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SUPERIOR COURT OF WASHINGTON FOR KING COUNTY

WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as ~~Agent~~

Petitioner,

v.

NORTHWEST FISH COMPANY, LLC, a Washington corporation, PETER PAN SEAFOOD COMPANY, LLC, an Alaska limited liability company, ALASKA FISH HOLDINGS, LLC, a Delaware limited liability company, and RAYMOND MACHINE SHOP, LLC, a Washington limited liability company,

Respondents.

Case No. 24-2-08809-1 SEA

ORDER APPOINTING GENERAL RECEIVER

[Clerk's Action Required]

THIS MATTER having come before the Court upon the motion (the "Motion") of Wells Fargo Bank, National Association, a national banking association, as agent for certain lenders under the Credit Agreement (as defined below) (in such capacity, together with its successors and assigns, collectively, "Agent" or "Petitioner"), a secured creditor of Northwest Fish Company, LLC, a Washington limited liability company, Peter Pan Seafood Company, LLC, an Alaska limited liability company, Alaska Fish Holdings, LLC, a Delaware limited liability company, and Raymond Machine Shop, LLC, a Washington limited liability company (collectively, "Debtors" or "Respondents"), by and through Agent's counsel, Gregory R. Fox of Lane Powell PC, for appointment of a general receiver; due and proper notice of the Motion having been given to all parties entitled thereto; the Court having duly considered the records

1 and files herein, including the Motion, the Declarations of Gary Harrigian, Gregory R. Fox and
2 David Stapleton, and corresponding exhibits thereto; a show-cause hearing having been held
3 and the Court being fully advised in the premises, the Court hereby finds as follows:

4 A. Debtors, Agent, and the lender parties thereto from time to time (collectively,
5 “Lenders”) entered into that certain Amended and Restated Credit Agreement dated as of July
6 19, 2022 (as amended, modified and supplemented from time to time, the “Credit Agreement”;
7 capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto
8 in the Credit Agreement; for the avoidance of doubt, the term “Obligations” as used herein,
9 shall mean the Obligations as defined in the Credit Agreement), pursuant to which Agent and
10 the Lenders made Revolving Loans and extended other financial accommodations to the
11 Debtors. The Revolving Loans and the other Obligations are secured by a first priority security
12 interest granted by Debtors to Agent in substantially all of their personal property assets,
13 including, without limitation, all of Debtors’ accounts receivable and other rights to payment,
14 general intangibles, inventory and equipment, and proceeds thereof (collectively, the
15 “Collateral”), pursuant to, and as more fully described in, (i) that certain Amended and Restated
16 Security Agreement dated as of July 19, 2022, among Agent, Debtors, and the other parties
17 party thereto from time to time, (ii) that certain Trademark Security Agreement dated December
18 31, 2020 by Peter Pan Seafood Company, LLC in favor of Agent, filed with the US Patent and
19 Trademark Office on January 4, 2021 at Reel/Frame 7154/040 and (iii) the other security
20 agreements executed in connection with the Credit Agreement (as each such agreements
21 described in subclauses (i) through (iii) are amended, modified and supplemented from time to
22 time, collectively, the “Security Agreements”). Petitioner’s security interest in the Collateral is
23 properly perfected. Accordingly, Petitioner has an interest in Respondent’s business, assets,
24 and the Collateral that is a subject of the action.

25 B. The Loan Documents and Bank Product Agreements evidence and govern the
26 Obligations (including, without limitation, the Bank Product Obligations) and the financing
27 relationship among the Debtors and Agent and the Lenders; the Debtors are in default under the

1 Credit Agreement; the Obligations constitute the legal, valid and binding obligations of the
2 Debtors, enforceable in accordance with the terms of the Loan Documents and Bank Product
3 Agreements; and no offsets, defenses, right of recoupment, or counterclaims to the payment of
4 the Obligations exist, and no portion of the Obligations is subject to avoidance or subordination
5 under applicable law.

6 C. The Debtors lack the ability to pay their debts as they come due, or to continue
7 operations in the ordinary course and to maintain and preserve the Collateral.

8 D. The Collateral and its revenue producing potential are in danger of being lost or
9 materially injured or impaired.

10 E. A receiver is reasonably necessary to protect and preserve and sell the Collateral.

11 F. Stapleton Group, Inc. is qualified to act as a general receiver for the Respondent
12 and its assets, including but not limited to the Collateral.

