IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF NEW YORK
(SYRACUSE DIVISION)

In re:	:	
	:	
THE NEW YORK CHOCOLATE	:	Case No. 10-_____ - (___)
& CONFECTIONS COMPANY	:	Chapter 11 Case
	:	
Debtor.	:	

DEBTOR'S MOTION PURSUANT TO SECTIONS 105(a), 363, 1107 AND 1108 OF THE BANKRUPTCY CODE FOR ENTRY OF AN ORDER (I) AUTHORIZING, BUT NOT DIRECTING, DEBTOR TO CONTINUE TO ADMINISTER INSURANCE COVERAGE AND (II) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR ALL RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS

The above-captioned debtor and debtor in possession (the "Debtor") hereby moves this Court, pursuant to sections 105(a), 363, 1107 and 1108 of title 11 of the United States Code (the "Bankruptcy Code"), for entry of an order (i) authorizing, but not directing, the Debtor to continue to administer its prepetition insurance coverage policies and practices and (ii) authorizing financial institutions to honor all related checks and electronic payment requests (the "Motion"). In support of the Motion, the Debtor respectfully states as follows:

JURISDICTION

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 105(a), 363, 1107 and 1108 of the Bankruptcy Code.

BACKGROUND

3. On the date hereof (the "Petition Date"), the Debtor commenced this case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code. No trustee, examiner or creditors' committee has been appointed in this case.

4. The Debtor has continued in the possession of its property and has continued to operate and manage its business as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. The factual background relating to the Debtor's commencement of this chapter 11 case and the facts and circumstances supporting the relief requested herein are set forth in greater detail in the Declaration of Richard F. McCormick, the Debtor's Chief Restructuring Officer, in Support of First Day Motions (the "McCormick Declaration") filed contemporaneously with this Motion and incorporated herein by reference.

GENERAL BACKGROUND

A. Formation of New York Chocolate

6. The Debtor, The New York Chocolate & Confections Company ("New York Chocolate"), is a Delaware corporation with its principal place of business in Fulton, New York. New York Chocolate's primary asset is its 39 acre chocolate production facility located at 555 South Fourth Street in Fulton (the "Chocolate Plant"). The Comité de Gestion de la Filière Café-Cacao (the "Comité"), a quasi governmental agency, is the 100% shareholder of the Debtor. The Comité was formed by the President of the Republic of Côte d'Ivoire in September 2008 to, among other things, succeed to the shareholder interests of the then sole shareholder of New York Chocolate – Fonds de Régulation et de Controle Café-Cacao (the "FRC") – after certain of the FRC's members were accused of mismanagement, among other allegations.

7. Côte d'Ivoire is a West African nation that is the world's leading producer and exporter of the cocoa beans used in the manufacture of chocolate. In general, West Africa collectively supplies nearly 70% of the world's cocoa crop, with Côte d'Ivoire leading production at 1.3 million tons. Historically, large chocolate producers such as Cadbury, Hershey's and Nestlé buy Ivorian cocoa futures and options through Euronext where world prices for cocoa beans are set.

8. The description of New York Chocolate's corporate history and the ownership of the Chocolate Plant reflects the difficulties encountered by the Debtor since its creation, but is integral to understanding the Debtor's decision to enter Chapter 11. The Chocolate Plant was initially owned and operated by Nestlé USA, Inc. ("Nestlé"); it was Nestlé's first United States chocolate production facility and was built in the late 1800's. In March 2003, Nestlé made the decision to close the Chocolate Plant. Jean Claude Amon ("Amon"), a special advisor to the President of the Republic of the Côte d'Ivoire, learned of the planned closing and commissioned Lion Capital Management, LLC ("LCM"), with the aid of its President and Chief Executive Officer, Hausmann-Alain Banet ("Banet"), to conduct an economic analysis on the feasibility of acquiring the Chocolate Plant. Amon and other representatives of the Côte d'Ivoire toured the Chocolate Plant and later met with LCM, through Banet, to discuss the economic study and the possible acquisition of the Chocolate Plant.

