

**ENTERED**

July 07, 2023

Nathan Ochsner, Clerk

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

*In re*

**WESCO AIRCRAFT HOLDINGS, INC.,  
et al.,<sup>1</sup>**

Debtors.

Case No. 23-90611 (DRJ)

Chapter 11

(Jointly Administered)

**FINAL ORDER (I) AUTHORIZING  
THE DEBTORS TO (A) MAINTAIN AND  
USE THEIR EXISTING CASH MANAGEMENT  
SYSTEM, (B) PAY BANK FEES, (C) UTILIZE  
EXISTING BUSINESS FORMS, (D) UTILIZE CREDIT  
CARDS, AND (E) ENGAGE IN INTERCOMPANY  
TRANSACTIONS AND (II) WAIVING COMPLIANCE  
WITH SECTION 345(B)**

(Docket No. 80)

<sup>1</sup> The Debtors operate under the trade name Incora and have previously used the trade names Wesco, Pattonair, Haas, and Adams Aviation. A complete list of the Debtors in these chapter 11 cases, with each one's federal tax identification number and the address of its principal office, is available on the website of the Debtors' noticing agent at <http://www.kccllc.net/incora/>. The service address for each of the Debtors in these cases is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137.



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Upon the motion (the “*Motion*”),<sup>2</sup> of the above-captioned debtors (collectively, the “*Debtors*”), for entry of this Final Order, pursuant to section(s) 105(a), 345(b), 363(b), 363(c), 364, 503(b)(1), 1107 and 1108 of the Bankruptcy Code, Bankruptcy Rule(s) 6003 and 6004, and Local Rule(s) 9013-1(b) (i) authorizing the Debtors to (a) continue using their existing Cash Management System, Bank Accounts, Credit Cards and Business Forms, (b) continue engaging in Intercompany Transactions in the ordinary course of business, (c) pay Bank Fees and related charges, (ii) waiving compliance with 11 U.S.C. § 345(b), (iii) granting administrative expense priority status to postpetition Intercompany Claims, and (iv) granting certain related relief; and the Court having jurisdiction to decide the Motion and to enter this Final Order pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided, such notice being adequate and appropriate under the circumstances; and after notice and a hearing, as defined in section 102 of the Bankruptcy Code; and the Court having determined that the legal and factual bases set forth in the Motion, the First Day Declaration, and in the record establish just cause for entry of this Final Order; and it appearing that entry of this Final Order is in the best interests of the Debtors’ estates; it is hereby **ORDERED** that:

1. The Debtors are authorized, but not directed, to: (a) continue to use their Cash Management System, (b) honor or satisfy their prepetition obligations related to maintenance of the Cash Management System, (c) implement changes to the Cash Management System in the ordinary course and consistent with past practices; *provided* that the Debtors shall provide five (5) business days’ notice to counsel to the First Lien Noteholder Group and counsel to the Official Committee of Unsecured Creditors (the “*Creditors’ Committee*”) of any material change thereto, and (d) remit to Katsumi in the

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

ordinary course of business and consistent with past practices any cash received on account of any receivables sold to Katsumi prior to the Petition Date pursuant to the Katsumi Factoring Facility, in each case subject to the terms set forth in this Final Order.

2. The Debtors are further authorized, but not directed, to: (a) continue to use all Bank Accounts in place on the Petition Date, including those identified on **Exhibit C** to the Motion and (b) close any Bank Accounts and open new bank accounts, as the Debtors deem necessary and appropriate in the ordinary course of business; *provided*, that the Debtors shall provide five (5) business days' notice to counsel to the First Lien Noteholder Group and the advisors to the Creditors' Committee of any material changes to any Bank Accounts. The relief granted in this Final Order applies to any new bank account opened by the Debtors, which account shall be deemed a Bank Account, and the bank at which such account is opened shall be deemed a Bank for all purposes hereunder; *provided*, that any new bank account may only be opened at a bank that has executed, or is willing to execute immediately, a Uniform Depository Agreement with the U.S. Trustee. The Debtors are authorized to enter into any ancillary agreements, including deposit account control agreements in favor of the DIP Agent (as defined in the DIP Order), the ABL Agent and the Notes Collateral Agent, as they may deem necessary and appropriate and in consultation with the Creditors' Committee. To the extent the Creditors' Committee objects to any such proposed material change, the Debtors will not be authorized to implement the proposed change until the objection is either resolved by the Court or as otherwise agreed by the Debtors and the Creditors' Committee.

3. The Debtors shall give notice of opening or closing any Bank Account to counsel to the First Lien Noteholder Group, the U.S. Trustee, and the advisors to the Creditors' Committee not later than fifteen (15) days after such action, and such opening shall be timely indicated on the Debtors' monthly operating reports.