13 THEREFORE, IT IS HEREBY ORDERED THAT:

14 1. Appointment. Stapleton Group, Inc. (hereinafter referred to as the "Receiver")
15 is appointed as the general receiver with respect to Debtors' operations (the "Business"), assets
16 and all tangible and intangible real and personal property, including but not limited to the
17 Collateral (together, with the Business, the "Assets"), wherever located and with respect to all
18 products and proceeds thereof, with authority to take exclusive possession and control of the
19 Assets pursuant to the terms of this Order and RCW 7.60 *et. seq.* (the "Receivership"). All
20 persons or entities now in possession of any part of the Assets shall deliver immediately to the
21 possession and control of Receiver all rents, profits, proceeds, income, accounts receivable,
22 bank accounts and other income or monies whatsoever relating to the Receivership. The
23 Receiver is an independent, court-appointed fiduciary and shall not be subject to the control of
24 any party to this proceeding but shall be subject only to the Court's direction in the fulfillment
25 of the Receiver's duties. The appointment of the Receiver shall be effective on the date that
26 the Receiver files the bond required under paragraph 2 below (the "Effective Date").
27

1 2. Bond. Within five (5) court days following entry of this Order, the Receiver
2 shall execute and file with the Court either cash or a bond in the amount of \$20,000.00 with a
3 surety authorized by the Washington Commissioner of Insurance to engage in the business of
4 suretyship in the state of Washington, in favor of the Clerk of the King County Superior Court,
5 on the condition that the Receiver will faithfully discharge the duties of Receiver in this action
6 and obey the orders of the Court herein. The Receiver is authorized to pay (or be reimbursed
7 for) any premium or other fee of the surety providing such bond from the Assets, as an expense
8 of the Receiver, without further order of this Court.

9 3. Schedules. To the extent the Receiver is unable to meet the deadline to file
10 schedules imposed by RCW 7.60.090, the Receiver shall have an additional thirty (30) days to
11 complete these tasks, provided the Receiver advises Agent that the Receiver requires additional
12 time.

13 4. Authority of the Receiver. Unless and until otherwise ordered by the Court, the
14 Receiver shall be a General Receiver as defined in RCW 7.60.015, and with the power, rights
15 and authority vested in it by RCW 7.60.060. In addition:

16 a. The Receiver is authorized to (i) sell or lease the Assets, whether in bulk,
17 or in parts, and whether as a going concern or by liquidation, and wherever located and to seek
18 adjunct proceedings in other states or jurisdictions in furtherance of such authority, and/or (ii)
19 wind up Debtors' affairs, pursuant to RCW 7.60.260; provided that without the prior written
20 consent of the Agent and notice and a hearing pursuant to RCW 7.60 *et seq.*, Receiver shall not
21 (x) sell or dispose of the Assets outside of the ordinary course of business unless the proceeds
22 from the sale of such Assets are sufficient to pay in full the Obligations in accordance with the
23 Credit Agreement and the other Loan Documents, or, in the case of inventory, the proceeds
24 from the sale or other disposition exceed fifty percent (50%) of the cost of inventory, (y)
25 purchase any new machinery or equipment, or (z) discount, sell or otherwise compromise any
26 accounts receivable, where the discount results in payment less than seventy percent (70%) of
27 the subject invoice. Except as otherwise set forth herein, all proceeds from the sale or lease of

1 Assets (other than any collections projected to be received, retained and used by Debtors in
2 accordance with paragraph 8) shall be paid to Agent and applied in accordance with the terms
3 of the Credit Agreement and the other Loan Documents (including the Permitted Holder
4 Subordination Agreement and any other subordination agreement), the Bank Product
5 Agreements until the Obligations are paid in full in accordance with the Credit Agreement;
6 provided that the Receiver shall obtain court approval after notice and a hearing before
7 distributing to any person other than Agent the proceeds of a sale or lease of Assets outside the
8 ordinary course of business. Subject to the provisions of RCW 7.60.260, the Receiver's sale(s)
9 of the Assets in accordance with this Order shall be effected free and clear of liens and of all
10 rights of redemption, whether or not the sale will generate proceeds sufficient to fully satisfy
11 all claims secured by the Assets. Upon any sale free and clear of liens in accordance with this
12 Order, all security interests and other liens encumbering such Assets shall attach to the proceeds
13 of the sale, net of reasonable expenses incurred in the disposition of such Assets and
14 Receivership expenses allocated to the disposition of such Assets set forth in the Budget, or
15 subject to Agent's prior written consent, in the same order, priority, and validity as any liens
16 had with respect to the property immediately before the conveyance or as otherwise set forth in
17 any subordination agreements.

18 b. The Receiver may, but is not required to, open and maintain such bank
19 accounts and enter into any Bank Product Agreements (and any amendments, supplements or
20 modifications to any Bank Product Agreements) as may be necessary or desirable for the
21 deposit of monies collected or received by the Receiver, and may use the Debtors' EIN(s) to
22 open any bank accounts in the Debtors' name or enter into any Bank Product Agreements (and
23 any amendments, supplements or modifications thereto) in the Debtors' name or otherwise.
24 The deposits or proceeds of deposits deposited in Debtors' bank accounts may be transferred to
25 the Receiver's account. To the extent that any account is opened by the Receiver in its name,
26 the account, the proceeds therein and any Bank Product Obligations shall be subject to the
27 security interest of Agent, without the need for Agent to take any further action to perfect its

1 security interest; provided, however, that the Receiver shall execute any document reasonably
2 requested by Agent to ensure the perfection of the security interest in its favor.