9. Despite at least one offer to purchase the Chocolate Plant, Nestlé ultimately decided against selling the Chocolate Plant, but rather, decided to auction the equipment located at the Chocolate Plant (the "Equipment") and donated the factory and land to the County of Oswego Industrial Development Agency (the "IDA"). In September and October 2003, LCM purchased substantially all of the Equipment at the auction or, subsequently, from

other successful bidders after the auction. To purchase the Equipment, LCM used funds provided by the FRC and some of its own funds, which were later reimbursed by the FRC. In December, 2003, New York Chocolate acquired the factory and land from the IDA.

10. LCM incorporated New York Chocolate on October 30, 2003, and thereafter transferred the Equipment to it. LCM was the initial sole shareholder until November 17, 2003, when it transferred 80% of the shares in New York Chocolate to the FRC. The FRC was a quasi governmental agency formed under the laws of the Côte d'Ivoire and represented the interests of a collection of farmers' cooperatives in the Côte d'Ivoire that grew cacao. The goal of the FRC was to operate the Chocolate Plant so as to provide the farmers' cooperatives with an outlet for their cacao production. An initial board of directors was selected, which included Banet.

B. The County Loan

11. On April 21, 2005, New York Chocolate and Operation Oswego County, Inc., as subrecipient of Oswego County (the "County"), entered into a loan agreement (the "County Loan"). The County Loan was in the principal amount of $850,000 and was to be used to purchase certain equipment for the Chocolate Plant. Pursuant to the County Loan, New York Chocolate granted the County a security interest in certain of its equipment. The Debtor is obligated to make payments on the County Loan on a monthly basis of $8,207.66 through April 1, 2015.[1]

12. On or about February 9, 2006, the County loaned the Debtor an additional $40,000, which was secured by certain items of office equipment. On or about March 2006, the

[1] In connection with the County Loan, New York Chocolate and the County also entered into a Loan Servicing Agreement dated April 21, 2005, pursuant to which New York Chocolate agreed to pay servicing fees to Operation Oswego County, Inc. in the amount of one-half of one percent of the outstanding principal balance due under the County Loan in two semi-annual installments.

County loaned the Debtor an additional $35,000. On or about March 27, 2006, the County was granted a lien on certain equipment and a blanket lien on all the Debtor's personal property. As of the Petition Date, only the County Loan remains outstanding.

C. Litigation Involving New York Chocolate

(i). The FCA Action

13. Fulton Cogeneration Associates, LP ("FCA"), which is owned and operated indirectly by Banet since September 2004, provided steam to New York Chocolate through June 2005. New York Chocolate fell behind in making its payments to FCA and, in July 2005, FCA sued New York Chocolate in New York state court for payments and other obligations owed. FCA won partial summary judgment against New York Chocolate in the amount of $1,332,874.40 plus interest (the "FCA Judgment"). The remainder of the claims asserted by FCA were dismissed with prejudice. In April 2009, the FCA Judgment was satisfied by New York Chocolate making a payment to the IDA, which had attached the FCA Judgment. The United States District Court for the Northern District of New York approved the settlement with the IDA and entered an order extinguishing the FCA Judgment.

(ii). The FRC Action

14. In 2005, a dispute arose between the FRC and LMC over the ownership of New York Chocolate. In July 2005, the FRC filed an action in the Court of Chancery of the State of Delaware (the "Court of Chancery") seeking a declaration as to the respective equity ownership interests of the FRC and LCM (the "FRC Action"). On January 22, 2007, the Court of Chancery issued an opinion in which it found that the FRC owned 800 of the 1,000 issued then-outstanding shares of New York Chocolate, and LCM owned the remaining 200 shares.

(iii). The California Superior Court Action

15. In 2006, New York Chocolate filed an action in the Superior Court of California for the County of San Francisco (the "California Superior Court") against Banet and LCM, alleging that Banet and LCM had converted a tax refund check belonging to New York Chocolate. On September 17, 2007, judgment was entered in the California Superior Court in favor of New York Chocolate and against both LCM and Banet in the amount of $606,299.00 (the "Tax Judgment"). After domesticating the Tax Judgment in Delaware, on May 23, 2008, the 200 shares of New York Chocolate stock owned by LCM were sold to New York Chocolate at a sheriff's sale in partial satisfaction of the Tax Judgment against LCM. As a result, the FRC became the 100% shareholder of New York Chocolate.