4. The Banks are authorized to continue to administer the Bank Accounts as accounts of the Debtors as debtors in possession in the ordinary course and without

interruption pursuant to any existing deposit agreements, and to receive, process, honor, and pay any and all checks, drafts, wires, credit card transactions, and ACH transfers issued, payable through or drawn on the Bank Accounts after the Petition Date to the extent consistent with the Court's orders on the Debtors' first day motions, irrespective of whether such checks, drafts, electronic fund transfers, credit card, or ACH payments are dated prior or subsequent to the Petition Date.

5. The Banks may rely upon the representation of the Debtors with respect to whether any check, advice, draft, wire, or other transfer drawn or issued by the Debtors prior to, on, or after the Petition Date should be honored pursuant to any Order of this Court, and the Banks shall not have any liability for relying on such representation by the Debtors. Notwithstanding any other provision of this Final Order, no Bank that honors a prepetition check or other item drawn on any account that is the subject of this Final Order (a) at the direction of the Debtors, (b) in a good-faith belief that the Court has authorized such prepetition check or item to be honored, or (c) as the result of an innocent mistake made despite implementation of reasonable item-handling procedures, shall thereby be liable to the Debtors or their estates for violation of this Final Order.

6. The Banks are authorized to charge, and the Debtors are authorized to pay, honor, or allow undisputed Bank Fees in the ordinary course, including those outstanding as of the Petition Date; *provided* that in no event shall the Debtors pay any Bank Fees to (or for the benefit of) an insider or affiliate of an insider. The Debtors are also authorized to reimburse the Banks for any claims arising before or after the Petition Date in connection with customer checks deposited with the Banks that have been dishonored or returned as a result of insufficient funds in the Bank Accounts; *provided* that, unless otherwise ordered by this Court and directed by the Debtors, no checks, drafts, electronic funds transfers or other items presented, issued or drawn on the Bank Accounts on account of a claim against the Debtors arising prior to the Petition Date shall be honored.

7. The Debtors are authorized to use their pre-printed checks and other Business Forms without reference to their status as debtors in possession. Once the Debtors' existing check stock has been used, the Debtors shall use reasonable efforts, when reordering checks, to include on such checks the designation "Debtor in Possession" and the case number under which these cases are being jointly administered. The Debtors shall include on the checks that the Debtors or their agents print themselves the "Debtor in Possession" legend and the case number under which these cases are being jointly administered within ten business days of the date of this Final Order.

8. The Debtors are authorized to continue using Credit Cards in the ordinary course of business and, consistent with prepetition practices, to pay to the applicable issuer any prepetition and postpetition obligations under or related to the Credit Cards.

9. The Debtors are authorized to continue engaging in Intercompany Transactions in the ordinary course of business, consistent with past practices, including Intercompany Transactions with their non-Debtor subsidiaries, and to honor prepetition Intercompany Claims; *provided* that such authorization shall not apply to any transaction with an insider or affiliate of an insider, that is not a Debtor or a (direct or indirect) subsidiary of a Debtor; *provided further* each Debtor shall: (a) continue to pay its own obligations consistent with such Debtor's past practice with respect to Intercompany Transactions and any related obligations, and in no event shall any of the Debtors pay for the prepetition or postpetition obligations incurred or owed by any of the other Debtors or non-Debtor affiliates in a manner inconsistent with past practices; (b) implement accounting procedures to distinguish between pre- and postpetition Intercompany Transactions; and (c) provide the advisors to the Creditors' Committee with (i) reasonable access to all records regarding Intercompany Transactions, (ii) a summary on a monthly basis of any postpetition cash payments in excess of \$500,000 on account of Intercompany Transactions from Debtors to non-Debtors for the preceding month applicable to such report that shall include (A) the name of the transferor; (B) the name of the transferee;

(C) the amount of the transfer; and (D) the purpose of the payment, (iii) a summary on a monthly basis of postpetition Intercompany Transactions in excess of \$500,000 from Debtors to Debtors for the preceding month applicable to such report that shall include (A) the name of the transferor; (B) the name of the transferee; (C) the amount of the transfer; and (D) the purpose of the payment; *provided*, that such summary need not include detail concerning automated transfers of the amounts held in the Debtors' zero balance and master accounts, (iv) a summary on a monthly basis of variances, on an entity-by-entity basis, in respect of Intercompany Claims, and (v) reasonable access to the Debtors and their advisors with respect to such summaries. The summaries referenced herein shall be provided to the Creditors' Committee's advisors by no later than thirty (30) days following the end of the month applicable to such summary.