3 c. Subject to the Budget, the Receiver, in the performance of the Receiver's
4 duties, may employ such persons as the Receiver deems appropriate, including current
5 employees of Debtors, in connection with the Receiver's management and operation of the
6 Business and the sale of Assets. All such persons, including any persons who may also be
7 directors, officers or employees shall be subject to the management and direction of the
8 Receiver in connection with their performance of any duties associated with such employment
9 by the Receiver. The Receiver shall be free at all times to terminate the employ of any such
10 person.

11 d. The Receiver is authorized, but not required, to bring and prosecute
12 actions for the recovery of Assets in the possession of third parties and for collection of any
13 sums now or hereafter owing to Debtors or the Receiver. The Receiver may undertake its
14 collection duties in Debtors' and/or the Receiver's name in assisting him with the collection of
15 Debtors' uncollected accounts receivable and other claims. Subject to paragraph 4(a), the
16 Receiver may alter the place of payment, settle, compromise, and otherwise take all actions
17 necessary to collect all outstanding accounts receivable of Debtors, without further order of the
18 Court and to liquidate all other Assets, including without limitation, notifying account debtors
19 to pay the Receiver directly the proceeds of all outstanding accounts receivable. A copy of this
20 Order may be remitted to account debtors and may be relied upon by account debtors as
21 authority to pay the Receiver solely and directly. Any account debtor who makes payment to
22 the Receiver shall have full credit in the amount of such payment with respect to its obligations
23 owing to Debtors.

24 e. The Receiver shall have the power to do all things which the owner of
25 the Assets might do in the ordinary course of business as a going concern or use of the Assets
26 including but not limited to, and without further order of the Court, subject to the Budget (as
27 amended from time to time with the written consent of Agent), the purchase or acquisition of

1 such goods, materials, services and supplies as the Receiver deems to be necessary or
2 appropriate to preserve and protect the Assets. Payment of expenses incurred in the ordinary
3 course of the Business, including but not limited to payroll, payroll taxes, employee benefits,
4 property maintenance and management, as applicable, utilities, insurance, taxes, landscaping,
5 janitorial services, and maintenance the Assets shall not require prior approval of the Court,
6 provided that such expenses are consistent with the Budget.

7 f. The Receiver, without further order of the Court, in its sole discretion, is
8 authorized to perform or contract for accounting, consulting and tax services with respect to the
9 Business, as necessitated by this proceeding or as may be required by law in the performance
10 of the Receiver's duties.

11 g. The Receiver, in its discretion, may delegate performance of certain of
12 the Receiver's clerical and accounting duties and functions, and may employ such attorneys or
13 other professionals as the Receiver may require in connection with the proper performance of
14 the Receiver's duties. The Receiver will obtain Court approval of employment of attorneys and
15 other professionals as required by RCW 7.60 *et. seq.*

16 h. The Receiver is authorized to make such repairs, replacements,
17 alterations or improvements to the Assets as the Receiver determines to be prudent or necessary.
18 Unless otherwise ordered by the Court, the Receiver is not obligated to undertake, and will have
19 no liability for any remediation or cleanup with respect to hazardous materials presently
20 existing under, on or about any real property used, occupied or operated by Debtors.

21 5. Investigation. The Receiver, to the extent that sufficient funds are available, may
22 investigate the Business, financial condition and other circumstances and prospects of operating
23 the Business or disposing of the Assets by sale or lease and shall, subject to the terms of this
24 Order, be authorized without further order of this Court, to have the exclusive power and
25 authority to manage, operate, lease, maintain and control the Assets.

26 6. Records Systems. The Receiver shall establish and maintain such accounting,
27 bookkeeping and record-keeping systems as the Receiver determines to be advisable in the

1 Receiver's business judgment in connection with its operation and management of the Business
2 and Collateral.

3 7. Continuing Validity of Credit Agreement, the Other Loan Documents and the
4 Bank Product Agreements. Except as otherwise specifically set forth in this Order, Receiver
5 and the Debtors shall remain bound at all times by the terms and conditions of the Credit
6 Agreement, the other Loan Documents and the Bank Product Agreements (including, for the
7 avoidance of doubt, the cash management, corporate credit card and merchant banking services
8 agreements that any Debtor is a party to with Agent and certain of Agent's affiliates).

9 8. Use of Cash Collateral. Agent holds a first priority perfected security interest
10 against substantially all the personal property assets of Debtors, including, but not limited to,
11 the Cash Collateral (as defined below). In order to prevent immediate and irreparable harm to
12 Debtors' Assets, until the Termination Date (as defined below), all Cash Collateral shall be
13 turned over to Agent for application in accordance with paragraph 9 or as otherwise agreed to
14 by Agent. As used herein, "Cash Collateral" has the meaning set forth in 11 U.S.C. § 363(a)
15 with respect to all Assets in which Agent has an interest, including all deposits subject to setoff
16 rights in favor of Agent, and all cash arising from the collection or other conversion to cash of
17 the Assets. The Receiver is authorized and directed to remit all Cash Collateral in its possession
18 or under its control to Agent promptly (but no less frequently than daily) upon receipt thereof
19 in order to reduce the outstanding amount of the Obligations (including the Receiver
20 Obligations (defined below)). Agent shall apply such Cash Collateral in accordance with the
21 terms of the Loan Documents, the Bank Product Agreements and this Order.

