

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re:)	
)	
)	Chapter 11
WELLMADE FLOOR COVERINGS)	
INTERNATIONAL, INC., <i>et al.</i> , ¹)	Case No. 25-58764
)	
Debtors.)	(Joint Administration Requested)
)	

**EMERGENCY MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER
AUTHORIZING (I) THE DEBTORS TO PAY PREPETITION TAXES AND
REGULATORY FEES IN THE ORDINARY COURSE OF BUSINESS AND
(II) BANKS AND FINANCIAL INSTITUTIONS TO HONOR AND PROCESS
CHECKS AND TRANSFERS RELATED THERETO**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”), submit this motion (the “Motion”) for entry of an interim order, substantially in the form attached hereto as **Exhibit A** (the “Interim Order”), and a final order, substantially in the form attached hereto as **Exhibit B** (the “Final Order”, and together with the Interim Order, the “Proposed Orders”), pursuant to sections 105(a), 363, 507(a), 1107 and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), Rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 9006-2, 9013-1, and 9013-2 of the Local Rules of the United States Bankruptcy Court for the Northern District of Georgia (the “Local Rules”), (i) authorizing the Debtors to pay certain prepetition taxes and regulatory fees in the ordinary course of business and (ii) authorizing banks and other financial institutions at which the Debtors hold accounts (collectively, the “Banks”) to honor and process checks and electronic transfer requests related to the foregoing. In support of the relief requested in this Motion, the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.



Debtors rely upon and incorporate by reference the *Declaration of David Baker in Support of Chapter 11 Petitions and First Day Pleadings* (“First Day Declaration”) filed contemporaneously herewith. In further support of this Motion, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Northern District of Georgia (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory and legal predicates for the relief requested herein are sections 105(a), 363, 507(a), 1107, and 1108 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004(h), Local Rules 9006-2, 9013-1, and 9013-2, and the *Second Amended and Restated General Order 26-2019, Procedures for Complex Chapter 11 Cases*, dated February 6, 2023 (the “Complex Case Procedures”).

BACKGROUND

A. The Chapter 11 Cases

3. On August 4, 2025 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court.

4. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. No official committee has been appointed in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), and no request has been made for the appointment of a trustee or an examiner.

6. Additional information regarding the Debtors' businesses, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the First Day Declaration.

B. The Debtors' Taxes and Regulatory Fees

7. In connection with the normal operations of their businesses, the Debtors pay income and franchise taxes, property taxes, sales and use taxes, business license fees, regulatory fees, and other taxes and fees (collectively, the "Taxes and Fees")² to certain state and local taxing and regulatory authorities (collectively, the "Taxing and Regulatory Authorities"), including, but not limited to, those Taxing and Regulatory Authorities listed on Exhibit C attached hereto.³ Some Taxes and Fees may have accrued prior to the Petition Date but are not yet due and owing to the applicable Taxing and Regulatory Authorities. The Debtors are requesting authority to pay Taxes and Fees, including any prepetition amounts due and owing and any prepetition amounts that may come due in the ordinary course of business during these Chapter 11 Cases.

8. Income and Franchise Taxes. The Debtors pay franchise, net worth and similar taxes ("Franchise Taxes") and income taxes ("Income Taxes", and together with Franchise Taxes, the "Franchise and Income Taxes") to various Taxing and Regulatory Authorities to maintain the right to operate their business in the applicable taxing jurisdiction. Certain states will refuse to qualify the Debtors to do business in a state or issue certificates of good standing or other documents necessary to do business in such jurisdiction, recognize a name change, merger or other activity if Franchise Taxes are not paid. Certain states impose personal liability on officers of

² Payroll, withholding, and other employee-related tax obligations are separately addressed in the *Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay (A) All Prepetition Employee Obligations and (B) Prepetition Withholding Obligations, and (II) Directing Banks to Honor Related Transfers* filed contemporaneously herewith.

