

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

	X	
	:	
In re:	:	Chapter 11
	:	
REMINGTON OUTDOOR COMPANY, INC., <i>et</i>	:	Case No. 18-10684 ()
<i>al.</i> ¹	:	
	:	
Debtors.	:	(Joint Administration Requested)
	X	

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING DEBTORS TO REMIT AND PAY CERTAIN
PREPETITION TAXES, GOVERNMENTAL ASSESSMENTS, AND FEES,
(II) AUTHORIZING BANKS AND FINANCIAL INSTITUTIONS TO PAY
ALL CHECKS AND ELECTRONIC PAYMENT REQUESTS RELATING
TO THE FOREGOING AND (III) SCHEDULING A FINAL HEARING**

Remington Outdoor Company, Inc. and its affiliated debtors, as debtors and debtors-in-possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby file this motion (the “Motion”) seeking entry of interim and final orders, pursuant to sections 363(b), 507(a)(8), and 1129 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, (i) authorizing the Debtors, in their sole discretion, to remit and pay certain prepetition taxes, governmental assessments, and fees, (ii) authorizing banks and other financial institutions to

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Remington Outdoor Company, Inc. (4491); FGI Holding Company, LLC (9899); FGI Operating Company, LLC (9774); Remington Arms Company, LLC (0935); Barnes Bullets, LLC (8510); TMRI, Inc. (3522); RA Brands, L.L.C. (1477); FGI Finance, Inc. (0109); Remington Arms Distribution Company, LLC (4655); Huntsville Holdings, LLC (3525); 32E Productions, LLC (2381); Great Outdoors Holdco, LLC (7744); and Outdoor Services, LLC (2405). The principal offices of Debtor Remington Outdoor Company Inc., the top-level holding company, are located at 870 Remington Drive, Madison, NC 27025.

receive, process, honor, and pay all checks and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing, and (iv) granting certain related relief, as described more fully herein. In support of this Motion, the Debtors respectfully state as follows:

Jurisdiction

1. This court (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), and the Court may enter a final order consistent with Article III of the United States Constitution. The Debtors confirm their consent pursuant to Rule 9013-1(f) of the Local Rules to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

3. On March 25, 2018 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No party has requested the appointment of a trustee or examiner and no committee has been appointed or designated in these Chapter 11 Cases. The Debtors’ request for joint administration of these Chapter 11 Cases for procedural purposes only is currently pending.

4. The Debtors are one of America’s oldest and largest manufacturers of firearms, ammunition and related products for commercial, military and law enforcement customers throughout the world. The Debtors employ approximately 2,700 full-time employees and

operate seven manufacturing facilities located across the United States. The Debtors' principal headquarters are located in Madison, North Carolina.

5. Prior to the Petition Date, the Debtors and a majority in principal amount of each of the Debtors' term loan lenders and secured noteholders entered into a restructuring support agreement (the "RSA") which set forth the terms of a comprehensive balance sheet restructuring of the Debtors to be implemented through a joint prepackaged chapter 11 plan of reorganization (the "Plan"). The Plan provides for the elimination of approximately \$620 million of the Debtors' prepetition funded debt obligations in exchange for the reorganized Debtors' new equity and certain other consideration. In addition, the Plan provides that substantially all other claims against the Debtors, including all general unsecured claims, will either be paid in full in the ordinary course or otherwise be unimpaired. The Plan thus will enable the Debtors to emerge with a significantly deleveraged capital structure and to obtain the liquidity necessary to operate the Debtors' businesses for the long-term future.

6. The Debtors commenced solicitation of the Plan prior to the Petition Date on March 22, 2018 and have filed the Plan and accompanying disclosure statement concurrently with the commencement of these Chapter 11 Cases. Pursuant to the milestones set forth in the RSA, the Debtors are seeking a joint hearing to consider approval of the disclosure statement and confirmation of the Plan on or around May 3, 2018.

7. Additional information regarding the Debtors' businesses, assets, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the Declaration of Stephen P. Jackson Jr. in Support of Chapter 11 Petitions and First Day Pleadings of Remington Outdoor Company, Inc. and its Affiliated Debtors and Debtors in Possession (the

“First Day Declaration”), which is being filed contemporaneously herewith and is incorporated by reference herein.