(iv). The Banet Action

16. On May 6, 2008, Banet filed a lawsuit in the Court of Chancery (the "Banet Action") in his capacity as an alleged stockholder and an alleged director of New York Chocolate against the FRC, the current and former directors and officers of New York Chocolate, and against New York Chocolate (collectively, the "Defendants"). New York Chocolate was named only as a nominal defendant. On October 19, 2008, Banet filed an amended complaint that added FCA and LCM as plaintiffs (collectively, the "Plaintiffs"), asserting claims in their capacity as creditors and LCM as an alleged former shareholder. The Banet Action alleged seven counts, including the following: a request for appointment of a receiver or custodian for New York Chocolate; breach of fiduciary duties, both derivative and direct; a demand for inspection of books and records; and requests to compel the holding of an annual meeting of stockholders and a meeting of the board of directors on New York Chocolate. On November 26, 2008, Plaintiffs filed a motion for judgment on the pleadings, or, in the

alternative, for summary judgment on their request for a receiver, which was denied. New York Chocolate subsequently filed a counterclaim seeking declarations that neither FCA nor LCM were creditors of New York Chocolate (Banet did not claim to be a creditor) and that neither LCM nor Banet was a stockholder of New York Chocolate. In August 2009, New York Chocolate filed a motion for summary judgment on the counterclaim.

17. On March 12, 2010, the Court of Chancery granted New York Chocolate's motion for summary judgment and found that (1) LCM is not a stockholder of New York Chocolate; (2) Banet is not a stockholder of New York Chocolate; (3) Banet is not a director of New York Chocolate; (4) FCA is not a creditor of New York Chocolate; and (5) LCM is not a creditor of New York Chocolate.

D. Current Ownership and Management

18. On September 19, 2008, the Comité replaced the FRC as the 100% shareholder of New York Chocolate by Ordinance No. 2008-259 and Decrees Nos. 2008-260 and 2008-261 of the President of the Côte d'Ivoire. On November 20, 2008, the Comité acted by written consent to remove all members of the board of directors of New York Chocolate. By separate written consent of the same date, the Comité elected the following new directors of New York Chocolate: Illa Ginette Donwahi, Léa Claudine Yapobi, N'Guessan Célestin and Atsé Kouassi Propser. At a meeting of the new board of directors on November 24, 2008, all officers of New York Chocolate were removed from office and Mike Malash was appointed President and Patrick Haney was appointed Secretary and Treasurer of New York Chocolate.

E. Events Leading to Chapter 11 Filing

19. The litigations against New York Chocolate, and the allegations against certain members of its prior board and management, saddled New York Chocolate with a

significant financial burden right from the start. Partly because of such difficulties, the Debtor has not produced any products at the Chocolate Plant in over four years. Since the Comité took over for the FRC, it has funded all of New York Chocolate's expenses. After careful consideration and study of the realistic market opportunities for an independent manufacturer of chocolate products, projected capital requirements to restart New York Chocolate's operations, and faced with the accumulation of certain debts and other obligations, and the financial drain related to the numerous litigations, New York Chocolate determined that the most efficient way to preserve value for the creditors and other stakeholders was to commence an orderly wind down of its business under the protection of Chapter 11.

20. The Debtor is intent on working cooperatively with the Debtor's creditors, the City of Fulton and County officials to ensure an efficient and orderly Chapter 11 process.

INSURANCE COVERAGE

21. In connection with the maintenance of the Chocolate Plant, the Debtor maintains certain insurance policies that provide coverage related to, among other things, property and commercial liability, general liability and automobile liability (collectively, the "Insurance Programs"). A detailed list of the Debtor's policies in effect under the Insurance Programs is attached hereto as Exhibit A (collectively, the "Policies").[2] The annual premiums for the Policies, together with the associated taxes and fees (the "Insurance Premiums") total approximately $234,000. As of the Petition Date, the Debtor owes $104,000 with respect to its property and commercial insurance policy.

[2] The Debtor does not seek authority to continue to administer its prepetition insurance coverage policies and practices related to workers' compensation under this Motion but rather requests such authority as part of the Debtor's Motion Pursuant to Sections 105(a), 363(b), 507(a)(4) and 507(a)(5) of the Bankruptcy Code for Entry of an Order Authorizing Payment of Wages, Compensation and Employee Benefits, filed concurrently herewith.