³ Inclusion of a Taxing and Regulatory Authority on Exhibit C does not constitute an acknowledgement by the Debtors that the Debtors owe any obligation to such authority or that such authority will be paid pursuant to any order entered on this Motion.

entities that fail to pay Franchise Taxes. Franchise Taxes vary by jurisdiction and may be based on a flat fee, net operating income, gross receipts or capital employed. Income Taxes are generally calculated as a percentage of net income (the difference between gross receipts and expenses, after accounting for additional write-offs). In 2024, the Debtors paid approximately \$1.24 million in aggregate on account of Franchise and Income Taxes to the applicable Taxing and Regulatory Authorities.⁴ The Debtors are not aware of any accrued and unpaid Franchise and Income Taxes due as of the Petition Date or that will become due within thirty (30) days following the Petition Date. However, to the extent Franchise and Income Taxes have accrued prior to the Petition Date but will not become due and payable until after the Petition Date, the Debtors request authority to continue their usual practice of paying any such Franchise and Income Taxes, including any amounts that may be due and owing on account of any prepetition period in the ordinary course of business during these Chapter 11 Cases.

9. Sales and Use Taxes. In the ordinary course of their business, certain of the Debtors incur state and/or local sales taxes in connection with the sale of products (the “Sales Taxes”). In 2024, the Debtors paid approximately \$16,291.40 in aggregate on account of Sales Taxes to the applicable Taxing and Regulatory Authorities. As of the Petition Date, the Debtors estimate that they have outstanding sales tax obligations of approximately \$1,500 all of which is or will likely become due in the first 30 days of these Chapter 11 Cases. Accordingly, the Debtors request authority, but not direction, to satisfy any amounts owed on account of such Sales Taxes that may become due and owing in the ordinary course of business during their chapter 11 cases.

10. Real and Personal Property Taxes. State and local laws in many of the jurisdictions where the Debtors operate generally grant the applicable Taxing and Regulatory Authorities the

⁴ The Debtors sought an extension and have not yet filed their income taxes for the 2024 calendar year, but believe that the total amount owed for 2024 Franchise and Income Taxes will be significantly less than in prior years.

power to levy property taxes against the Debtors' personal property (collectively, the "Property Taxes"). To avoid the imposition of statutory liens on their personal property, the Debtors typically pay Property Taxes on property that they own in the ordinary course of business. In 2024, the Debtors paid approximately \$180,845.49 in aggregate on account of Property Taxes to the applicable Taxing and Regulatory Authorities. As of the Petition Date, the Debtors believe they are current on their Property Taxes and do not believe that any amounts are due and owing to the Taxing and Regulatory Authorities on account of the Debtors' prepetition Property Taxes. However, to the extent Property Taxes have accrued prior to the Petition Date but will not become due and payable until after the Petition Date, the Debtors request authority to continue their usual practice of paying any such personal property taxes, including any amounts that may be due and owing on account of any prepetition period in the ordinary course of business during these Chapter 11 Cases.

11. License Fees. In connection with the Debtors' businesses, the Debtors are required to maintain certain business licenses and certifications for the operations of its plant in Georgia (the "License Fees"). As such, the Debtors must obtain and maintain a variety of licenses and certifications, each of which requires payment of licensing and/or regulatory fees in connection therewith. The Debtors estimate that they have accrued approximately \$805 in the aggregate of License Fees as of the Petition Date, which will become due within thirty (30) days following the Petition Date.⁵ Accordingly, the Debtors request authority, but not direction, to satisfy any amounts owed on account of such License Fees that may become due and owing in the ordinary course of business during their chapter 11 cases.

⁵ Immediately prior to the Petition Date, Debtor Wellmade Industries MFR. N.A LLC submitted the renewal forms to renew its business license with the state of Georgia. Additional amounts may become due, in the ordinary course of business, once that application is approved.

RELIEF REQUESTED

12. The Debtors request entry of the Proposed Order (i) authorizing the Debtors to (a) pay prepetition Taxes and Fees owed to the Taxing and Regulatory Authorities and continue paying any such Taxes and Fees as they come due in the ordinary course of business during these Chapter 11 Cases, (b) honor all checks that remain uncashed prior to the Petition Date or that are otherwise returned by a Taxing and Regulatory Authority, and (c) pay Taxes and Fees subsequently determined upon audit to be owed for periods prior to the Petition Date; and (ii) authorizing the Banks, when requested by the Debtors in their sole discretion, to receive, process, honor, and pay any checks or electronic transfers with respect to such Taxes and Fees, provided that sufficient funds are available in the applicable accounts to make such payments.⁶

13. For the avoidance of doubt, the authority requested by this Motion (i) would be discretionary, allowing the Debtors to elect to pay Taxes and Fees as to which their officers and directors may have personal liability in the event of nonpayment by the Debtors, before other Taxes and Fees, (ii) would be without prejudice to the Debtors' rights to contest the amount of any Taxes and Fees on any grounds they deem appropriate, and (iii) would extend to the payment of Taxes and Fees relating to tax audits that have been completed, are in progress, or arise from prepetition periods.