Taxes and Fees

8. In the ordinary course of business, the Debtors incur federal excise taxes, sales and use taxes, real estate taxes, personal property taxes, and other taxes, fees, and charges as described in this Motion (collectively, the “Taxes and Fees”). The Debtors remit the Taxes and Fees to various federal, state, and local governments and agencies, including taxing and licensing authorities (collectively, the “Governmental Authorities”). Taxes and Fees are remitted and paid by the Debtors through checks and electronic transfers that are processed through their banks and other financial institutions. The Debtors estimate that approximately \$14.05 million in aggregate Taxes and Fees have been billed and remain unpaid or have accrued in the ordinary course of business as of the Petition Date.

I. Federal Excise Taxes

9. The Debtors incur certain federal taxes as a manufacturer of firearms and ammunition (collectively, the “Federal Excise Taxes”). Specifically, Chapter 32 of the Internal Revenue Code imposes a tax on the manufacture, production, importation, and sale of firearms and ammunition as administered by the Alcohol and Tobacco Tax and Trade Bureau. The tax obligation is based on sales price and attaches when title of the article passes to a purchaser or when use begins. Pistols and revolvers are taxed at 10%, while long-guns and ammunition are taxed at 11%. In the normal course of their business, the Debtors incur between \$11 million – \$18 million in Federal Excise Taxes per quarter. Given that the Debtors made a Federal Excise Tax payment in the amount of \$11.7 million on January 31, 2018, the Debtors estimate that they will have approximately \$10.8 million of Federal Excise Taxes accrued as of the Petition Date.

Further, the Debtors do not expect any Federal Excise Taxes to become payable within the first 21 days of these Chapter 11 Cases.²

II. State Sales and Use Taxes

10. The Debtors also incur state and local taxes imposed on the retail sale of goods (and use taxes on taxable items used, stored, or consumed in certain states) and various other state or local taxes, charges, fines, penalties, and fees, including, without limitation, any amounts required to be incurred, or collected pursuant to applicable law (collectively, the “Sales and Use Taxes”). In the normal course of their business, the Debtors incur approximately \$2.1 million in Sales and Use Taxes per year and incur obligations in 46 states and the District of Columbia. The Debtors estimate that approximately \$250,000 in Sales and Use Taxes will be billed or accrued as of the Petition Date. Of that amount, approximately \$250,000 will become payable within the first 21 days of these Chapter 11 Cases.

III. Real Estate Taxes

11. The Debtors incur real estate taxes in connection with the operation of their businesses (the “Real Estate Taxes”). The Debtors pay Real Estate Taxes on, among other things, their manufacturing facilities in (i) Ilion, New York, (ii) Lonoke, Arkansas, (iii) Huntsville, Alabama, (iv) Lexington, Missouri, (v) Mona, Utah, (vi) Sturgis, South Dakota, and (vii) Lenoir City, Tennessee.³ In addition, the Debtors also pay Real Estate Taxes on the

² Debtors Remington Arms Company, LLC and Barnes Bullets, LLC are the only entities that incur federal excise taxes. While the Debtors had Federal Excise Tax liabilities of approximately \$10.8 million through the Petition Date, this amount, along with amounts accrued during the remainder of March, will not be payable until April 30, 2018. Therefore, no cash outlay will be required for these accrued amounts until more than 21 days after the Petition Date.

³ The facilities in (i) Lexington, Missouri, (ii) Sturgis, South Dakota, and (iii) Mona, Utah are leased properties where the Debtors nevertheless pay Real Estate Taxes directly to the county authority or the Real Estate Taxes are built into the rental payments. The Debtors also lease an additional warehouse facility in Southaven, MS where Real Estate Taxes are built into the rental payments and paid to the applicable Governmental Authorities

corporate/administrative office space in Madison, NC, two parcels of land in Hancock County, Ohio, and a leasehold assessment in Randolph County, Illinois. In the normal course of the Debtors' business, they incur approximately \$1.1 million in Real Estate Taxes per year. The Debtors estimate that approximately \$900,000 in Real Estate Taxes will be billed and unpaid or accrued as of the Petition Date. Of that amount, the Debtors do not expect any portion to become payable within the first 21 days of these Chapter 11 Cases.⁴

IV. Personal Property Taxes

12. The Debtors incur personal property taxes in the operation of their businesses (the "Personal Property Taxes"). The Debtors pay personal property taxes on, among other things, the fixed assets and inventory they own, including molds, tools, dies, and other products that are used in the manufacturing process. In the normal course of their business, the Debtors incur approximately \$1.3 million in Personal Property Taxes per calendar year. The Debtors estimate that approximately \$2.0 million in Property Taxes will be billed and unpaid or accrued as of the Petition Date. Of that amount, approximately \$1,000 will become payable within the first 21 days of these Chapter 11 Cases.⁵

V. Miscellaneous Taxes and Fees

13. Various state and local laws may require the Debtors to pay taxes and fees in the ordinary course of their operations, including income tax and state franchise taxes and license

by the lessor. Further, the Debtors pay nominal Real Estate Taxes in connection with the lease of a small space in Benton, Arkansas and sublease in Stamford, Connecticut.