22 9. Receiver's Authority to Incur Indebtedness. Receiver is authorized to incur
23 additional Revolving Loans, Bank Product Obligations and all other Obligations in respect of
24 the foregoing pursuant to the terms of the Credit Agreement, the other Loan Documents, the
25 Bank Product Agreements, and the other terms hereof, subject to the approval of Agent in its
26 sole and absolute discretion, and solely to pay the amounts set forth in a budget to be prepared
27 by Receiver and approved by Agent in its sole discretion (as the same may be amended or

1 otherwise modified as agreed to in writing by Receiver and Agent, the "Budget") or such other
2 amounts as Agent may agree, as and when such amounts are due and payable (such Revolving
3 Loans, the "Receiver Advances"; such Receiver Advances, Bank Product Obligations incurred
4 after the date hereof, and other such Obligations incurred after the date hereof, the "Receiver
5 Obligations"; and the outstanding amount of "Receiver Obligations" owing as of any date of
6 determination, the "Agent Priority Amount"). Receiver is further authorized to enter into such
7 amendments and modifications to the existing Loan Documents and Bank Product Agreements,
8 and such financing statements, mortgages, instruments and other documents as Agent may
9 request, in order to evidence such additional Revolving Loans and other Receiver Obligations.
10 All Receiver Obligations shall be entitled to a first and paramount security interest and lien
11 against the Business and Collateral (the "Agent Receivership Financing Lien"). All such
12 Receiver Advances shall be deemed to be Revolving Loans under the Credit Agreement and
13 subject to the terms thereof (including, without limitation, the settlement provisions set forth in
14 Section 2.2(e)); provided, however, (x) if and to the extent the aggregate amount of Receiver
15 Advances advanced in any week exceeds 120% of an amount equal to the aggregate amount of
16 disbursements projected in the Budget to be made during such week, or (y) during the period
17 commencing on the Effective Date and ending on the date Agent has approved in writing a
18 proposed budget to constitute the "Budget" for purposes of this Order (such period, the "Initial
19 Period"), which Initial Period shall not exceed ten (10) days, the Receiver may request Receiver
20 Advances solely to pay critical expenses up to an aggregate amount not to exceed \$5,000,000
21 for such Initial Period necessary to preserve and protect the Assets (in the determination of
22 Receiver and Agent) and payroll to the extent required to be paid during such Initial Period,
23 such excess Receiver Advances described in the foregoing subclauses (x) and (y) shall be
24 deemed to constitute Protective Advances (under and as defined in the Credit Agreement) and
25 will be for Agent's sole and separate account and not for the account of any Lender. Any
26 proceeds generated from the sale, lease or other disposition of Assets (including all Cash
27 Collateral) shall be applied as follows: (i) first, to repayment of all Obligations (excluding Bank

ORDER APPOINTING GENERAL RECEIVER - 9

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1 Product Obligations but including Receiver Obligations) up to an amount not to exceed the
2 Agent Priority Amount, (ii) second to the payment of costs, and those amounts due pursuant to
3 paragraph 12 herein to the extent consistent with the Budget, (iii) third, to repayment of all
4 Obligations (excluding Bank Product Obligations) not already paid pursuant to clause (i) above,
5 (iv) fourth, to repayment of all Bank Product Obligations, and (v) fifth to Debtors' other secured
6 and unsecured creditors in accordance with the respective order or priorities of such creditors
7 under applicable law; provided, however, for the avoidance of doubt, any repayment of the
8 Obligations pursuant to the foregoing shall be applied as follows: (1) first, to repayment of all
9 Obligations (other than Receiver Obligations and Bank Product Obligations) in the manner and
10 order as provided in the Credit Agreement, (2) second, to the repayment of all interest, fees,
11 costs and other charges relating to Receiver Advances made after the date hereof, (3) third, to
12 the repayment of Receiver Advances made after the date hereof, (4) fourth, to the repayment of
13 all other Receiver Obligations (including any Bank Product Obligations incurred after the date
14 hereof), and (5) fifth, to the repayment of all other Obligations (including any Bank Product
15 Obligation). Prior to making a distribution to any creditor (other than distributions in respect of
16 Receiver Obligations and in respect of the Obligations), Receiver shall independently analyze
17 the documents and filings of such creditor to ascertain and verify (a) the validity, priority, and
18 extent of such creditor's claimed security interest in the Assets or claimed priority status; and
19 (b) the amount of such creditor's claim. All such distributions to creditors (other than
20 distributions in respect of the Obligations (including without limitation the Receiver
21 Obligations)) are subject to prior approval of the Court.