BASIS FOR RELIEF

14. The relief requested in this Motion is warranted for several reasons, including: (a) certain Taxes and Fees are not property of the estates; (b) governmental entities might sue the Debtors' directors and officers for certain unpaid Taxes and Fees, distracting them unnecessarily from the Debtors' efforts in these chapter 11 cases; (c) portions of the Taxes and Fees may be

⁶ Because each of the checks or electronic transfers is readily identified as relating directly to an authorized payment of prepetition Taxes and Fees, the Debtors believe that checks and electronic transfers for payments that are not authorized will not be honored inadvertently.

entitled to priority status pursuant to section 507(a)(8) of the Bankruptcy Code; (d) section 363 of the Bankruptcy Code gives the Debtors authority to remit payment on account of such Taxes and Fees in the ordinary course of business; and (e) section 105 of the Bankruptcy Code and the Court's general equitable powers permit the Court to grant the relief sought.

15. Section 541(d) of the Bankruptcy Code provides, in relevant part, that “[p]roperty in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest . . . becomes property of the estate under subsection (a)(1) or (a)(2) of this section only to the extent of the debtor's legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold.” 11 U.S.C. § 541(d).

16. Certain of the Taxes and Fees may constitute so-called “trust fund” taxes to be collected from third parties and held in trust for payment to certain of the Taxing and Regulatory Authorities. *See, e.g., EBS Pension LLC v. Edison Bros. Stores, Inc. (In re Edison Bros., Inc.)*, 243 B.R. 231, 235 (Bankr. D. Del. 2000) (noting that property held in trust, whether constructively or expressly, does not become part of the estate when the debtor files its bankruptcy petition); *see also Shank v. Washington State Dep't of Revenue (In re Shank)*, 792 F.2d 829, 830 (9th Cir. 1986) (sales tax required by state law to be collected by sellers for their customers is a trust fund tax); *DeChiaro v. New York State Tax Comm'n*, 760 F.2d 432, 433-34 (2d Cir. 1985) (sales taxes are trust fund taxes); *Rosenow v. Illinois*, 715 F.2d 277, 282 (7th Cir. 1983) (use tax is a trust fund tax); *In re Hilaire*, 135 B.R. 186, 191-92 (D. Mass. 1991) (sales tax is a trust fund tax). To the extent these “trust fund” taxes are collected, they are not property of the Debtors' estates under section 541(d) of the Bankruptcy Code. *See Begier v. IRS*, 496 U.S. 53, 59 (1990); *see also In re Am. Int'l Airways, Inc.*, 70 B.R. 102, 103 (Bankr. E.D. Pa. 1987) (excise and withholding taxes are trust fund taxes), *aff'd*, 1987 U.S. Dist. LEXIS 16856 (E.D. Pa. May 12, 1987); *In re Tap, Inc.*, 52 B.R. 271, 278 (Bankr. D. Mass. 1985) (withholding taxes). The Debtors do not have any

equitable interest in these funds. Thus, out of an abundance of caution, the Debtors seek authorization to transfer such non-estate funds.

17. In states that have enacted laws providing that certain of the Taxes and Fees constitute trust fund taxes, officers and directors of the collecting debtor entity may be held personally liable for nonpayment of such Taxes. *See, e.g., Conway v. United States*, 647 F.3d 228 (5th Cir. 2011) (holding CEO personally liable for failure to ensure that company paid over to IRS prepetition excise taxes that were withheld from airline passengers); *John F. Olson, Director & Officer Liability: Indemnification & Insurance* § 3.21, at 3-20.27 (2008) (“[S]ome states hold corporate officers personally liable for any sales tax and penalty owed and not paid by the corporation, regardless of cause.”). To the extent any accrued Taxes of the Debtors were unpaid as of the Petition Date, the Debtors’ officers and directors may be subject to lawsuits in such jurisdictions during these chapter 11 cases. These potential lawsuits would prove extremely distracting for (a) the Debtors, (b) the named officers and directors whose attention to the Debtors’ chapter 11 cases may be required, and (c) this Court, which might be asked to entertain various motions seeking injunctions with respect to the potential state court actions. Thus, it is in the best interest of the Debtors’ estates to eliminate the possibility of the foregoing distraction.