⁴ For both Real Estate Taxes and Personal Property Taxes (as described below), in general, assessments are based on real estate and business tangible personal property owned as of the end of the prior year.

⁵ The Debtors' Business Tangible Personal Property report filings are normally due within the first few months of a calendar year. Subsequently, bills are normally generated mid-year and payment is due towards the end of the year. Thus, even though the Debtors have not yet submitted any reporting, and no bills have been received, the Debtors have begun to accrue Personal Property Tax obligations for 2018.

fees (the “Miscellaneous Taxes and Fees”). These include, among other things, commercial activity taxes, Oklahoma and Delaware franchise taxes, business license/privilege fees, and New York hazardous waste taxes. In the normal course of the Debtors’ business, they incur approximately \$198,000 in Miscellaneous Taxes and Fees per year. The Debtors estimate that approximately \$100,000 in Miscellaneous Taxes and Fees will be billed or accrued as of the Petition Date. Of that amount, approximately \$10,000 will become payable within the first 21 days of these Chapter 11 Cases.⁶

Relief Requested

14. The Debtors seek entry of interim and final orders, pursuant to sections 363(b), 507(a)(8), and 1129 of the Bankruptcy Code, rules 6003 and 6004 of the Bankruptcy Rules, and rule 9013-1(m) of the Local Rules, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, (i) authorizing the Debtors, in their sole discretion, to remit and pay prepetition Taxes and Fees, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks and electronic payment requests in respect of the Taxes and Fees, and (iii) granting certain related relief.

Basis for Relief

I. Certain Taxes and Fees May Be Secured or Priority Claims That Must Be Paid In Full Under a Confirmable Plan Pursuant to Bankruptcy Code

15. Claims for certain of the Taxes and Fees are or may be priority claims entitled to payment before general unsecured claims pursuant to the Bankruptcy Code. See 11 U.S.C. § 507(a)(8) (describing taxes entitled to priority treatment). As a result, authorizing current

⁶ Additionally, the Debtors estimate that they will have obligations to Governmental Authorities in connection with certain escheat property in the amount of \$300,000 total with roughly \$40,000 due for the upcoming year, and approximately \$5,000 due in the next 30 days. Further, the Debtors incur obligations with respect to federal and state income taxes. The Debtors do not believe they will have any federal income liability for the 2017 year. The Debtors expect to have approximately \$200,000 in obligations due with respect to state income tax.

payment of such claims only affects the timing of the payment and will not prejudice the rights and recoveries of any junior creditors.

16. Indeed, the Debtors' estates will benefit from payment of unpaid tax claims that are entitled to priority treatment under the Bankruptcy Code in order to prevent the respective Governmental Authorities from assessing interest and penalties that may be associated with any delay in payment. See 11 U.S.C. § 507(a)(8)(G) (granting eighth priority status to "a penalty related to a claim of a kind specified in this paragraph and in compensation for actual pecuniary loss"). Further, claims that are entitled to priority status pursuant to section 507(a)(8) of the Bankruptcy Code must be paid in full under a confirmable plan pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. And, running the risk of increased tax liabilities is not in the best interests of the estates, given that the Debtors' proposed plan provides that all tax claims—whether secured, priority unsecured, or general unsecured claims—will either be paid in full or left unimpaired. Therefore, payment of certain of the Taxes and Fees will assure that additional priority claims are not created to the detriment of the Debtors' estates and other stakeholders.

II. Payment of Taxes and Fees as Provided Herein Is an Appropriate Exercise of Business Judgment and Appropriate Under the Doctrine of Necessity

17. Courts generally acknowledge that, under appropriate circumstances, they may authorize a debtor to pay (or provide special treatment for) certain prepetition obligations. See, e.g., In re Just for Feet, Inc., 242 B.R. 821, 824-25 (Bankr. D. Del. 1999) (noting that, in the Third Circuit, debtors may pay prepetition claims that are essential to the continued operation of the debtor's business); In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (granting the debtor the authority to pay prepetition wages); Armstrong World Indus., Inc. v. James A. Phillips, Inc., (In re James A. Phillips, Inc.), 29 B.R. 391, 398 (Bankr. S.D.N.Y. 1983) (granting the debtor the authority to pay prepetition claims of suppliers who were potential lien

claimants). When authorizing payments of certain prepetition obligations, courts have relied upon several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code.

