

DISTRICT COURT, DENVER COUNTY, COLORADO		<p>DATE FILED February 4, 2025 6:25 PM CASE NUMBER: 2024CV30763</p> <p style="text-align: center;">⚠ COURT USE ONLY ⚠</p> <p>Case Number: 2024CV30763 Division: 466 Courtroom:</p>
Court Address: 1437 BANNOCK STREET, RM 256, DENVER, CO, 80202		
Plaintiff(s) ROSS BERMAN et al. v. Defendant(s) BELLROCK BRANDS INC et al.		
Order:Exhibit B to Notice of Submission of Proposed Receivership Orders		

The motion/proposed order attached hereto: NO ACTION TAKEN.

As no party seeks entry of the attached order, the Court will take no action on it.

Issue Date: 2/4/2025



MARK T BAILEY
District Court Judge

<p>DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO 1437 Bannock Street Denver, Colorado 80202</p>	<p style="text-align: center;">▲ COURT USE ONLY ▲</p> <hr/> <p>Case Number: 2024CV30763 Division: 466</p>
<p>Plaintiffs: Ross Berman, Jason H. Karp, IMJ I LLC, a Delaware limited liability company, Rachel Farber Revocable Trust, Stephen Farber Revocable Trust, and Red Cloud Capital, LLC, a Connecticut limited liability company,</p> <p>and Plaintiff-Intervenors: Trevor Gallup, an individual; and Lynn Honderd, an individual.</p> <p>v.</p> <p>Defendants: Bellrock Brands Inc., a British Columbia corporation, BRB DB Holdings, Inc., a Delaware corporation, BRB Mary’s Holdings Corp., a Delaware corporation, Dixie Brands (USA) Inc., a Delaware corporation, Mary’s Operations, LLC, a Colorado limited liability company, Mary’s Pets, LLC, a Colorado limited liability company, Mary’s Nutritionals, LLC, a Colorado limited liability company, DB Finance, Nevada, LLC, a Nevada limited liability company, and DB Oklahoma, LLC, a Colorado limited liability company.</p>	
<p style="text-align: center;">[PROPOSED] ORDER SETTING FORTH DUTIES AND POWERS OF THIRD-PARTY CO-RECEIVER IN ADMINISTRATING CLAIMS SERVICES</p>	

THIS MATTER is before the Court on the Court's November 20, 2024 Order regarding the appointment of a third party co-receiver the (“Co-Receiver”) that will manage the Claims Services, as defined in the Court's November 20, 2024 Order (the “Claims Servicer Order”):

THE COURT HEREBY ORDERS THE:

I. Appointment of Co-Receiver:

A. Purpose and Scope

1. A third party Co-Receiver will be retained to manage the Claims (as defined below), to manage the litigation related to the Claims process for the receivership, including the Intervenor's claims, and to manage the plan of reorganization of the Defendant companies. Such engagement will include the review, and resolution process for Claims brought against or on behalf of Receivership Defendants.
2. The Claims to be administered are solely and exclusively:
 - i. Timely filed Claims in connection with this Court's Order Granting Receiver's Motion to Establish Claims Administration Procedure and to Set Claims Bar Date ("Bar Date Order"). Prior to the deadline set forth in the Bar Date Order, 88 Claimants timely filed Proofs of Claim (the "Timely Filed Claims"). The Timely Filed Claims are attached hereto as **Exhibit A**.
 - ii. Claims in connection with Hondred's and Gallup's Motion to Intervene, subject to the limitations set forth in the Stipulation and Scheduling Order, particularly, Claims 1, 2 and 8 in Intervenor Complaint in Intervention ("Intervenor Claims").
 - iii. (the Timely Filed Claims and Intervenor Claims are collectively, the "Claims").
3. Any action taken by the Co-Receiver shall also be consistent with all Orders entered in this matter, including but not limited to this Court's:
 - i. May 13, 2024 Order Granting Receiver's Motion to Establish Claims Administration Procedures and set Claims Bar Date.

- ii. November 20, 2024, Order Re Intervenor's Forthwith Joint Motion to Disqualify Receiver.
 - iii. November 20, 2024, Order re: Forthwith Motion for Immediate Appointment of Reviver-Manager Pursuant of C.R.C.P. 121 Section 1-154(4) and
 - iv. Any subsequent orders setting forth the roles and responsibilities of the court-appointed or managers in this matter.
4. Accordingly, and in abundance of caution, the Co-Receiver shall have no authority to manage, operate, or control the day-to-day business, assets, or operations of Receivership Defendants, as those duties remain excluded from this appointment and are currently vested in West 4th as a Receiver-Manager.
 5. The Co-Receiver shall have all other authority and powers available to a receiver as recognized under C.R.C.P. 66 and the law.

