors' consolidated list of their 30 largest unsecured creditors; (h) the United States Attorney for the District of Delaware; (i) the state attorneys general in states where the Debtors are authorized to do business; and (j) all parties entitled

to notice pursuant to Bankruptcy Rule 2002. As this Motion is seeking first-day relief, the Debtors will serve copies of this Motion and any order entered in respect of this Motion as required by Local Rule 9013-1(m). The Debtors respectfully submit that no further notice of the Motion is required under the circumstances.

[Remainder of page left intentionally blank]

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court: (i) enter the Interim Order, substantially in the form attached hereto as **Exhibit A** granting the relief requested in this Motion, including scheduling a final hearing on this Motion; (ii) thereafter enter the Final Order substantially in the form attached hereto as **Exhibit B**; and (iii) grant such other and further relief as the Court may deem proper.

Dated: March 31, 2025
Wilmington, Delaware

WHITEFORD, TAYLOR & PRESTON LLC¹

/s/ William F. Taylor, Jr.

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Proposed Counsel to the Debtors and Debtors in Possession

¹ Whiteford, Taylor & Preston LLP operates as Whiteford, Taylor & Preston LLC in Delaware.

EXHIBIT A

Proposed Interim Order

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

In re:

CTN HOLDINGS, INC.,¹

Debtors.

Chapter 11

Case No. 25-10603(____)

(Joint Administration Requested)

Related Docket No.____

**INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO
(A) PAY PREPETITION EMPLOYEE WAGES, SALARIES, OTHER
COMPENSATION, AND REIMBURSABLE EMPLOYEE EXPENSES AND
(B) MAINTAIN EMPLOYEE BENEFITS PROGRAMS AND
(II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Interim Order”), (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and (b) granting related relief, including scheduling the Final Hearing; and this Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of these Chapter 11 Cases and the Motion in this district being proper

¹ The Debtors in these chapter 11 cases, along with the last four digits of the Debtors’ federal tax identification numbers, are CTN Holdings, Inc. (9122), CTN SPV Holdings, LLC (8689), Make Earth Green Again, LLC (4441), Aspiration QFZ, LLC (1532), Aspiration Fund Adviser, LLC (4214), Catona Climate Solutions, LLC (3375) and Zero Carbon Holdings, LLC (1679). The mailing address for the Debtors is 548 Market Street, PMB 72015, San Francisco, CA 94101-5401.

² Capitalized terms not defined herein are used as defined in the Motion.

pursuant to 28 U.S.C. §§ 1408 and 1409; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that proper and adequate notice of the Motion and the relief requested therein has been provided in accordance with the Bankruptcy Rules and the Local Rules, and that, except as otherwise ordered herein, no other or further notice is necessary; and objections (if any) to the Motion having been withdrawn, resolved or overruled on the merits; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties-in-interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth herein.
2. The final hearing (the “Final Hearing”) on the Motion shall be held on [], 2025, at [] (ET). Any objections or responses to entry of a final order on the Motion (each, an “Objection”) shall be filed on or before **4:00 p.m. (ET) on []**, 2025, and served on the following parties: (i) proposed counsel to the Debtors, Whiteford, Taylor & Preston, LLC, 600 North King Street, Suite 300, Wilmington, Delaware 19801 (Attn: William F. Taylor, Esq. (wtaylor@whitefordlaw.com), David W. Gaffey, Esq. (dgaffey@whitefordlaw.com), Brandy M. Rapp, Esq. (brapp@whitefordlaw.com), J. Daniel Vorsteg, Esq. (jdvorsteg@whitefordlaw.com), Joshua D. Stiff, Esq. (jstiff@whitefordlaw.com), and Alexandra G. DeSimone, Esq. (adesimone@whitefordlaw.com)); (ii) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King St., Lockbox 35, Wilmington, DE 19801 (Attn: Rosa Sierra-Fox, Esq. (rosa.sierra-fox@usdoj.gov)); (iii) counsel to the Debtors’ proposed debtor in possession financing lender, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036-8299, Attn: Vincent