18. Consistent with a debtor's fiduciary duties, where there is a sound business purpose for the payment of prepetition obligations, and where the debtor is able to "articulate some business justification, other than the mere appeasement of major creditors," courts have authorized debtors to make such payments under section 363(b) of the Bankruptcy Code. See, e.g., In re Ionosphere Clubs, Inc. 98 B.R. at 175 (finding that a sound business justification existed to pay prepetition wages); In re James A. Phillips, Inc., 29 B.R. at 397 (relying upon section 363 as a basis to allow a contractor to pay the prepetition claims of suppliers who were potential lien claimants).

19. Courts have also authorized payment of prepetition claims in appropriate circumstances pursuant to 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 payments of prepetition obligations when such payments are essential to the continued operation of a debtor's business and, in particular, where 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. 506, 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).

20. In addition to the authority granted to a debtor in possession under sections 105(a) and 363(b) of the Bankruptcy Code, courts have developed the “doctrine of necessity” or the “necessity of payment” rule, which originated in the landmark case of Miltenberger v. Logansport, C. & S.W.R. Co., 106 U.S. 286 (1882). Since Miltenberger, courts have expanded their application of the doctrine of necessity to cover instances of a debtor’s reorganization, see Dudley v. Mealey, 147 F.2d 268, 271 (2d Cir. 1945) (holding, in a hotel reorganization matter, that the court was not “helpless” to apply the rule to supply creditors where the alternative was the cessation of operations), including the United States Court of Appeals for the Third Circuit, which recognized the doctrine in In re Lehigh & New England Ry. Co., 657 F.2d 570, 581 (3d Cir. 1981).

21. In Lehigh, the United States Court of Appeals for the Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. Id. (stating that a court may authorize payment of prepetition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”); see also In re Penn Cent. Transp. Co., 467 F.2d 100, 102 (3d Cir. 1972) (holding that 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 have been paid”); In re Just for Feet, Inc., 242 B.R. at 824-25 (noting that debtors may pay prepetition claims that are essential to continued operation of business); In re Columbia Gas Sys., Inc., 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (same).

22. The necessity of payment doctrine is designed to foster the rehabilitation of a debtor in reorganization cases, which courts have recognized is “the paramount policy and goal of Chapter 11.” In re Ionosphere Clubs, Inc., 98 B.R. at 176; Just For Feet, 242 B.R. at 826 (finding that payment of prepetition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization.”); see also In re Quality Interiors, Inc., 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“The payment by a debtor-in-possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code”, but “[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.”); In re Eagle-Picher Indus., Inc., 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of prepetition unsecured claims of tool makers as “necessary to avert a serious threat to the Chapter 11 process”); Burchinal v. Cent. Wash. Bank (In re Adams Apple, Inc.), 829 F.2d 1484, 1490 (9th Cir. 1987) (finding that it is appropriate to provide for the “unequal treatment of pre-petition debts when [such treatment is] necessary for rehabilitation”); 3 COLLIER ON BANKRUPTCY ¶ 105.04[5][a] (15th ed. rev. 2004) (discussing cases in which courts have relied upon the “doctrine of necessity” or the “necessity of payment” rule to pay prepetition claims immediately).

23. Here, the Debtors’ payment of the Taxes and Fees is an exercise of sound business judgment that is vital to the Debtors’ restructuring efforts and is necessary to maximize the value of the Debtors’ estates for the benefit of their creditors. If the Debtors do not continue paying the Taxes and Fees when they come due on a timely basis, it is very possible that Governmental Authorities or those parties who ordinarily collect the Taxes and Fees may seek to interfere with the Debtors’ businesses and the efficient administration of the estates. Moreover,

any collection action on account of such claims, and any ensuing liability, would distract the Debtors' management to the detriment of all parties in interest. The dedicated and active participation of the Debtors' officers and personnel in operating the businesses and in steering the Debtors through the process of confirming the Plan is integral to the Debtors' continued operations, essential to orderly administration of these Chapter 11 Cases and, ultimately, the success of the Plan.