22. The Insurance Programs are essential to the preservation of the value of the Debtor's property and assets.

23. Thus, the Debtor seeks entry of an order authorizing, in its discretion, to pay prepetition Insurance Premium obligations necessary or appropriate to maintain insurance coverage currently in effect and, at its sole discretion, to amend, extend, renew or terminate insurance coverage if and when necessary.

RELIEF REQUESTED

24. By this Motion, the Debtor seeks entry of an order, pursuant to sections 105(a), 363, 1107 and 1108 of the Bankruptcy Code, (a) authorizing, but not directing, the Debtor to (i) continue to pay prepetition Insurance Premium obligations necessary or appropriate to maintain insurance coverage currently in effect and (ii) at the Debtor's sole discretion, amend, extend, renew or terminate insurance coverage and (b) authorizing the Debtor's bank to receive, process, honor and pay all checks presented for payment and electronic payment requests relating to the foregoing.

BASIS FOR RELIEF

A. Ample Authority Exists to Continue to Maintain Insurance Coverage

25. Courts have generally acknowledged that it is appropriate to authorize the payment (or other special treatment) of prepetition obligations in appropriate circumstances. See, e.g., In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (granting authority to pay prepetition wages); see also Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.), 29 B.R. 391, 398 (S.D.N.Y. 1983) (granting authority to pay prepetition claims of suppliers who were potential lien claimants). In authorizing payments of certain prepetition obligations, courts have relied on several legal theories, rooted in sections 1107(a), 1108 and 363(b) of the Bankruptcy Code.

26. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, debtors in possession are fiduciaries "holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners." In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the fiduciary duties of any debtor in possession is the obligation to "protect and preserve the estate, including an operating business's going-concern value." Id. Some courts have noted that there are instances in which a debtor can fulfill this fiduciary duty "only. . . by the preplan satisfaction of a prepetition claim." Id. The CoServ court specifically noted that the preplan satisfaction of prepetition claims would be a valid exercise of the debtor's fiduciary duty when the payment "is the only means to effect a substantial enhancement of the estate. . . ." Id.

27. Consistent with the debtor's fiduciary duties, courts have also authorized payment of prepetition obligations under section 363(b) of the Bankruptcy Code where a sound business purpose exists for doing so. See, e.g., In re Tropical Sportswear Int'l Corp., 320 B.R. 15, 17-18 (Bankr. M.D. Fla. 2005) (authorizing payment to critical vendors for prepetition amounts and finding that a sound business justification existed for payment because the vendors would not do business with the debtors absent the critical vendor status, and the disfavored creditors were not any worse off due to the critical vendor order); Ionosphere Clubs, 98 B.R. at 175 (Bankr. S.D.N.Y. 1989) (finding that a sound business justification existed to justify payment of prepetition wages); see also Armstrong, 29 B.R. at 397 (S.D.N.Y. 1983) (relying on section 363 to allow contractor to pay prepetition claims of suppliers who were potential lien claimants because the payments were necessary for general contractors to release funds owed to debtors).

28. In addition, the Court may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court, empowers the bankruptcy court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Under section 105(a) of the Bankruptcy Code, courts may permit pre-plan payments of prepetition obligations when essential to the continued operation of the debtor's business. Specifically, the Court may use its power under section 105(a) to authorize payment of prepetition obligations pursuant to the "necessity of payment" rule (also referred to as the "doctrine of necessity").

29. The "doctrine of necessity" or the "necessity of payment" rule originated in railway cases and was first articulated in Miltenberger v. Logansport, C. & S. W. R. Co., 106 U.S. 286 (1882). The doctrine was expanded to non-railroad debtors in the mid-20th century, see Dudley v. Mealey, 147 F.2d 268, 271 (2d Cir. 1945) (holding, in a hotel reorganization case, that the court was not "helpless" to apply the rule to supply creditors of non-railroad debtors where the alternative was the cessation of operations), and has long been recognized as precedent within the Second Circuit. Ionosphere Clubs, 98 B.R. at 176.