18. It is also likely that a significant portion of the Taxes and Fees are entitled to priority payment status pursuant to section 507(a)(8) of the Bankruptcy Code. *See* 11 U.S.C. § 507(a)(8)(A) (taxes measured on gross income); *id.* at § 507(a)(8)(C) (debtor’s liability in connection with “trust fund” taxes); *id.* § 507(a)(8)(E) (excise taxes).⁷ Under any chapter 11 plan, these priority Taxes and Fees must be paid in full and in regular cash installments over a five-year

⁷ For bankruptcy purposes, a tax is characterized as “(a) [a]n involuntary pecuniary burden, regardless of name, laid upon the individual or property; (b) [i]mposed by, or under authority of the legislature; (c) [f]or the public purposes, including the purposes of defraying expenses of government or undertakings authorized by it; [and] (d) [u]nder the police or taxing power of the state.” *LTV Steel Co., Inc. v. Shalala (In re Chateaugay Corp.)*, 53 F.3d 478, 498 (2d Cir. 1995) (citation omitted).

period from the date of the order for relief. *See id.* at § 1129(a)(9)(C)(i)-(ii). Additionally, such Taxes and Fees must be paid in the order of priority no less favorable than the treatment given to the most favored general unsecured claims. *See id.* at § 1129(a)(9)(C)(iii). Finally, any chapter 11 plan must provide the same treatment for those Taxes and Fees that constitute secured claims that, were they unsecured, would have been priority tax claims under section 507(a)(8) of the Bankruptcy Code. *See id.* at § 1129(a)(9)(D). Thus, in most cases, the payment of the Taxes and Fees that are entitled to such priority in the ordinary course of the Debtors' business only affects the timing of the payment and does not prejudice the rights of other creditors of the Debtors.

19. Courts have also authorized debtors to pay taxes under section 363(b)(1) of the Bankruptcy Code, which provides that “the trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” Under this section, a court may authorize a debtor to pay certain prepetition claims. *See In re FV Steel & Wire Co.*, Case No. 04-22421 (Bankr. E.D. Wis. Feb. 26, 2004) (authorizing the continuation of customer programs and the payment of prepetition claims under section 363 of the Bankruptcy Code); *In re UAL Corp.*, Case No. 02-48191 (Bankr. N.D. Ill. Dec. 9, 2002) (authorizing payment of prepetition claims under section 363 of the Bankruptcy Code as an out-of-the-ordinary-course transaction). To use property in the ordinary course of business, “the debtor must articulate some business justification, other than the mere appeasement of major creditors.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). Here, the Debtors' failure to pay the Taxes and Fees could have a significant adverse impact on their ability to operate in the ordinary course of business and may result in additional penalties or interest.

20. Finally, section 105(a) of the Bankruptcy Code provides that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” *See* 11 U.S.C. § 105(a). The purpose of section 105(a) is “to assure the bankruptcy courts

power to take whatever action is appropriate or necessary in aid of the exercise of their jurisdiction.” *See* 2 Collier on Bankruptcy ¶ 105.01 (16th ed. 2024). Thus, section 105 essentially codifies the bankruptcy court’s inherent equitable powers. *See Mgmt. Tech. Corp. v. Pardo*, 56 B.R. 337, 339 (Bankr. D.N.J. 1985) (noting that the court’s equitable power is derived from section 105 of the Bankruptcy Code).

21. Numerous courts have used section 105’s equitable powers under the “necessity of payment doctrine” to authorize payment of a debtor’s prepetition obligations in order to preserve and maximize the value of the debtor’s estates. *See, e.g., Miltenberger v. Logansport, C. & S.W. Ry. Co.*, 106 U.S. 286, 311-12 (1882) (recognizing the existence of judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor); *see also In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that courts may authorize payment of prepetition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”); *Ionosphere Clubs*, 98 B.R. at 176-77 (citing *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 528 (1984)); *In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding the 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”); *In re Just for Feet, Inc.*, 242 B.R. 821, 824-45 (D. Del. 1999) (noting that debtors may pay prepetition claims that are essential to the continued operation of business); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (same).