24. Courts in this District have authorized payment of prepetition taxes under the applicable provisions of the Bankruptcy Code. See, e.g., In re TK Holdings Inc., No. 17-11375 (BLS) (Bankr. D. Del. Jul. 26, 2017); In re Tidewater Inc., No. 17-11132 (BLS) (Bankr. D. Del. Jun. 13, 2017); In re CST Industries Holding Inc., No. 17-11292 (BLS) (Bankr. D. Del. Jun. 13, 2017); In re Emerald Oil, Inc., No. 16-10704 (KG) (Bankr. D. Del. Apr. 26, 2016); In re Samson Res. Corp., No. 15-11934 (CSS) (Bankr. D. Del. Oct. 14, 2015); In re Allen Systems Group, Inc., No. 15-10332 (KJC) (Bankr. D. Del. Mar. 19, 2015); In re RadioShack Corp., No. 15-10197 (BLS) (Bankr. D. Del. Feb. 9, 2015); In re Energy Future Holdings, No. 14-10979 (CSS) (Bankr. D. Del. June 4, 2014); In re MACH Gen, LLC, No. 14-10461 (MFW) (Bankr. D. Del. Mar. 5, 2014); In re Dex One Corp., No. 13-10533 (KG) (Bankr. D. Del. Mar. 19, 2013); In re SuperMedia Inc., No. 13-10545 (KG) (Bankr. D. Del. Mar. 19, 2013); In re Patriot Coal Corp., No. 12-12900 (SCC) (Bankr. S.D.N.Y. Aug. 2, 2012); In re Buffets Rests, Holdings, Inc., No. 12-10237 (MFW) (Bankr. D. Del. Jan. 19, 2012); In re AES Eastern Energy, L.P., No. 11-14138 (KJC) (Bankr. D. Del. Jan. 4, 2012).

III. Sales and Use Taxes are Not Property of the Estate, as They Constitute Amounts Held in Trust

25. The Debtors' payment of the Sales and Use Taxes, though arguably payments of prepetition claims, is justified in large part because certain of these amounts are not property of

the Debtors' estates pursuant to section 541(d) of the Bankruptcy Code. Specifically, 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 (2) of this section only to the extent of the debtors' 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) (emphasis added).

26. Consistent with section 541(d) of the Bankruptcy Code, courts have held that certain types of taxes are not part of a debtor's estate. See, e.g., Begier v. Internal Revenue Serv., 496 U.S. 53, 57-60 (1990) (holding that any prepetition payment of trust fund taxes is not a transfer subject to avoidance because such funds are not the debtor's property); DuCharmes & Co., Inc. v. Mich. (In re DuCharmes & Co.), 852 F.2d 194 (6th Cir. 1988) (per curiam) (same); Shank v. Wash. State Dept. of Revenue (In re Shank), 792 F.2d 829, 833 (9th Cir. 1986) (sales tax required by state law to be collected by sellers from their customers is a "trust fund" tax and not released by bankruptcy discharge); DeChiaro v. New York State Tax Comm'n, 760 F.2d 432, 435-36 (2d Cir. 1985) (same); Rosenow v. Ill. Dept. of Revenue (In re Rosenow), 715 F.2d 277, 279-82 (7th Cir. 1983) (same); Western Surety Co. v. Waite (In re Waite), 698 F.2d 1177, 1179 (11th Cir. 1983) (same).

27. Here, the Sales and Use Taxes constitute amounts held in trust, which the Debtors are required to collect and/or hold in trust for payment to the Governmental Authorities. To the extent these Sales and Use Taxes constitute "trust fund" taxes, they are not property of the Debtors' estates under section 541(d) of the Bankruptcy Code. See In re Am. Int'l Airways, Inc., 70 B.R. 102, 104-05 (Bankr. E.D. Pa. 1987); In re Dameron, 155 F.3d 718, 721-22 (4th Cir. 1998) (funds from various lenders held by closing agent in trust for designated third parties not

property of debtor's estate). Given that the Debtors do not have an equitable interest in such Sales and Use Taxes, the Debtors should be permitted to remit these Sales and Use Taxes to the Governmental Authorities as they become due, irrespective of the commencement of this case.

IV. The Court Should Authorize Banks to Honor and Pay Checks Issued and Electronic Funds Transferred to Pay Tax Obligations

28. The Debtors have sufficient funds or financing commitments to pay any amounts related to the Taxes and Fees in the ordinary course of business. Under the Debtors' existing cash management system, it is possible for the Debtors to identify checks or wire transfer requests relating to the Taxes and Fees, as applicable. The Debtors believe there is minimal risk that checks or wire transfer requests that the Court has not authorized will be inadvertently made. Thus, the Debtors request that the Court authorize all applicable financial institutions to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the Taxes and Fees.