30. Courts also have permitted postpetition payment of prepetition claims pursuant to section 105(a) in other situations, such as if nonpayment of a prepetition obligation would trigger a withholding of goods or services essential to the debtors' business reorganization plan. See In re UNR Indus., 143 B.R. 516, 520 (Bankr. N.D. Ill. 1992) (permitting the debtor to pay prepetition claims of suppliers or employees whose continued cooperation is essential to the debtors' successful reorganization); Ionosphere Clubs, 98 B.R. at 177 (finding that section 105

empowers bankruptcy courts to authorize payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor).

31. This flexible approach is particularly critical where a prepetition creditor provides vital goods or services to a debtor that would be unavailable if the debtor did not satisfy its prepetition obligations. In In re Structurlite Plastics Corp., 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988), the bankruptcy court stated that "a bankruptcy court may exercise its equity powers under § 105(a) [of the Bankruptcy Code] to authorize payment of pre-petition claims where such payment is necessary 'to permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately.'" The court explained that "a *per se* rule proscribing the payment of pre-petition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code." Id. at 932.

32. The Debtor submits that it is in the best interests of its estate to continue to maintain the Policies and to pay any outstanding prepetition Insurance Premiums necessary to do so, as well as to revise, extend, supplement, change or terminate insurance coverage, as necessary, pursuant to section 363(b)(1) of the Bankruptcy Code.

33. Courts in this district and others have regularly granted relief similar to that requested herein. See, e.g., In re Zappala Farms, L.L.C., Case No. 07-31842 (Bankr. N.D.N.Y. Aug. 9, 2007) (authorizing the debtors to maintain their insurance policies and to pay outstanding prepetition amounts); In re Wellman, Inc., Case No. 08-10595 (Bankr. S.D.N.Y. Feb. 5, 2008) (same); In re Musicland Holding Corp., Case No. 06-10064 (Bankr. S.D.N.Y. Feb.

1, 2006) (same); In re Calpine Corp., Case No. 05-60200 (Bankr. S.D.N.Y. Jan. 4, 2006) (same); In re Tower Auto., Inc., Case No. 05-10578 (Bankr. S.D.N.Y. Feb. 3, 2005) (same).[3]

B. Cause Exists to Authorize the Debtor's Banking Institution to Honor Checks and Electronic Fund Transfers

34. The Debtor represents that it has sufficient availability of funds to pay the amounts described herein in the ordinary course of business by virtue of the anticipated access to its debtor in possession financing. Concurrently with the filing of this Motion, the Debtor has filed a motion seeking approval of a debtor in possession financing facility in an amount up to $1.54 million to be provided by the Comité. Also, under the Debtor's existing cash management system, the Debtor represents that checks or wire transfer requests can be readily identified as relating to an authorized payment made pursuant to a Policy.[4] Accordingly, the Debtor believes that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently and that the Debtor's financial institution should be authorized, when requested by the Debtor, to receive, process, honor and pay any and all checks or wire transfer requests with respect to the Insurance Programs.

RESERVATION OF RIGHTS

35. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtor, a waiver of the Debtor's rights to dispute any claim, or an approval or assumption of any agreement, contract, or lease under section 365 of the Bankruptcy Code. The Debtor expressly reserves its rights to contest claims

[3] Because of the voluminous nature of the unreported orders cited herein, they are not annexed to this Motion. Copies of these orders are available upon request to Debtor's counsel.

[4] As of the Petition Date, the Debtor's cash was held on deposit at Fulton Saving Bank, which is not on the United States Trustee's list of approved financial institutions. Accordingly, the Debtor is in the process of opening new accounts at an approved institution. The Debtor intends to work closely with the United States Trustee to facilitate a smooth transfer of the Debtor's banking needs.

related to the Policies under applicable non-bankruptcy law. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtor's rights to dispute such claim subsequently. Additionally, the Debtor reserves the right to seek a refund of any premium over-payments at the conclusion of its chapter 11 case.

NOTICE

36. No trustee, examiner, or creditors' committee has been appointed in the Debtor's chapter 11 case. The Debtor has served notice of this Motion on (i) the United States Trustee for the Northern District of New York, (ii) Oswego County, (iii) Operation Oswego County, Inc., (iv) all known unsecured creditors in this chapter 11 case, and (v) the insurance providers listed on Exhibit A. In light of the nature of the relief requested, the Debtor submits that no other or further notice need be provided.