22 a. Receiver shall not, without Agent's prior written consent, or the prior
23 payment and satisfaction in full of the Obligations (including all Receiver Obligations) in
24 accordance with the terms of the Credit Agreement and this Order: (a) grant or impose, or
25 request that the Court grant or impose, liens on or security interests in any Asset equal or
26 superior to Agent's liens on and security interests in such Assets (including Agent's
27 Receivership Financing Lien); (b) incur or seek to incur debt secured by such liens or security

1 interests described in subclause (a) or which is given superpriority administrative expense
2 status, (c) use Cash Collateral other than as provided in this Order; or (d) modify or affect any
3 Agent's rights under this Order, the Credit Agreement, the other Loan Documents, or the Bank
4 Product Obligations. Furthermore, Receiver may not seek to impose any other claim or
5 surcharge of any cost of administration of the Receivership against the Collateral or Agent
6 (except as expressly set forth in paragraph 13).

7 b. Measured as of the last day of the first week after the Effective Date and
8 the last day of each week thereafter, the Receiver shall not permit (i) the aggregate amount of
9 all disbursements made during the Measurement Period ending on such day to exceed one
10 hundred and ten percent (110%) of the budgeted amount of disbursements set forth in the
11 Budget for such Measurement Period, or (ii) the aggregate amount of all receipts during the
12 Measurement Period ending on such day to be less than ninety (90%) of the budgeted amount
13 of receipts set forth in the Budget for such Measurement Period. As used herein, "Measurement
14 Period" shall mean (i) the period of one week ending on Sunday of the first full week after the
15 Effective Date, (ii) the period of two consecutive weeks ending on Sunday of the second full
16 week after the Effective Date, (iii) the period of three consecutive weeks ending on Sunday of
17 the third full week after the Effective Date and (iv) each period of four consecutive weeks
18 ending on Sunday of the fourth full week after the Effective Date and on Sunday of each week
19 thereafter.

20 c. Unless extended by the Court this Order and Receiver's authorization to
21 use Cash Collateral pursuant to this Order and incur additional Revolving Loans will
22 automatically terminate on the Termination Date without further notice or order of Court. The
23 "Termination Date" means the earliest to occur of: (i) October 31, 2024; (ii) notice from Agent
24 (which notice may be given for any reason in Agent's sole discretion) or (iii) further Court
25 order. Upon the Termination Date, without further notice or order of the Court, at Agent's
26 election: (1) the Obligations, including all Receiver Obligations incurred by Receiver, shall be
27

1 immediately due and payable; (2) Agent shall be entitled to apply or set off any cash in such
2 Agent's possession or control to the Obligations in accordance with the Credit Agreement, until
3 such Obligations are indefeasibly and finally paid in full in accordance with the Credit
4 Agreement; and (3) Receiver shall be prohibited from using any Cash Collateral for any purpose
5 other than application to the Obligations in accordance with the Credit Agreement, the other
6 Loan Documents, the Bank Product Agreements and this Order, until such Obligations are
7 indefeasibly and finally paid in full in accordance with the Credit Agreement.
8

9 d. Neither Agent, any Lender nor any of the Collateral shall be subject to
10 the doctrine of marshaling.
11

12 10. Receiver's Compensation. The Receiver is authorized to pay itself
13 compensation, including for pre-petition work preparing for its appointment, at its current
14 regular hourly rates, including the rates of \$545 per hour for David Stapleton, President, \$545
15 per hour for David Kieffer, Senior Managing Director, \$545 per hour for Neal Gluckman,
16 Senior Managing Director, \$495 per hour for Jake DiIorio, Managing Director, and between
17 \$175 and \$495 per hour for other positions at their current regular hourly rates as needed, and
18 to reimburse the Receiver's expenses as set forth in the Budget and pursuant to paragraphs 12-
19 13 below.

20 11. Professionals/Attorneys. The Receiver may retain attorneys, accountants,
21 investment bankers, and other professional service providers to assist the Receiver in carrying
22 out its duties and obligations. The law firm of Schwabe, Williamson & Wyatt is hereby
23 authorized and appointed to act as attorneys for the Receiver and, subject to paragraph 12-13
24 below, shall be paid for all services at their standard hourly rates, not to exceed \$695 per hour.
25 Should the Receiver conclude that it is in the best interests of the receivership estate to retain
26 additional legal counsel or other professionals, the terms thereof shall be established by separate
27 motion pursuant to RCW 7.60.180.

1 12. Payment of the Receiver's and Professionals' Fees and Costs. Following the
2 Effective Date and Agent's approval of a Budget, the Receiver is authorized to disburse funds
3 from the Receivership estate, including, without limitation, the Collateral, as payment for its
4 fees and costs and for the fees and costs of its professionals, including for pre-petition work
5 preparing for appointment, on a periodic basis and solely to the extent set forth in the Budget,
6 but in any event not more than monthly, as follows:

7 a. The Receiver shall file with the Court a notice of compensation the
8 Receiver and of professionals (the "Compensation Notice") and serve such Compensation
9 Notice, together with a reasonably detailed description of the relevant time periods, services
10 rendered, and amount of compensation requested on: (i) Agent, (ii) Debtors, (iii) all persons
11 that have requested notice in the Receivership; and (iv) any person that has, to the Receiver's
12 actual knowledge, asserted any lien against the Assets. If no person objects to the proposed
13 disbursement within ten (10) calendar days following the date of service of the Compensation
14 Notice, the proposed disbursement shall be deemed approved as being fully and finally earned
15 without further order or leave of the Court.