Bankruptcy Rule 6003 is Satisfied

29. Bankruptcy Rule 6003 empowers a court to grant relief within the first twenty-one (21) days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. For reasons discussed herein, authorizing the Debtors to pay their prepetition Taxes and Fees, and granting the other relief requested herein, is integral to the Debtors' ability to transition their operations into these Chapter 11 Cases. Failure to receive such authorization and other relief during the first twenty-one (21) days of these Chapter 11 Cases would severely disrupt the Debtors' operations at this critical juncture. For the reasons discussed herein, the relief requested is necessary in order for the Debtors to operate their businesses in the ordinary course, preserve the ongoing value of the Debtors' operations, and maximize the value of their estate for the benefit of all stakeholders. Accordingly, the

Debtors submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

Reservation of Rights

30. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtors, a waiver of the Debtors’ right to dispute any claim, or an approval or assumption of any agreement, contract, or lease under section 365 of the Bankruptcy Code. The Debtors expressly reserve the right to contest any claim related to the relief sought herein. Likewise, if the Court grants the relief sought herein, any payment made pursuant to an order of the Court is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors’ right to subsequently dispute such claim.

Bankruptcy Rules 6004(a) and 6004(h) are Satisfied

31. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Notice

32. The Debtors will provide notice of this Motion to the following: (a) the Office of the United States Trustee for the District of Delaware; (b) the entities listed on the Consolidated List of Creditors Holding 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to Bank of America, N.A., as administrative agent and co-collateral agent under the ABL Credit Agreement; (d) counsel to Ankura Trust Company, as the successor administrative agent under the Term Loan Agreement; (e) counsel to the lenders under the Term

Loan Agreement; (f) counsel to Wilmington Trust, National Association, as trustee under the Third Lien Notes Indenture; (g) counsel to the Ad Hoc Group of Third Lien Noteholders; (h) any banking or financial institution that holds the Debtors' accounts; and (i) all parties entitled to notice pursuant to Local Rule 9013-1(m). As this Motion is seeking "first day" relief, notice of this Motion and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested and the urgency of the circumstances surrounding this Motion, no other or further notice need be given.

No Prior Request

33. The Debtors have not previously sought the relief requested herein from this or any other Court.

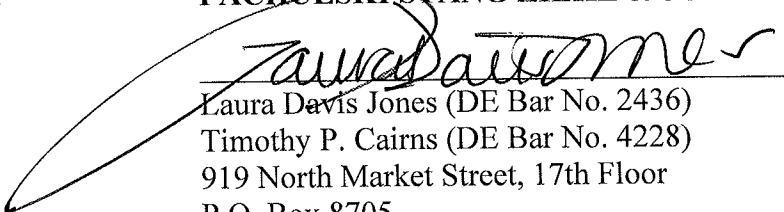
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WHEREFORE, the Debtors respectfully request entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, (i) authorizing the Debtors, in their sole discretion, to remit and pay prepetition Taxes and Fees, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing and, (iv) granting such further relief as may be appropriate and proper.

Dated: March 25, 2018
Wilmington, Delaware

Respectfully submitted,

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Proposed Counsel to Debtors and Debtors in Possession

EXHIBIT A

Proposed Form of Interim Order

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

	X	
	:	
In re:	:	Chapter 11
	:	
REMINGTON OUTDOOR COMPANY, INC., <i>et</i>	:	Case No. 18-10684 ()
<i>al.</i> , ¹	:	
	:	
Debtors.	:	(Joint Administration Requested)
	X	

**INTERIM ORDER (I) AUTHORIZING DEBTORS TO REMIT AND PAY CERTAIN
PREPETITION TAXES, GOVERNMENTAL ASSESSMENTS, AND FEES,
(II) AUTHORIZING BANKS AND FINANCIAL INSTITUTIONS TO PAY ALL
CHECKS AND ELECTRONIC PAYMENT REQUESTS RELATING TO THE
FOREGOING AND (III) SCHEDULING A FINAL HEARING**