NO PRIOR REQUEST

37. No previous request for the relief sought herein has been made by the Debtor to this or any other court.

WHEREFORE, for the reasons set forth herein, the Debtor respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit B, (i) authorizing, but not directing, the Debtor to continue to pay prepetition Insurance Premium obligations as necessary or appropriate to maintain insurance coverage in current effect and, at its sole discretion, to amend, extend, renew or terminate insurance coverage in current effect, (ii) authorizing financial institutions to honor all related checks and electronic payment requests and (iii) grant such other further relief as is just and proper.

Dated: New York, New York
April 14, 2010

Respectfully submitted,

McDERMOTT WILL & EMERY LLP

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Proposed Counsel for the Debtor and Debtor in Possession

EXHIBIT "A"

DEBTOR'S SCHEDULE OF POLICIES

AS OF APRIL 2010

Type of Policy	Insurance Company	Term	Annual Premium
Property and Commercial Liability	Landmark American Insurance Co. Insurance Broker: EBS-RMSCO, Inc. 115 Continuum Drive Liverpool, New York 13088 Attn: Steven J. McCarthy	4/1/10 – 4/1/11[1]	$208,000.00
General Liability	Northland Insurance Co. Insurance Broker: EBS-RMSCO, Inc. 115 Continuum Drive Liverpool, New York 13088 Attn: Steven J. McCarthy	09/25/09 – 09/25/10	$21,699.83
Automobile Liability	National Grange Insurance Co. Insurance Broker: EBS-RMSCO, Inc. 115 Continuum Drive Liverpool, New York 13088 Attn: Steven J. McCarthy	10/2/09 – 10/2/10	$3,973.00

[1] The Debtor was required to make a first installment payment in the amount of $104,000 by April 1, 2010 in order to continue coverage under its property and commercial liability policy. Upon approval of this Motion and approval of the Interim Order relating to the debtor-in-possession financing, the Debtor intend to pay $104,000 to continue its coverage under its property and commercial liability policy. The Debtor has a 30-day grace period to make such payment, which period will expire on May 1, 2010.

EXHIBIT "B"

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF NEW YORK
(SYRACUSE DIVISION)

In re:	:	
	:	
THE NEW YORK CHOCOLATE	:	Case No. 10-_____ - (___)
& CONFECTIONS COMPANY	:	Chapter 11 Case
	:	
Debtor.	:	

ORDER (I) AUTHORIZING, BUT NOT DIRECTING, DEBTOR TO CONTINUE TO ADMINISTER INSURANCE COVERAGE AND (II) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR ALL RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS

Upon the motion dated April 14, 2010 (the "Motion")[1] of the above-captioned debtor and debtor in possession (the "Debtor"), for entry of an order (the "Order") (i) authorizing, but not directing, the Debtor to continue to administer insurance coverage currently in effect and pay any prepetition premiums, taxes and fees (the "Insurance Premiums") related to the Debtor's insurance policies (the "Policies") and revise, extend, supplement, change or terminate insurance coverage as needed and (ii) authorizing financial institutions to honor all related checks and electronic payment requests; and upon consideration of the McCormick Declaration; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and this Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested is in the best interests of the Debtor's estate, its creditors, and other parties in interest; and notice of the Motion appearing to be adequate and appropriate under the circumstances; and any objections to the requested relief

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefore, it is hereby:

ORDERED that the Motion is granted to the extent set forth herein; and it is further

ORDERED that the Debtor is authorized, but not directed, in its sole discretion, to continue to administer its insurance coverage currently in effect and pay any prepetition Insurance Premiums related to the Policies to the extent that the Debtor determines in its discretion that such payments are necessary or appropriate; and it is further

ORDERED that the Debtor is authorized, but not directed, to revise, extend, supplement, change or terminate its insurance coverage as needed; and it is further

ORDERED that the Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion; and it is further

ORDERED that the bank on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein is authorized and directed to receive, process, honor and pay all such checks and electronic payment requests when presented for payment, and that such bank is authorized to rely on the Debtor's designation of any particular check or electronic payment request as approved by this Order; and it is further

ORDERED that the Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Syracuse, New York
April __, 2010

_____
United States Bankruptcy Judge