22. Courts in this district have routinely granted relief similar to that requested herein in other chapter 11 cases. *See, e.g., In re OTB Holding LLC*, Case No. 25-52415 (SMS) (Bankr. N.D. Ga. Mar. 7, 2025) [Docket No. 52]; *In re LaVie Care Centers. LLC*, Case No. 24-55507

(PMB) (Bankr. N.D. Ga. July 10, 2024) [Docket No. 239]; *In re The Krystal Co.*, No. 20-61065 (Bankr. N.D. Ga. Feb. 13, 2020) [Docket No. 158]; *In re Jack Cooper Ventures, Inc.*, No. 19-62393 (PWB) (Bankr. N.D. Ga. Sept. 3, 2019) [Docket No. 216]; *In re AstroTurf, LLC*, No. 16-41504 (PWB) (Bankr. N.D. Ga. June 29, 2016) [Docket No. 26].

23. For these reasons, authorizing the Debtors to pay, in their discretion, the prepetition Taxes and Fees will avoid serious disruption to their operations that would result from the nonpayment of such Taxes and Fees. Furthermore, nonpayment of these obligations may cause the Taxing and Regulatory Authorities to take precipitous action, including, but not limited to, filing liens, preventing the Debtors from conducting business in applicable jurisdictions, and seeking to lift the automatic stay, all of which could disrupt the Debtors' day-to-day operations, impose significant costs on the Debtors' estates, and destroy the going concern value of the Debtors' business.

**REQUEST FOR IMMEDIATE RELIEF AND WAIVER OF STAY
TO AVOID IMMEDIATE AND IRREPARABLE HARM**

24. The relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein and in the First Day Declaration. Therefore, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

25. Bankruptcy Rule 6003 provides that the Court may grant relief within 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, including a motion to pay all or part of a claim that arose before the filing of the petition" only if such relief is necessary to avoid immediate and irreparable harm. Fed R. Bankr. P. 6003(b). As set forth in the Motion, paying any prepetition Taxes and Fees will avoid serious disruption to the Debtors' operations that would result from the failure to pay such Taxes and Fees, because nonpayment of these obligations may cause the Taxing and Regulatory Authorities to take precipitous action, which could include filing liens, preventing the Debtors

from conducting business in applicable jurisdictions, and seeking to lift the automatic stay, each of which could disrupt the Debtors' day-to-day operations and impose significant costs on the Debtors' estates and destroy the going concern value of the Debtors' business.

26. Additionally, the Debtors further seek a waiver of any stay of the effectiveness of an order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), "[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). The relief requested in this Motion is essential to prevent immediate and irreparable damage to the Debtors' operations, going-concern value, and their efforts to pursue a resolution to these Chapter 11 Cases. Accordingly, the 14-day stay under Bankruptcy Rule 6004(h) should be waived.

RESERVATION OF RIGHTS

27. Nothing in the Proposed Orders or this Motion (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 and their estates; (ii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and 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.

NOTICE

28. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee for the Northern District of Georgia; (b) the Debtors' prepetition lender; (c) creditors holding the 30 largest unsecured claims against the Debtors; (d) the United States Attorney for the Northern District of Georgia; (e) the Georgia Department of Revenue; (f) the Internal Revenue Service; (g) the Securities & Exchange

Commission; (h) the Georgia Secretary of State; (i) the states attorneys general for states in which the Debtors conduct business; (j) the Taxing and Regulatory Authorities; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

29. No prior request for the relief sought in this Motion has been made to this or any other court.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter the Proposed Orders granting the relief requested herein and such other and further relief as is just and proper.