Upon consideration of the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) seeking entry of an interim order (this “Interim Order”), pursuant to sections 363(b), 507(a)(8), and 1129 of the Bankruptcy Code, rules 6003 and 6004 of the Bankruptcy Rules, and rule 9013-1(m) of the Local Rules, (i) authorizing the Debtors, in their sole discretion, to remit and pay prepetition Taxes and Fees, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing and, (iv) granting certain related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Remington Outdoor Company, Inc. (4491); FGI Holding Company, LLC (9899); FGI Operating Company, LLC (9774); Remington Arms Company, LLC (0935); Barnes Bullets, LLC (8510); TMRI, Inc. (3522); RA Brands, L.L.C. (1477); FGI Finance, Inc. (0109); Remington Arms Distribution Company, LLC (4655); Huntsville Holdings, LLC (3525); 32E Productions, LLC (2381); Great Outdoors Holdeo, LLC (7744); and Outdoor Services, LLC (2405). The principal offices of Debtor Remington Outdoor Company Inc., the top-level holding company, are located at 870 Remington Drive, Madison, NC 27025.

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

U.S.C. §§ 157 and 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter an interim order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis to the extent set forth herein.
2. The Debtors are authorized on an interim basis to remit or pay, in their sole discretion, the Taxes and Fees that will become payable prior to entry of a final order approving the relief requested in the Motion in an aggregate amount not to exceed \$350,000.
3. Notwithstanding anything in the Motion or this Interim Order to the contrary, any payment made by the Debtors pursuant to the authority granted herein, as well as the exercise of any and all other rights and authorizations granted or approved hereunder, shall be subject in all respects to the order approving the post-petition debtor in possession facilities (the "DIP Order"), the DIP Facility Documents (as defined in the DIP Order), and the Approved Budget (as defined in the DIP Order), as applicable.

4. The banks and financial institutions on which checks were drawn or electronic payment requests, drafts, or other forms of payment were made, drawn, or issued in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when processed for payment (or to reissue checks, electronic payment requests, drafts, or other forms of payment made, drawn, or issued on the Debtors' accounts, as applicable and necessary); provided, in each case, that sufficient funds are on deposit in the applicable account to cover such payment. All banks and financial institutions are authorized to rely on the Debtors' designation of any particular check, electronic payment request, draft, or other form of payment as approved by this Interim Order.

5. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in the Motion or this Interim Order or any payment made pursuant to this Interim Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors' rights to subsequently dispute such claim or lien, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any Taxes and Fees.

7. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2018, at __:__.m. Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before __:__.m. Eastern Time on _____, 2018, and served on the following parties: (a) proposed counsel for the

Debtors, Milbank, Tweed, Hadley & McCloy LLP, 2029 Century Park East, 33rd Floor, Los Angeles, CA 90067 (Attn: Gregory A. Bray, Thomas R. Kreller, and Haig M. Maghakian) (Emails: gbray@milbank.com; tkreller@milbank.com; hmaghakian@milbank.com) and Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801) (Attn: Laura Davis Jones) (Email: ljones@pszjlaw.com); (b) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King St., Lockbox 35, Wilmington, DE 19801 (Attn: Juliet Sarkessian) (Email: juliet.m.sarkessian@usdoj.gov); (c) counsel to the Ad Hoc Group of Term Loan Lenders, O'Melveny & Myers, 7 Times Square, New York, NY 10036 (Attn: Andrew Parlen and Joseph Zujkowski) (Emails: aparlen@omm.com; jzujkowski@omm.com) and Richards, Layton & Finger LLP, 920 N King Street, Suite 200 Wilmington, DE 19801 (Attn: Mark Collins) (Email: collins@rlf.com); (d) counsel to the ABL Agent and ABL Lenders, Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036 (Attn: Paul Leake and Shana Elberg) (Emails: paul.leake@skadden.com; shana.elberg@skadden.com) and Skadden, Arps, Slate, Meagher & Flom LLP, One Rodney Square, 920 N. King Street, Wilmington, DE, 19801 (Attn: Jason Liberi) (Email: Jason.liberi@skadden.com); (e) counsel to the Third Lien Notes Indenture Trustee, Dorsey & Whitney LLP, 51 West 52nd St, New York, NY 10019 (Attn: Adam F. Jachimowski) (Email: jachimowski.adam@dorsey.com); (f) counsel to the Ad Hoc Group of Third Lien Noteholders, Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019 (Attn: Rachel C. Strickland and Joseph G. Minias) (Emails: rstrickland@wilkie.com; jminias@wilkie.com) and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801 (Attn: Edmon Morton) (Email: emorton@yest.com); (g) counsel to Ankura Trust Company, as the successor

administrative agent under the Term Loan Agreement, Davis Polk & Wardell LLP, 450 Lexington Avenue, New York, NY 10017 (Attn: Damian S. Schaible) (Email: damian.schaible@davispolk.com) and Richards, Layton & Finger LLP, 920 N. King Street, Suite 200, Wilmington, DE 19801 (Attn: Mark Collins) (Email: collins@rlf.com); and (h) counsel to the Creditors' Committee (if any). In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

8. Entry of this Interim Order is necessary to avoid immediate and irreparable harm. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

9. Adequate notice of, and an opportunity for a Hearing on, the Motion have been provided. Such notice satisfies the requirements of Bankruptcy Rule 6004(a).