Indelicato (vindelicato@proskauer.com) and One International Place, Boston, MA 02110, Attn: Charles A. Dale (cdale@proskauer.com) and Morris, Nichols, Arsht & Tunnell LLP, 1201 N Market St # 1600, Wilmington, DE 19801, Attn: Robert J. Dehney Sr. (rdehney@morrisnichols.com), Matthew B. Harvey (mharvey@morrisnichols.com), and Brenna A. Dolphin (bdolphin@morrisnichols.com); and (iv) counsel to any statutory committee appointed in these Chapter 11 Cases. In the event no Objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

3. The Debtors are authorized, but not directed, in their sole discretion, to continue the Employee Compensation and Benefits and to honor and pay, in the ordinary course and in accordance with the Debtors' prepetition policies and prepetition practices, any obligations on account of the Employee Compensation and Benefits, irrespective of whether such obligations arose prepetition or postpetition, *provided that* payments for Prepetition Employee Obligations shall be limited by sections 507(a)(4) and (a)(5) of the Bankruptcy Code.

4. Notwithstanding anything to the contrary herein, pending entry of the Final Order, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not more than: (a) \$150,000.00 on account of prepetition Employee Compensation; (b) \$21,220.00 on account of prepetition Withholding Obligations; (c) \$100,958.55 on account of Pre-Petition Employment Tax Obligations; (d) \$0.00 on account of prepetition Payroll Processing Fees; (e) \$5,000.00 on account of prepetition Reimbursable Expenses; and (f) \$270.00 on account of the prepetition Employee Benefits Programs.

5. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

6. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

7. Nothing in the Motion or the Interim Order shall be deemed to (i) authorize the payment of any amounts that are subject to section 503(c) of the Bankruptcy Code, or (ii) violate or permit a violation of section 503(c) of the Bankruptcy Code; *provided* that nothing in this Interim Order shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code.

8. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Compensation and Benefits obligations.

9. The Debtors are authorized to reissue payment regarding the Employee Compensation and Benefits and to replace any inadvertently dishonored or rejected payments. Further, the Debtors are authorized to reimburse any bank-related expenses that Employees may incur as a result of any bank's failure to honor a prepetition check.

10. Nothing in this Interim Order (i) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors; (ii) shall impair, prejudice, waive or otherwise affect the rights of the Debtors or their estates with respect to the validity, priority or amount of any claim against the Debtors and their estates; (iii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to any and all claims or causes of action; or (iv) shall be construed as a promise to pay a claim.

11. Notwithstanding the relief granted in this Interim Order, any payment made or to be made by, or other action taken by, the Debtors pursuant to the authority granted herein shall

be subject to and in compliance with each interim and final order entered by the Court in respect of the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Post-petition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Term Loan Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing and (VI) Granting Related Relief*, filed contemporaneously herewith (collectively, such interim and final orders, the “DIP Orders”). Nothing herein is intended to modify, alter or waive, in any way, any terms, provisions, requirements or restrictions of the DIP Orders. To the extent there is any inconsistency between the terms of the DIP Orders and the terms of this Interim Order or any action taken or proposed to be taken hereunder, the terms of the DIP Orders shall control.

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

13. 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.

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

15. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

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

EXHIBIT B

Proposed Final Order

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

In re:

CTN HOLDINGS, INC.,¹

Debtors.