Date: August 4, 2025
Atlanta, Georgia

Respectfully Submitted,

GREENBERG TRAURIG, LLP

/s/ John D. Elrod

John D. Elrod, GA Bar No. 246604
Jake Evans, GA Bar No. 797018
Allison J. McGregor, GA Bar No. 860865
3333 Piedmont Road NE, Suite 2500
Atlanta, GA 30305
Telephone: 678-553-2259
Facsimile: 678-553-2269
Email: elrodj@gtlaw.com
Jake.Evans@gtlaw.com
Allison.McGregor@gtlaw.com

Proposed Counsel for the Debtors in Possession

Exhibit A

Proposed Interim Order

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

In re:)	
)	
)	Chapter 11
WELLMADE FLOOR COVERINGS)	
INTERNATIONAL, INC., <i>et al.</i> , ¹)	Case No. 25-58764
)	
Debtors.)	(Joint Administration Requested)
)	
)	Re: Docket No. _

**INTERIM ORDER AUTHORIZING (I) THE DEBTORS TO PAY PREPETITION
TAXES AND REGULATORY FEES IN THE ORDINARY COURSE OF
BUSINESS AND (II) BANKS AND FINANCIAL INSTITUTIONS TO HONOR
AND PROCESS CHECKS AND TRANSFERS RELATED THERETO**

Upon the *Emergency Motion of the Debtors for Entry of an Order Authorizing (I) the Debtors to Pay Prepetition Taxes and Regulatory Fees in the Ordinary Course of Business and (II) Banks and Financial Institutions to Honor and Process Checks and Transfers Related Thereto*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

(the “Motion”);² and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); 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 it appearing that due and adequate notice of the Motion has been given under the circumstances; and this Court having held a hearing (the “Hearing”) to consider the relief requested in the Motion; and upon the First Day Declaration and the record of the Hearing, this Court having determined that there is good and sufficient cause for the relief set forth in this Order; and after due deliberation thereon,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis to the extent provided herein.
2. The Debtors are authorized, but not directed, to pay all prepetition Taxes and Fees to the applicable Taxing and Regulatory Authorities in the ordinary course of business, whether such Taxes and Fees were incurred, accrued, or otherwise arose prior to the Petition Date.
3. The Debtors are authorized to pay any amounts in respect of the Taxes and Fees paid by checks issued prepetition that have not yet cleared on the Petition Date, and to reissue any checks that are otherwise returned by a Taxing and Regulatory Authority.
4. All applicable Banks shall be, and hereby are, authorized, when requested by the Debtors, in their sole discretion, to receive, process, honor and pay all checks or electronic transfers drawn on the Debtors’ accounts to pay the prepetition Taxes and Fees authorized by this Order, whether those checks were presented prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

5. Nothing in the Motion or this Order shall be construed as impairing the Debtors' right to contest the validity, priority, or amount of any Taxes or Fees that may be due to any of the Taxing and Regulatory Authorities.

6. Notwithstanding anything to the contrary contained in this Order, any payment, deposit, or other transfer made or to be made under this Order, any authorization contained in this Order, or any claim for which payment is authorized hereunder, shall be subject to the terms and provisions of any orders of this Court approving any debtor-in-possession financing for, or any use of cash collateral by, the Debtors and any approved budget (subject to permitted variances thereto) in connection therewith. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of (a) any such orders approving any debtor-in-possession financing or use of cash collateral or (b) any debtor-in-possession financing agreements and documents related thereto.

7. A final hearing to consider the relief requested in the Motion shall be held on _____, 2025 at ____:____.m. (**prevailing Eastern Time**) and any objections to entry of such order shall be in writing and filed with this Court no later than _____, 2025 at **4:00 p.m. (prevailing Eastern Time)** and served on: (i) the Debtors, c/o Wellmade Floor Coverings International, Inc., 1197 Peachtree St. NE, Suite 780, Atlanta, GA 30316, Attn: David Baker (dbaker@auroramp.com); (ii) proposed counsel to the Debtors, Greenberg Traurig, LLP, Terminus 200, 3333 Piedmont Road, NE, Suite 2500, Atlanta, Georgia 30305, Attn: John D. Elrod (elrodj@gtlaw.com) and Allison J. McGregor (Allison.McGregor@gtlaw.com); (iii) counsel for the Prepetition Lenders, King & Spalding LLC, 1180 Peachtree Street, NE, Suite 1600, Atlanta, GA 30309, Attn: Austin Jowers (AJowers@kslaw.com); and (iv) the Office of the United States

Trustee for Region 21, 362 Richard Russell Building & U.S. Courthouse, 75 Ted Turner Drive,
S.W., Atlanta, GA 30303 (Attn: _____).