16 b. If any person wishes to object to a proposed disbursement described in
17 the Compensation Notice, or any portion thereof, such person shall deliver a written objection
18 to the Receiver, and its counsel, that details the nature of the objection within the ten-day
19 objection period set forth above. If the Receiver or affected professionals cannot consensually
20 resolve the dispute with the objecting person or if the dispute is not resolved within thirty (30)
21 days of the date of the objection, the objecting party may file a motion with the Court to resolve
22 the objection. If the objecting party does not file such motion within forty-five (45) days after
23 the date of service of the Compensation Notice, the objection will be deemed withdrawn and
24 the Receiver may pay itself and all other professionals as set forth in the Compensation Notice.

25 c. In the event of a Termination Date pursuant to paragraph 9 above, or if
26 the Receivership estate is without sufficient liquid cash funds to defray on a current basis the
27 reasonable fees and costs earned and incurred by the Receiver and its professionals and the

1 expenses of the Receivership or any of the projected future fees, costs, and expenses of the
2 Receivership, and Agent elects not to advance such funds, good cause for termination of the
3 Receivership shall be deemed to exist and, upon application by the Receiver and/or any of its
4 professionals, establishing such lack of funding for the Receivership, the appointment of the
5 Receiver and/or its professionals shall be terminated and control over the Assets shall revert
6 back to the Debtors, subject to existing liens in the same order, priority, and validity, or the
7 Assets shall be distributed as the Court may then direct.

8 d. Any secured creditor who receives notice of the Receivership pursuant
9 to RCW 7.60.200 and fails to seek the removal of the Receiver or dismissal of the Receivership,
10 within thirty (30) days following the date upon which notice is mailed to creditors, shall be
11 deemed to have consented to the Receivership only for the purposes of RCW 7.60.230(1)(b);
12 provided, however, that pursuant to the provisions of this Order and the applicable provisions
13 contained in RCW 7.60 *et seq.*, any secured creditor shall have the right to object to the amount
14 of any administrative expenses, including, without limitation, the fees, charges and expenses of
15 the Receiver, its attorneys and other professional persons, entitled to priority over the claims of
16 such secured creditor pursuant to RCW 7.60.230(1)(b).

17 13. Surcharging Lien. Pursuant to RCW 7.60.230(1)(b), the approved fees and costs
18 of the Receiver and its attorneys or other professionals employed by it pursuant to the authority
19 granted by this court, together with all other necessary and reasonable expenses incurred by the
20 Receivership in connection with preserving, protecting or disposing of Assets, solely to the
21 extent consistent with the Budget, shall be a first and paramount surcharging lien against the
22 Assets, with priority over all other persons claiming an interest in or lien upon the Assets (the
23 "Receiver Lien"), with the exception of any liens in favor of Agent securing the Obligations up
24 to an amount not to exceed the Agent Priority Amount. Agent consents to the use of its Cash
25 Collateral for the approved costs and fees of the Receiver, its counsel and employees solely in
26 the amounts set forth in the attached Budget or such amended Budget as may be agreed to in
27 advance in writing by Agent.

1 14. Receiver Reports. The Receiver shall file with the Court a monthly report of the
2 Receiver's operations and financial affairs of Debtors in accordance with RCW 7.60.100. Each
3 report of the Receiver shall be due by the last day of the subsequent month and shall include
4 the following:

- 5 a. A balance sheet;
- 6 b. A statement of income and expenses;
- 7 c. A statement of cash receipts and disbursements;
- 8 d. A statement of accrued accounts receivable of the Receiver, which shall
9 disclose amounts considered to be uncollectable; and
- 10 e. A summarized statement of accounts payable of the Receiver, including
11 professional fees.

12 The first such report shall be due on the last day of the month following entry of this
13 Order; for the period after the Receivership is commenced.

14 In addition to the statutory reporting requirements, the Receiver shall supply Agent
15 with:

16 aa. No later than Wednesday of each week, the Receiver shall supply Agent
17 with (i) an updated proposed budget for the upcoming 13 week period (or such other
18 period as may be required by Agent) in form and substance satisfactory to Agent (it
19 being understood and agreed that such proposed budget shall not constitute the "Budget"
20 for purposes of this Order until agreed to in writing by Agent) and (ii) a variance report
21 setting forth Budget-to-actual comparisons on a week-by-week basis;

22 bb. a weekly Borrowing Base Certificate no later than Wednesday of every
23 other week, and monthly, not later than the 15th day of each month, together with
24 weekly or monthly, as applicable, aging of accounts report, sales journals, cash receipts
25 journals, schedules of credits issued, perpetual inventory reports including aging of
26 inventory, aging of accounts payable as of week-end or month-end, as applicable, and
27 bank statements;

1 cc. copies of all reports filed with the Court; and

2 dd. any other documents or information that Agent may reasonably request.