Chapter 11

Case No. 25-10603(____)

(Joint Administration Requested)

Related Docket No. ____

**FINAL ORDER INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE
DEBTORS TO (A) PAY PREPETITION EMPLOYEE WAGES, SALARIES, OTHER
COMPENSATION, AND REIMBURSABLE EMPLOYEE EXPENSES AND
(B) MAINTAIN EMPLOYEE BENEFITS PROGRAMS AND
(II) GRANTING RELATED RELIEF**

Upon the motion the (“Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Final Order”), (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and (b) granting related relief including scheduling the Final Hearing; and this Court having entered the *Interim Order (I) Authorizing, But Not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Maintain Employee Benefits Programs and (II) Granting Related Relief (D.I.●)*; and this Court having

¹ The Debtors in these chapter 11 cases, along with the last four digits of the Debtors’ federal tax identification numbers, are CTN Holdings, Inc. (9122), CTN SPV Holdings, LLC (8689), Make Earth Green Again, LLC (4441), Aspiration QFZ, LLC (1532), Aspiration Fund Adviser, LLC (4214), Catona Climate Solutions, LLC (3375) and Zero Carbon Holdings, LLC (1679). The mailing address for the Debtors is 548 Market Street, PMB 72015, San Francisco, CA 94101-5401.

² Capitalized terms not defined herein are used as defined in the Motion.

jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of these Chapter 11 Cases and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that proper and adequate notice of the Motion and the relief requested therein has been provided in accordance with the Bankruptcy Rules and the Local Rules, and that, except as otherwise ordered herein, no other or further notice is necessary; and objections (if any) to the Motion having been withdrawn, resolved or overruled on the merits; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties-in-interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Debtors are authorized, but not directed, in their sole discretion, to continue the Employee Compensation and Benefits and to honor and pay, in the ordinary course and in accordance with the Debtors' prepetition policies and prepetition practices, any obligations on account of the Employee Compensation and Benefits, irrespective of whether such obligations arose prepetition or postpetition, *provided that* payments for Prepetition Employee Obligations shall be limited by sections 507(a)(4) and (a)(5) of the Bankruptcy Code.
3. Notwithstanding anything to the contrary herein, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not

more than: (a) \$150,000.00 on account of prepetition Employee Compensation; (b) \$21,220.00 on account of prepetition Withholding Obligations; (c) \$100,958.55 on account of Pre-Petition Employment Tax Obligations; (d) \$0.00 on account of prepetition Payroll Processing Fees; (e) \$5,000.00 on account of prepetition Reimbursable Expenses; and (f) \$270.00 on account of the prepetition Employee Benefits Programs.

4. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

5. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

6. Nothing in the Motion or the Final Order shall be deemed to (i) authorize the payment of any amounts that are subject to section 503(c) of the Bankruptcy Code, or (ii) violate or permit a violation of section 503(c) of the Bankruptcy Code; provided that nothing in this Final Order shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

7. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Compensation and Benefits obligations.

8. The Debtors are authorized to reissue payment regarding the Employee Compensation and Benefits and to replace any inadvertently dishonored or rejected payments. Further, the Debtors are authorized to reimburse any bank-related expenses that Employees may incur as a result of any bank's failure to honor a prepetition check.

9. Nothing in this Final Order (i) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission

as to the validity of any claim against the Debtors; (ii) shall impair, prejudice, waive or otherwise affect the rights of the Debtors or their estates with respect to the validity, priority or amount of any claim against the Debtors and their estates; (iii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to any and all claims or causes of action; or (iv) shall be construed as a promise to pay a claim.

10. Notwithstanding the relief granted in this Final Order, any payment made or to be made by, or other action taken by, the Debtors pursuant to the authority granted herein shall be subject to and in compliance with each interim and final order entered by the Court in respect of the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Post-petition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Term Loan Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing and (VI) Granting Related Relief*, filed contemporaneously herewith (collectively, such interim and final orders, the “DIP Orders”). Nothing herein is intended to modify, alter or waive, in any way, any terms, provisions, requirements or restrictions of the DIP Orders. To the extent there is any inconsistency between the terms of the DIP Orders and the terms of this Final Order or any action taken or proposed to be taken hereunder, the terms of the DIP Orders shall control.

11. 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.

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

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

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