

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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| <i>In re</i> | : | Chapter 11 |
| | : | |
| ADVANTA CORP., <i>et al.</i> , | : | Case No. 09-[●] (●) |
| | : | |
| Debtors. ¹ | : | (Joint Administration Requested) |
| | : | |
| | -X | |

**MOTION OF DEBTORS FOR AUTHORITY (a) TO (i) PAY CERTAIN
EMPLOYEE COMPENSATION AND BENEFITS AND (ii) MAINTAIN AND
CONTINUE SUCH BENEFITS AND OTHER EMPLOYEE-RELATED PROGRAMS
AND (b) FOR THE DEBTORS' FINANCIAL INSTITUTIONS TO HONOR AND
PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS
PURSUANT TO SECTIONS 105(a), 363(b), AND 507(a) OF THE BANKRUPTCY CODE**

Advanta Corp. ("**Advanta**") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the "**Debtors**") respectfully represent:

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are Advanta Corp. (2070), Advanta Investment Corp. (5627), Advanta Business Services Holding Corp. (4047), Advanta Business Services Corp. (3786), Advanta Shared Services Corp. (7074) ("**Shared Services**"), Advanta Service Corp. (5625), Advanta Advertising Inc. (0186), Advantennis Corp. (2355), Advanta Mortgage Holding Company (5221), Advanta Auto Finance Corporation (6077), Advanta Mortgage Corp. USA (2654), Advanta Finance Corp. (8991), Great Expectations International Inc. (0440), Great Expectations Franchise Corp. (3326), and Great Expectations Management Corp. (3328). Each of the Debtors (other than the Great Expectations entities) maintains its principal corporate office at Welsh & McKean Roads, P.O. Box 844, Spring House, Pennsylvania 19477-0844. The Great Expectations entities maintain their principal corporate office at 1209 Orange Street, Wilmington, Delaware 19801. Additional information regarding the Debtors' business and the background relating to events leading up to these chapter 11 cases can be found in the Declaration of William A. Rosoff in Support of the Debtors' Chapter 11 Petitions and First-Day Motions, filed on November 8, 2009 (the "**Rosoff Declaration**"), the date the Debtors filed their petitions (the "**Commencement Date**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). As of the Commencement Date, the Debtors are authorized to continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Further, a motion, pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") for joint administration of the Debtors' Reorganization Cases is pending before the Court.

Relief Requested

1. By this motion (the “***Motion***”), the Debtors request, pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code, entry of the proposed interim order substantially in the form attached hereto as Exhibit “A” (a) authorizing, but not requiring, the Debtors to (i) pay certain wages, salaries, work-related expense reimbursements, and other compensation and related taxes (collectively, the “***Compensation Obligations***”) and certain employee benefits, which include, among others, severance programs, retirement and welfare plans, statutorily-mandated benefits, and other benefit programs (collectively, the “***Employee Benefits***” and together with the Compensation Obligations, the “***Employee Obligations***”) and (ii) continue and honor certain Employee Benefits and (b) authorizing the Debtors’ financial institutions to receive, honor, process, and pay any and all checks and wire transfers drawn on the Debtors’ accounts in satisfaction of the Employee Obligations.² In support of the Motion, the Debtors submit the Rosoff Declaration, filed contemporaneously herewith.

The Debtors’ Prepetition Employee Obligations

2. In the ordinary course of their businesses, the Debtors incur payroll and various other obligations and provide other benefits to their employees and, to a limited extent, directors for the performance of services.³ As of the Commencement Date, the Debtors employ approximately 42 full-time employees, of which (i) approximately 29 are salaried employees (the “***Salaried Employees***”), and (ii) approximately 13 are hourly employees (the “***Hourly Employees***,” and together with the Salaried Employees, the “***Full-time Employees***”). The

² Concurrently herewith, the Debtors have filed a motion for authority to, among other things, continue their existing cash management system.

³ Only debtors Advanta and Shared Services employ Employees (as defined below).

Debtors also employ three part-time employees (the “*Part-time Employees*,” and, together with the Full-time Employees, the “*Employees*”).

3. As explained in more detail below, the Debtors have incurred obligations to their Employees and directors in the period prior to the Commencement Date. Certain of these costs and obligations are outstanding, due and payable, while others will become due and payable in the ordinary course of the Debtors’ businesses after the Commencement Date. Pursuant to this Motion, the Debtors request authority to pay such obligations incurred prior to the Commencement Date, in an amount not to exceed \$10,950 to any single current or former Employee or director.