10. Debtors shall serve a copy of this Interim Order upon all parties who were served with the Motion.

11. Notwithstanding any applicability of Bankruptcy Rules 6004(h), 7062, or 9014, the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

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

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

Dated: _____, 2018
Wilmington, Delaware

United States Bankruptcy Judge

EXHIBIT B

Proposed Form of Final Order

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

	X	
	:	
In re:	:	Chapter 11
	:	
REMINGTON OUTDOOR COMPANY, INC., <i>et</i>	:	Case No. 18-10684 ()
<i>al.</i> , ¹	:	
	:	
Debtors.	:	(Joint Administration Requested)
	X	

**FINAL ORDER (I) AUTHORIZING DEBTORS TO REMIT AND PAY CERTAIN
PREPETITION TAXES, GOVERNMENTAL ASSESSMENTS, AND FEES,
AND (II) AUTHORIZING BANKS AND FINANCIAL INSTITUTIONS TO PAY
ALL CHECKS AND ELECTRONIC PAYMENT REQUESTS
RELATING TO THE FOREGOING**

Upon consideration of the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) seeking entry of an order (this “Order”), pursuant to sections 363(b), 507(a)(8), and 1129 of the Bankruptcy Code, rules 6003 and 6004 of the Bankruptcy Rules, and rule 9013-1(m) of the Local Rules, (i) authorizing, the Debtors, in their sole discretion, to remit and pay prepetition Taxes and Fees, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks and electronic payment requests relating to the foregoing, and (iii) granting certain related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Remington Outdoor Company, Inc. (4491); FGI Holding Company, LLC (9899); FGI Operating Company, LLC (9774); Remington Arms Company, LLC (0935); Barnes Bullets, LLC (8510); TMRI, Inc. (3522); RA Brands, L.L.C. (1477); FGI Finance, Inc. (0109); Remington Arms Distribution Company, LLC (4655); Huntsville Holdings, LLC (3525); 32E Productions, LLC (2381); Great Outdoors Holdeo, LLC (7744); and Outdoor Services, LLC (2405). The principal offices of Debtor Remington Outdoor Company Inc., the top-level holding company, are located at 870 Remington Drive, Madison, NC 27025.

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

that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtors are authorized to remit or pay, in their sole discretion, the Taxes and Fees that will become payable during the pendency of these Chapter 11 Cases.
3. Notwithstanding anything in the Motion or this Order to the contrary, any payment made by the Debtors pursuant to the authority granted herein, as well as the exercise of any and all other rights and authorizations granted or approved hereunder, shall be subject in all respects to the order approving the post-petition debtor in possession facilities (the "DIP Order"), the DIP Facility Documents (as defined in the DIP Order), and the Approved Budget (as defined in the DIP Order), as applicable.
4. The banks and financial institutions on which checks were drawn or electronic payment requests, drafts, or other forms of payment were made, drawn, or issued in payment of

the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when processed for payment (or to reissue checks, electronic payment requests, drafts, or other forms of payment made, drawn, or issued on the Debtors' accounts, as applicable and necessary); provided, in each case, that sufficient funds are on deposit in the applicable account to cover such payment. All banks and financial institutions are authorized to rely on the Debtors' designation of any particular check, electronic payment request, draft, or other form of payment as approved by this Order.

5. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors' rights to subsequently dispute such claim or lien, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any Taxes and Fees.

7. Entry of this Order is necessary to avoid immediate and irreparable harm. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

8. Adequate notice of, and an opportunity for a Hearing on, the Motion have been provided. Such notice satisfies the requirements of Bankruptcy Rule 6004(a).

9. Notwithstanding any applicability of Bankruptcy Rules 6004(h), 7062, or 9014, the terms and conditions of this Order are immediately effective and enforceable upon its entry.

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

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

Dated: _____, 2018
Wilmington, Delaware

United States Bankruptcy Judge