3 15. Executory Contracts and Unexpired Leases. The Receiver is authorized to
4 assume or reject executory contracts and unexpired leases of Debtors, as the Receiver deems to
5 be in the best interests of the creditors generally, provided such assumption or rejection shall
6 require a further order of this Court upon appropriate notice to the parties in accordance with
7 RCW 7.60.130.

8 16. Abandonment. In accordance with RCW 7.60.150, the Receiver, upon order of
9 the Court following notice and a hearing, and upon the conditions or terms the Court considers
10 just and proper, may abandon any estate property that is burdensome to the Receiver or is of
11 inconsequential value or benefit. Property that is abandoned shall no longer constitute estate
12 property.

13 17. Services/Tax Returns. The Receiver is authorized to perform and/or direct
14 performance of legal, accounting, consulting and tax services with respect to the Assets, as
15 necessitated by this proceeding or by law in connection with the performance of the Receiver's
16 duties. Subject to the availability of funds and solely to the extent set forth in the Budget, the
17 Receiver shall cause to be paid when due all taxes and withholdings, and all workers'
18 compensation, industrial insurance or similar premiums or payments, which any Debtor incurs
19 and becomes obligated to pay after the Effective Date as regards the Business or Collateral.
20 Nothing in this Order shall be construed as imposing any liability on the Receiver for: (a) any
21 taxes, of any kind, which accrued prior to the date of the entry of this Order, and (b) any
22 obligations of any Debtor arising prior to the date of the entry of this Order. The Receiver shall
23 have no obligation to file tax returns on behalf of any Debtor.

24 18. Preservation of Licenses. The Receiver in its sole discretion is authorized to
25 acquire or renew, or seek reinstatement of all governmental licenses, permits or other
26 authorizations, either in the Receiver's name or in the name of Debtors, pertaining to the
27 Collateral or any aspect of the Business, and all licenses, permits or other authorizations held

1 by Debtors shall be deemed to automatically transfer to the Receiver.

2 19. Insurance. The Receiver in its sole discretion is authorized to review all existing
3 insurance coverage with respect to the Assets and to procure and/or maintain such insurance as
4 the Receiver deems to be necessary to preserve and protect the Assets. With respect to any
5 insurance coverage in existence or obtained, the Receiver shall be named as an additional
6 insured on the policies for the period of the Receivership. If sufficient insurance coverage does
7 not exist, the Receiver shall procure sufficient all-risk and liability insurance on the Assets
8 (excluding earthquake and flood insurance) provided, however, that if the Receiver does not
9 have sufficient funds to do so, the Receiver shall seek instructions from the Court with regard
10 to adequately insuring the Assets. The Receiver shall not be responsible for claims arising from
11 the lack of procurement or inability to obtain insurance.

12 20. Preservation of Assets. Unless and until otherwise ordered by the Court, and
13 except as otherwise expressly provided by this Order or by other order of this Court, the
14 Receiver is authorized to do all other things determined by the Receiver to be reasonably
15 necessary or incidental to the performance of the Receiver's duties, for the purpose of
16 protecting, enhancing and preserving the Assets.

17 21. No Receiver Liability. No obligation incurred by the Receiver in the good faith
18 performance of the Receiver's duties, whether pursuant to contract, by reason of any tort, or
19 otherwise, shall be the Receiver's personal obligation. Rather, the recourse of any person or
20 entity to whom the Receiver becomes obligated in the good faith performance of the Receiver's
21 duties shall be solely against the Assets. Notwithstanding any provisions of this Order which
22 may be construed otherwise, the Receiver shall not be required to expend any of its own funds
23 to comply with any of the provisions of this Order.

24 22. Duty of Cooperation. Each Debtor, and its officers, directors, managers,
25 employees, agents, accountants and attorneys, shall cooperate with the Receiver in connection
26 with the Receiver's assumption and performance of the Receiver's duties, so as to enable the
27 Receiver to assume and perform the Receiver's duties without jeopardy to the Assets, and each

1 Debtor, and its officers, directors, managers, employees, agents, accountants and attorneys are
2 hereby prohibited from taking any act for or on behalf of any or all of the Debtors without the
3 prior written consent of the Receiver. Each Debtor and its directors, officers, managers,
4 employees, agents, accountants and attorneys shall provide the Receiver promptly upon request
5 with all documents and records (including but not limited to financial records) and all
6 information and with access to the Assets, and all employees of such Debtor (both within or
7 without the state of Washington), which the Receiver at any time may request from it, though
8 none of the foregoing shall be required to expend any funds in complying with these provisions.
9 Debtors and their directors, officers, managers, employees, agents, accountants and attorneys
10 are hereby enjoined from obstructing, delaying or interfering with the Receiver in the
11 performance of the Receiver's duties and from in any way, manner, or means, wasting,
12 disposing of, transferring, selling, assigning, pledging, canceling, concealing, or hypothecating
13 any portion of the Assets and any of the books, records, computer hardware and software,
14 money, accounts, stocks, bonds, assets, notes, funds, accounts receivable, or other assets,
15 whether real, personal, tangible, intangible or mixed, wherever situated, belonging to, owned
16 by, in the possession of or claimed by the Debtors or Receiver.