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

9. The requirements of Bankruptcy Rule 6003(b) are satisfied.

10. Notwithstanding any applicable Bankruptcy Rule, this Order shall be effective and enforceable immediately upon entry hereof.

11. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and interpretation of this Order.

END OF DOCUMENT

Prepared and presented by:

GREENBERG TRAURIG, LLP

/s/ John D. Elrod

John D. Elrod, GA Bar No. 246604

Jake Evans, GA Bar No. 797018

Allison J. McGregor, GA Bar No. 860865

3333 Piedmont Road NE, Suite 2500

Atlanta, GA 30305

Telephone: 678-553-2259

Facsimile: 678-553-2269

Email: elrodj@gtlaw.com

Jake.Evans@gtlaw.com

Allison.McGregor@gtlaw.com

Proposed Counsel for the Debtors in Possession

Distribution List

Wellmade Floor Coverings International, Inc.
Aurora Management Partners
1197 Peachtree St NE, Suite 780
Atlanta, GA 30361
Attn: David Baker

Greenberg Traurig, LLP
Terminus 200
3333 Piedmont Road, NE, Suite 2500
Atlanta, Georgia 30305
Attn: John D. Elrod

Kurtzman Carson Consultants LLC d/b/a Verita Global
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245
Attn: Drake D. Foster

Office of the United States Trustee
362 Richard Russell Federal Building
75 Ted Turner Drive, SW
Atlanta, GA 30303

Exhibit B

Proposed Final Order

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

In re:

WELLMAD FLOOR COVERINGS
INTERNATIONAL, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-58764

(Joint Administration Requested)

Re: Docket No. ____

**FINAL ORDER AUTHORIZING (I) THE DEBTORS TO PAY PREPETITION
TAXES AND REGULATORY FEES IN THE ORDINARY COURSE OF
BUSINESS AND (II) BANKS AND FINANCIAL INSTITUTIONS TO HONOR
AND PROCESS CHECKS AND TRANSFERS RELATED THERETO**

Upon the *Emergency Motion of the Debtors for Entry of an Order Authorizing (I) the Debtors to Pay Prepetition Taxes and Regulatory Fees in the Ordinary Course of Business and (II) Banks and Financial Institutions to Honor and Process Checks and Transfers Related Thereto* (the “Motion”);² and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

and 1334; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having jurisdiction to enter 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 it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and this Court having held a hearing (the “Hearing”) to consider the relief requested in the Motion; and upon the First Day Declaration and the record of the Hearing and the Court having entered an interim order granting the relief requested in the Motion; and good and sufficient cause appearing for the relief set forth in this Order; and after due deliberation thereon,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED to the extent provided herein.
2. The Debtors are authorized, but not directed, to pay all prepetition Taxes and Fees to the applicable Taxing and Regulatory Authorities in the ordinary course of business, whether such Taxes and Fees were incurred, accrued, or otherwise arose prior to the Petition Date.
3. The Debtors are authorized to pay any amounts in respect of the Taxes and Fees paid by checks issued prepetition that have not yet cleared on the Petition Date, and to reissue any checks that are otherwise returned by a Taxing and Regulatory Authority.
4. All applicable Banks shall be, and hereby are, authorized, when requested by the Debtors, in their sole discretion, to receive, process, honor and pay all checks or electronic transfers drawn on the Debtors’ accounts to pay the prepetition Taxes and Fees authorized by this Order, whether those checks were presented prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments.

5. Nothing in the Motion or this Order shall be construed as impairing the Debtors' right to contest the validity, priority or amount of any Taxes or Fees that may be due to any of the Taxing and Regulatory Authorities.

6. Notwithstanding anything to the contrary contained in this Order, any payment, deposit, or other transfer made or to be made under this Order, any authorization contained in this Order, or any claim for which payment is authorized hereunder, shall be subject to the terms and provisions of any orders of this Court approving any debtor-in-possession financing for, or any use of cash collateral by, the Debtors and any approved budget (subject to permitted variances thereto) in connection therewith. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of (a) any such orders approving any debtor-in-possession financing or use of cash collateral or (b) any debtor-in-possession financing agreements and documents related thereto.

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

8. Notwithstanding any applicable Bankruptcy Rule, this Order shall be effective and enforceable immediately upon entry hereof.

9. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and interpretation of this Order.