A. Wages, Salaries, Compensation and Related Fees

(i) Wage and Salary Obligations

4. Prior to the Commencement Date and in the ordinary course of their businesses, the Debtors paid obligations relating to wages, salary, and compensation (collectively, the “*Wage Obligations*”) to their Full-time Employees on a bi-weekly basis by check or direct deposit on a current basis.⁴ Accordingly, at the end of each payroll cycle, subject to limited exceptions (described below), the Debtors are substantially current in respect of their Wage Obligations related to their Full-time Employees. Part-time Employees and those hourly Full-time Employees who, among other things, worked overtime hours or worked alternative shifts during the previous cycle are paid the following cycle. Based on the previous six-month period, the Debtors estimate their average monthly gross payroll is approximately \$1 million.⁵

⁴ All but one of the Debtors’ Employees are paid through direct deposit. Only one employee is paid via check.

⁵ The Debtors’ postpetition monthly gross payroll will be reduced by approximately \$84,000 because Dennis Alter, Advanta’s Chief Executive Officer (“*CEO*”), has agreed to continue serving as CEO while waiving his salary and bonus during these chapter 11 cases.

Based on the foregoing, as of the Commencement Date, the Debtors estimate they have approximately \$250,000 outstanding in accrued prepetition Wage Obligations.⁶

(ii) **Payroll Taxes**

5. The Debtors are required by law to withhold from the Employees' salaries and wages amounts related to federal, state, and local income taxes, as well as Social Security and Medicare taxes (collectively, the "***Withholding Taxes***") and to remit the same to the appropriate taxing authorities (collectively, the "***Taxing Authorities***"). In addition, the Debtors are required to make payments from their own funds on account of Social Security and Medicare taxes, and to pay, based on a percentage of gross payroll (and subject to state-imposed limits), additional amounts to the Taxing Authorities for, among other things, state and federal unemployment insurance (collectively, the "***Employer Payroll Taxes***" and, together with the Withholding Taxes, the "***Payroll Taxes***").

6. The Debtors' average monthly Payroll Tax liability is approximately \$327,000, of which approximately \$276,000 is withheld from Employees' paychecks and approximately \$41,000 is paid by the Debtors. Because the Debtors remitted Payroll Taxes to the payroll processors on or about November 4, 2009 for the pay period ending November 6, 2009, as of the Commencement Date, the Debtors estimate they owe less than \$30,000 to the Taxing Authorities on account of Payroll Taxes.

⁶ Prior to the Commencement Date, certain Employees not participating in the Debtors' CIP or AMIP programs (both as defined below) were eligible to participate in the Employee Incentive Plan (the "***EIP***"). Through the EIP, the Debtors incentivized performance and allowed Employees to share in the Debtors' profits, unless Employees participated in the Debtors' AMIP program ("***AMIP***") or management cash incentive plans ("***CIP***") and together with the EIP and the AMIP, the "***Incentive Programs***"). Under the AMIP, participating Employees, at their discretion, were eligible to receive restricted stock, a combination of restricted stock and cash, or cash as incentive compensation. The Debtors' CIP was also an important aspect of motivating key management Employees in attaining pre-established operating income targets. The Debtors are not requesting authority at this time to make any payments under the Incentive Programs in respect of the prepetition period.

(iii) **Deductions**

7. In the ordinary course of their businesses the Debtors deduct, at the request of certain of their Employees, certain amounts from such Employees' gross pay for various expenses, including, without limitation, medical, dental, vision, accidental death & dismemberment and supplemental life insurance, and contributions to the Employees' 401(k) accounts (collectively, the "***Deductions***").

8. These Deductions are held in trust by the Debtors and then remitted to applicable third parties. On average, the Debtors withhold approximately \$55,000 per month in Deductions. As of the Commencement Date, the Debtors estimate that they owe approximately \$71,000 of unremitted Deductions relating to the prepetition period.

(iv) **Obligations in Respect of Payroll Processing Service**

9. The Debtors retain certain payroll service providers to facilitate payment of their Employee Obligations. Specifically, the Debtors remit their payroll and other related obligations to Ceridian Corporation, who then coordinates payment to Employees with Ultimate Software Group, Inc., a third party processor whose fees are also paid by the Debtors. The Debtors are invoiced by Ceridian Corporation on a monthly basis and Ultimate Software Group on a quarterly basis for payroll processing fees (the "***Payroll Processing Fees***"). As of the Commencement Date, the Debtors estimate they owe their payroll service providers approximately \$10,000 in outstanding prepetition Payroll Processing Fees.