17 23. No Appraisal or Inventory Required. The Receiver is excused from seeking an
18 independent professional appraisal of the Assets or filing an inventory, absent a further order
19 of this Court and unless necessary to support the Receiver's proposed sale or disposition of
20 Assets.

21 24. Utilities. Any utility company providing services to Debtors, including gas,
22 electricity, water, sewer, trash collection, telephone, communications or similar services, shall
23 be prohibited from discontinuing service based upon unpaid bills incurred by Debtors. Further,
24 such utilities shall transfer any deposits held by the utility to the exclusive control of such
25 Receiver and be prohibited from demanding that the Receiver deposit additional funds in
26 advance to maintain or secure such services.

1 25. Mail. Receiver may issue demand that the U. S. Postal service grant exclusive
2 possession and control of mail including postal boxes as may have been used by Debtors, and
3 may direct that certain mail related to Debtors and the Assets be redirected to Receiver.

4 26. Consent. The Debtors, all other persons duly notified of this Order, and any
5 other person contemplated by RCW 7.60.190, shall be bound by the terms of this Order;
6 *provided, however*, creditors whose rights are affected by the terms of this Order shall have
7 thirty (30) days following the date of its entry to note an objection with the Court and seek
8 revision of any term of this Order that impairs such person's rights, to the extent such term
9 conflicts with RCW 7.60 *et. seq.*, which objection shall be served on Agent, the Receiver and
10 other parties in interest, with an opportunity for such parties to respond and be heard.

11 27. Further Construction. If the Receiver is at any time uncertain as to the scope of
12 the Receiver's authority or as to any matter affecting or relating to the performance of the
13 Receiver's duties, the Receiver shall be free to seek and obtain instructions from this Court with
14 respect to such matters upon motion and notice to the parties. The Receiver at any time may
15 apply for a modification of this Order or for further powers, if such a modification or further
16 powers are considered by the Receiver to be necessary for the performance of the Receiver's
17 duties or for the preservation or protection of the Assets.

18 28. Discharge/Final Report. The Receiver shall continue to perform the duties
19 provided for by this Order until the Receiver is discharged by order of this Court. Upon
20 distribution or disposition of all property of the estate, or the completion of the Receiver's duties
21 with respect to estate property, the Receiver shall move the Court to be discharged. The
22 Receiver shall file a final report and accounting setting forth all receipts and disbursements of
23 the estate which shall be annexed to the petition for discharge and filed with the court. Upon
24 approval of the final report, the court shall discharge the Receiver and exonerate the Receiver's
25 bond. The Receiver's discharge shall release the Receiver from any further duties and
26 responsibilities as receiver under RCW 7.60 *et. seq.*

1 29. Jurisdiction. This Court shall retain jurisdiction over any disputes arising from
2 the Receivership, or relating to the Receiver, which jurisdiction shall be exclusive and shall
3 survive the termination of the Receivership.

4 30. Ancillary Receiverships. The Receiver may commence an ancillary action in
5 any jurisdiction the Receiver deems necessary to fulfill its duties hereunder, and Washington's
6 Receivership Act (RCW 7.60 et seq.) shall apply in any such ancillary receivership action.

7 31. Stay of Actions. In accordance with RCW 7.60.110, the entry of this Order
8 appointing a general receiver with respect to the Debtors and Assets shall operate as a stay of
9 the following acts, applicable to all persons except as provided in paragraph 32 below, until this
10 receivership is terminated, until and unless such person seeks and obtains affirmative relief
11 from this Court:

12 a. The commencement or continuation, including the issuance or
13 employment of process, of a judicial, administrative, or other action or proceeding against the
14 persons over whose property the Receiver is appointed or any Assets that was or could have
15 been commenced before the entry of the order of appointment, or to recover a claim against the
16 person that arose before the entry of the order of appointment;

17 b. The enforcement against the persons over whose property the Receiver
18 is appointed, or any Assets of a judgment obtained before the order of appointment;

19 c. Any act to obtain possession of the Assets from the Receiver, or to
20 interfere with, or exercise control over, Assets, including, without limitation, any act to
21 terminate any unexpired contract or lease;

22 d. Any act to create, perfect, or enforce any lien or claim against the Assets
23 except by exercise of a right of setoff, to the extent that the lien secures a claim against the
24 person that arose before the entry of the order of appointment; or

25 e. Any act to collect, assess, or recover a claim against the persons over
26 whose property the Receiver is appointed or any Assets that arose before the entry of the order
27 of appointment.