END OF DOCUMENT

Prepared and presented by:

GREENBERG TRAURIG, LLP

/s/ John D. Elrod

John D. Elrod, GA Bar No. 246604

Jake Evans, GA Bar No. 797018

Allison J. McGregor, GA Bar No. 860865

3333 Piedmont Road NE, Suite 2500

Atlanta, GA 30305

Telephone: 678-553-2259

Facsimile: 678-553-2269

Email: elrodj@gtlaw.com

Jake.Evans@gtlaw.com

Allison.McGregor@gtlaw.com

Proposed Counsel for the Debtors in Possession

Distribution List

Wellmade Floor Coverings International, Inc.
Aurora Management Partners
1197 Peachtree St NE, Suite 780
Atlanta, GA 30361
Attn: David Baker

Greenberg Traurig, LLP
Terminus 200
3333 Piedmont Road, NE, Suite 2500
Atlanta, Georgia 30305
Attn: John D. Elrod

Kurtzman Carson Consultants LLC d/b/a Verita Global
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245
Attn: Drake D. Foster

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75 Ted Turner Drive, SW
Atlanta, GA 30303

Exhibit C

Schedule of Taxing and Regulatory Authorities

Taxing and Regulatory Authority	Address	Tax Type
Arizona Department of Revenue	Arizona Department of Revenue 1600 West Monroe Street Phoenix, AZ 85007	Sales Tax
Bartow County Community Development Department	Bartow County Community Development Department 135 West Cherokee Ave, Suite 124 Cartersville, GA 30120	Business License
California Department of Revenue	Franchise Tax Board P.O. Box 942857 Sacramento, CA 94257	Sales Tax Franchise Tax
Colorado Department of Revenue	Colorado Department of Revenue P.O. Box 17087 Denver, Co 80217	Sales Tax
Canada Revenue Agency	Canada Revenue Agency PO Box 3800 Stn A Sudbury, ON P3A 0C3	Sales Tax
Florida Department of Revenue	Florida Department of Revenue 5050 West Tennessee Street Tallahassee, FL 32399	Sales Tax
Georgia Department of Revenue	Processing Center Georgia Department of Revenue P.O. Box 740239 Atlanta, GA 30374-0239	Sales Tax Personal Property Tax Income Tax
Illinois Department of Revenue	Illinois Department of Revenue PO Box 19034 Springfield IL 62794	Sales Tax
Indiana Department of Revenue	Indiana Department of Revenue P.O. Box 595 Indianapolis, IN 46206	Sales Tax
Maryland Department of Assessments and Taxation	Maryland Department of Assessments and Taxation 700 E. Pratt St. Suite 2700 Baltimore, MD 21202	Sales Tax
Minnesota Department of Revenue	Minnesota Revenue 600 N. Robert St. St. Paul, MN 55146	Sales Tax
Ministere du Revenu QC	Revenue Quebec 4 Place-Laval, Bureau 150-F Laval, Quebec H7N 5Y3	Sales Tax

Taxing and Regulatory Authority	Address	Tax Type
New Jersey Division of Taxation	New Jersey Division of Taxation PO Box 999 Trenton, NJ 08646	Sales Tax
New York Department of Taxation and Finance	NYS Department of Taxation and Finance Building 9 W A Harriman Campus Albany, NY 12227	Sales Tax
North Carolina Department of Revenue	North Carolina Department of Revenue PO Box 25000 Raleigh, NC 27640	Sales Tax
Ohio Department of Revenue	Ohio Department of Taxation P.O. Box 2678 Columbus, OH 43216	Sales Tax
Oregon Department of Revenue	Oregon Department of Revenue 955 Center St NE Salem, OR 97204	Income Tax
Tennessee Department of Revenue	Department of Revenue 500 Deaderick Street Nashville, TN 37242	Sales Tax
Texas Comptroller of Public Accounts	Texas Comptroller of Public Accounts 111 E 17 th St Austin, TX 78774	Income Tax
Utah State Tax Commission	Utah State Tax Commission 210 North 1950 West Salt Lake City, Utah 84134	Sales Tax
Virginia Department of Taxation	Virginia Department of Taxation P.O. Box 760 Richmond, VA 23218	Sales Tax
Washington Department of Taxation	Washington State Department of Revenue 2101 4 th Ave, Suite 1400 Seattle, WA 98102	Sales Tax