II. Co-Receiver shall perform the following duties:

A. Claims Notification and Outreach

1. Develop and implement a notification plan to inform Claimants of the updated claims process, deadlines, and procedures that remain.
2. Disseminate notices via mail, email, and public postings, as appropriate, in accordance with Court-approved protocols.
3. Establish and maintain a website or other communication channels to provide claimants with information and assistance, in connection with Co-Receiver's management of Claims.

B. Claims Verification

1. Establish a file with respect to each Claim in accordance with accepted industry standard. To the extent not already done, compile all relevant documents in connection with each Claim.

C. Litigation Management

1. Defend all litigation or other proceeding involving any Claims asserted by the Intervenor, or other proceeding involving any Claims asserted by any other Claimant, including any objections made to any Claims, and when appropriate, attend any judicial or other proceeding involving any Claim.
2. In the event that a bankruptcy case is filed by the Defendants during the pendency of this Receivership, Plaintiffs must give notice of same to this Court, to all parties, and to the Co-Receiver, within two (2) business days of Plaintiffs' receipt of notice of the bankruptcy filing. Upon receipt of notice that a bankruptcy has been filed, which includes as part of the bankruptcy estate any property which is subject to this Order, the Co-Receiver shall do the following:
 - i. The Co-Receiver shall immediately contact the Plaintiffs and Intervenor and determine whether Plaintiffs and/or Intervenor intend to move in the Bankruptcy Court for an order for relief from the Co-Receiver's obligation to turn over the Collateral (11 U.S.C. Section 543).
 - ii. If the Plaintiffs and/or Intervenor indicate no intention to make such a motion, then the Co-Receiver shall immediately turn over the property of the applicable Defendant to either the trustee in bankruptcy, if one has been

appointed, or if not, then to the debtor-in-possession, and otherwise comply with 11 U.S.C. Section 543.

- iii. If the Plaintiffs and/or Intervenors express an intention to immediately seek relief from the Co-Receiver's obligation to turn over the Collateral, then the Co-Receiver is authorized to remain in possession and preserve the Collateral pending the outcome of such motion (11 U.S.C. Section 543(a)). The Co-Receiver's authority to preserve the Collateral is limited as follows: The Co-Receiver may continue to collect proceeds of the Collateral. The Co-Receiver may make disbursements, but only those which are necessary to preserve and protect the Collateral. The Co-Receiver shall not execute any new agreements or other long-term contracts. The Co-Receiver shall do nothing that would affect a material change in circumstances of the Collateral.
- iv. Notwithstanding the above, if Plaintiffs and/or Intervenors fail to file a motion within 10 court days after their receipt of notice of the bankruptcy filing, then the Co-Receiver shall immediately turn over the Collateral of the Defendants either to the trustee in bankruptcy, if one has been appointed or, if not, to the debtor-in-possession, and otherwise comply with 11 U.S.C. Section 543.
- v. The Co-Receiver and/or the parties to this action may at any time apply to the Court for any further instructions or orders and for further powers necessary to enable the Co-Receiver to perform its duties properly.

D. Access to Defendants' Property and Records

1. Co-Receiver shall have full access to the accounting, financial, and correspondence records of the Defendants necessary to defend this litigation, manage the Claims Administration process, and to propose a Final Report.
2. Upon the request of the Co-Receiver, Defendants and West 4th shall turn over all documents relating to any past or present litigation concerning the Collateral to the Co-Receiver, and shall cooperate with the Co-Receiver in its taking over of such litigation.

E. Co-Receiver's Duty of Presentment to the Court

1. When a Claimant objects to the proposed treatment of a Claim and the Co-Receiver does not alter the determination of the Claim as a result of the objection, the Administrator shall ask the Court for a hearing.
2. Any party interested in objecting to the application must file an objection specifying the grounds for the objection within the period the Court may set, and must serve copies on the Co-Receiver and any other persons served with the application within the same period. An objecting party has the burden of showing why the Court should not authorize the Co-Receiver's proposed action.

F. Reporting

1. Prepare and submit periodic reports to the Court detailing the status of the claims administration process, including the number of claims received, reviewed, and resolved.

2. Maintain records of all claims-related activities for review by the Court and interested parties.

G. Culmination of Claims Administration-Final Report

1. Prepare and submit a proposed final report of approved Claims and a proposed restructuring of the debt and equity of the Defendant companies. To the extent any proposed restructured plan also includes proposed non-monetary compensation to West 4th, the Administrator shall negotiate such compensation with West 4th and the Administrator shall propose such non-monetary compensation as part of the plan it submits.
2. Any such final report and proposed plan submitted shall be subject to court approval, after an objection period and final hearing.

H. Compensation

1. The Co-Receiver must file periodic fee applications of no less than on a quarterly basis, which shall be subject to objection by any interested party.
2. The Co-Receiver's appointment shall not be effective until there is a determination of whether the Co-Receiver shall need to submit a bond or if such bond is waived and the Co-Receiver has signed and submitted the required oath under Rule 66.

DATED: _____

MARK T. BAILEY

District Court Judge