(v) **Reimbursement of Expenses**

10. Certain of the Employees incur various expenses in the discharge of their ordinary duties. In the ordinary course of business, the Debtors reimburse such expenses, including, without limitation, expenses related to (i) work-related travel, (ii) work-related cellular

phones, (iii) supply purchases, (iv) industry seminars, (v) tuition for certain work-related courses, and (vi) relocation expenses (collectively, the “*Expense Reimbursements*”).

11. In order to receive reimbursements, Employees must submit an expense report detailing their claims and seek reimbursement from the Debtors. There may be a lag of approximately one week between submission and reimbursement of such claims. Because of the lag between submission and reimbursement of an expense report, and because Employees do not always submit their expense reports with regularity, it is difficult for the Debtors to determine the amount of Expense Reimbursements outstanding at any particular time. Based upon historical figures, however, the Debtors estimate that there may be approximately \$30,000 of Expense Reimbursements outstanding as of the Commencement Date. Accordingly, the Debtors request authority to pay postpetition an amount not to exceed \$35,000 on account of Expense Reimbursements incurred prepetition.

(vi) **Severance Payments**

12. The Debtors have obligations to make severance payments to certain former Employees (the “*Severance Payments*”). Depending upon the former Employee’s tenure and position, Severance Payment obligations vary from two weeks’ to 32 weeks’ compensation with extended benefit coverage after the termination.⁷ As of the Commencement Date, only 12 former Employees are receiving Severance Payments.⁸ Although, as of the Commencement

⁷ For purposes of this motion, the Debtors have included statutory health-related coverage for former employees (“*COBRA*”) and continuation of term life insurance policies, including those in connection with severed Employees, within certain of the Other Benefits (as described and defined below) because immediate relief is necessary to ensure COBRA and term life insurance coverage does not lapse for such former employees. As of the Commencement Date, the Debtors owe IBA, a division of Aetna, approximately \$25,000 on account of administrator fees related to COBRA coverage and Liberty Mutual approximately \$4,000 on account of administrator fees related to term life insurance coverage.

⁸ Although one of these former Employees was an officer or insider of certain of the Debtors at the time of his termination, as mentioned above, the Debtors are not seeking authorization to make Severance

Date, the Debtors owe in excess of \$350,000 on account of outstanding Severance Payments, by this Motion, the Debtors only request authority to make Severance Payments in the aggregate amount of approximately \$132,000, representing an amount of up to \$10,950 to each former Employee.

(vii) **Board Meeting Attendance Fees and Expense Reimbursements**

13. Advanta pays each of its directors a yearly service fee ranging from approximately \$25,000 to \$30,000 and a fee ranging from \$1,000 to \$1,500 (the “***Board Meeting Fees***”) for attendance at each meeting of Advanta’s Board of Directors and reimburses each director’s expenses incurred in connection with attending board meetings (the “***Board Meeting Expense Reimbursement***”). In the days leading up to the Commencement Date, members of Advanta’s board attended a number of meetings and are owed Board Meeting Fees and Board Meeting Expense Reimbursements for such meetings, in an aggregate amount of approximately \$35,000.

B. Employee Retirement and Benefits Programs

(i) **Employee 401(k) Savings Plan**

14. The Debtors offer all Employees retirement and deferred compensation benefits through a 401(k) plan (the “***401(k) Plan***”). Under the 401(k) Plan, Employees may contribute a portion of their annual compensation toward the 401(k) Plan up to certain statutory caps. The Debtors match 100% of an Employee’s first 4% contribution (the “***Matching Contributions***”). In their sole discretion, the Debtors may also make an additional non-safe harbor matching contribution equal to 100% of the first 1% of an Employee’s eligible compensation contribution.

Payments (or payments to him of any other prepetition Employee Obligations) to him in excess of \$10,950.

15. The 401(k) Plan is administered by Charles Schwab Trust Company, a Division of Charles Schwab Bank (“*Charles Schwab*”), and the Debtors pay Charles Schwab certain administrator fees in connection with the 401(k) Plan. Each pay cycle, the Debtors incur an average of \$5,200 in Matching Contributions under the 401(k) Plan. In addition, the Debtors are currently holding approximately \$18,000 on account of Matching Contributions accrued prepetition, and may owe approximately \$45,000 on account of their Matching Contributions, depending on the results of their yearly Matching Contributions reconciliation process (conducted in January of each year for the previous year’s contributions). The Debtors also owe approximately \$20,000 in outstanding prepetition 401(k) Plan Fees to Charles Schwab.