10. All postpetition Intercompany Claims are hereby accorded administrative expense status pursuant to section 503(b)(1) of the Bankruptcy Code; *provided* that the Debtors shall provide five (5) business days' advance notice to the advisors to the Creditors' Committee of any postpetition cash payments on account of any Intercompany Transaction from Debtors to non-Debtors in excess of \$500,000 on a monthly basis prior to undertaking any such transaction. To the extent the Creditors' Committee objects to any such transaction, the Debtors will not be authorized to undertake the transaction until the objection is either resolved by the Court or as otherwise agreed by the Debtors and the Creditors' Committee; *provided however* that nothing herein shall restrict the Debtors' right to transfer amounts authorized by any Order of the Court granting first day relief and the Debtors are authorized to undertake such transactions pursuant to any such Order of the Court notwithstanding an objection by the Creditors' Committee. The Debtors shall continue to record all Intercompany Transactions and Intercompany Claims on applicable intercompany accounts and maintain current records with respect to all transfers of cash related to Intercompany Transactions so that all postpetition Intercompany Transactions may be readily ascertained, traced and recorded properly on applicable intercompany

accounts; *provided, however*, that such records shall be made available to the U.S. Trustee, counsel to the First Lien Noteholder Group and the advisors to the Creditors' Committee upon request.

11. Notwithstanding anything to the contrary set forth herein, nothing in this Final Order shall waive, limit, or otherwise impair the right of the Creditors' Committee to seek to recharacterize any Intercompany Claims as equity.

12. To the extent any of the Debtors' Bank Accounts are not in compliance with section 345(b) of the Bankruptcy Code or any of the U.S. Trustee's requirements or guidelines, the Debtors shall have until August 16, 2023, without prejudice to seek an additional extension or waiver, to come into compliance with section 345(b) of the Bankruptcy Code; *provided that* nothing herein shall prevent the Debtors or the U.S. Trustee from seeking further relief from the Court to the extent that an agreement cannot be reached. The Debtors may obtain a further extension of the period referenced above, or a waiver as to specific accounts, by entering into a written stipulation with the U.S. Trustee and filing such stipulation on the Court's docket without the need for further Court order.

13. Notwithstanding the Debtors' use of a consolidated Cash Management System, the Debtors shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor.

14. Notwithstanding the relief granted in this Final Order, all authorizations herein and all payments and actions pursuant thereto shall be subject to each interim and final order entered by the Court in respect of the Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors To (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Claims, (III) Granting Adequate Protection to Prepetition Secured Parties, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief filed contemporaneously herewith (collectively, such interim and final orders, the "**DIP Order**"), including compliance with any budget or cash flow forecast in connection

therewith and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Order or the DIP Documents (as defined in the DIP Order). To the extent there is any inconsistency between the terms of the DIP Order and the terms of this Final Order, the terms of the DIP Order shall control.

15. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing contained in the Motion or this Final Order (nor any actions or payments pursuant to the relief granted herein) shall constitute, nor is it intended to constitute: (a) an implication, admission, concession or finding as to the validity, priority, amount, basis for, or secured status of any particular claim against any Debtor; (b) a waiver of the Debtors' or other party in interest's (including the Creditors' Committee's) right to dispute any particular claim on any grounds, including the priority of any such claim; (c) a promise or requirement to pay any particular claim; (d) a waiver of any claim or cause of action that any Debtor or other party in interest (including the Creditors' Committee) may have against any entity; (e) a ratification, adoption, rejection, or assumption of any agreement, contract or lease under section 365 of the Bankruptcy Code; (f) a waiver or limitation of any Debtor's or other party in interest's (including the Creditors' Committee's) rights under any agreement, the Bankruptcy Code or other applicable law; or (g) an implication, admission, concession or finding (i) that any particular claim is of a type specified or defined in this Final Order or the Motion or (ii) other than as set forth in footnote 7 to the Motion, that any lien, security interest, other encumbrance on property of any Debtor or right of setoff is valid, enforceable or perfected (and the Debtors and all other parties in interest, including the Creditors' Committee, expressly reserve and preserve their rights to contest or to seek avoidance of the same). Any payment made pursuant to this Final Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's (including the Creditors' Committee's) rights to subsequently dispute such claim.



16. Nothing contained in the Motion or this Final Order shall be construed to alter or impair any security interest or perfection thereof, in favor of any person or entity that existed as of the Petition Date or that arises after the Petition Date.

17. Under the circumstances of these chapter 11 cases, notice of the Motion is adequate under Bankruptcy Rule 6004(a).

18. Notwithstanding Bankruptcy Rule 6004(h) or any other provision of the Bankruptcy Rules or Local Rules, the terms of this Final Order shall be immediately effective and enforceable upon its entry.

19. The Debtors and their agents are authorized to take all steps necessary or appropriate to carry out this Final Order.

20. The Court shall retain jurisdiction over all matters arising from or related to the implementation, interpretation or enforcement of this Final Order.

**Signed: July 07, 2023.**

  

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DAVID R. JONES  
UNITED STATES BANKRUPTCY JUDGE