(ii) **Other Benefits**

16. The Debtors also offer a number of other employee-related benefits, which include, without limitation, the PTO Plans, the FlexibleBenefits Program, the LTD Program, the Basic Life Insurance Program, and the Additional Benefits Programs (all as defined below and, collectively, the “*Other Employee Benefits*”).

(a) **Paid Time Off**

17. As described in greater detail below, the Debtors offer certain Employees paid time off, which includes, without limitation, (a) vacation and/or personal days, (b) holidays, (c) witness duty, jury duty, or voting days, and (d) bereavement days (collectively, the “*PTO Plans*”).

18. The Debtors estimate that, as of the Commencement Date, they have outstanding liabilities of approximately \$35,000 under the PTO Plans.⁹ By this Motion, the

⁹ Employees who participated in the Debtors’ AMIP program prepetition are entitled to four to six weeks of vacation each year, but do not accrue time off and are not paid out for unused vacation time upon termination.

Debtors request authority to (a) allow Employees to use, in the ordinary course of business, their time off accrued prior to the Commencement Date under the PTO Plans and (b) upon an Employee's termination, to pay out any unused prepetition days under the PTO Plans, subject to the \$10,950 cap under section 507(a) of the Bankruptcy Code.

(b) FlexBenefits Program

19. The Debtors offer the FlexBenefits program as a menu of benefits from which eligible Employees can choose (the “*FlexBenefits Program*”). The Debtors provide each full-time employee with flex dollars to spend on (i) medical and prescription drug coverage, (ii) dental coverage, (iii) vision coverage, (iv) supplemental group term life insurance, (v) personal accident insurance, (vi) dependent term life insurance, (vii) a pre-tax health care reimbursement account, or (viii) a dependent care reimbursement account. If the cost of the benefits eligible Employees select exceed the flex dollars provided, such Employees pay the difference each pay period.¹⁰ Part-time Employees may select all of the above services, except for supplemental group term life insurance and personal accident insurance. In addition to the above, the Debtors pay a portion of medical, vision, dental, and certain other Flex Benefits Programs premiums on behalf of eligible Employees.

20. Depending on an employee's location, the benefits he or she receives under the FlexBenefits Program may be administered by AmeriHealth, Independence Blue Cross, Intermountain Healthcare, Delta Health Systems, and/or Mercer Health (the “*FBP Administrators*”). In exchange for their services, the FBP Administrators receive certain administrative fees, depending upon the level of usage and the number of employee participants (the “*FBP Administrators' Fees*”).

¹⁰ If Employees do not spend all flex dollars provided, they receive additional taxable income each paycheck.

21. As of the Commencement Date, the Debtors estimate they owe approximately \$1,000 in outstanding FBP Administrators' Fees and related expenses under the FlexBenefit Program (collectively, the "***FBP Expenses***") and approximately \$35,000 in outstanding FBP premiums (collectively, with the FBP Expenses, the "***FBP Costs***").

(c) **Long-Term Disability**¹¹

22. The Debtors offer a long-term disability income protection program (the "***LTD Program***") for certain full-time Employees requiring a leave of absence¹² due to a non-work related illness or injury for a period extending beyond 13 weeks. To be eligible for the LTD Program, the Employee must also meet the criteria established by Liberty Mutual, the LTD Program's insurance carrier. In addition, certain Employees who were participants in the Debtors' prepetition CIP and other management incentive program are eligible additional income to offset taxes incurred in connection with their participation in the LTD Program. As of the Commencement Date, the Debtors estimate they owe approximately \$3,300 in outstanding LTD Program premiums to Liberty Mutual.

(d) **Life Insurance**

23. The Debtors offer certain Employees (i) basic life insurance ("***Basic Life Insurance***") equal to two times a full time Employee's annual base salary, (ii) supplemental life insurance, and (iii) dependent care insurance through Liberty Mutual, in addition to coverage

¹¹ The Debtors also offer a short-term disability program (the "***STD Program***") which is self-funded by Employees, but administered by Liberty Mutual. The Debtors estimate they owe approximately \$300 in outstanding administrative fees to Liberty Mutual as of the filing.

¹² The Debtors' leave of absence policy provides certain employees time off from work to care for their own serious health condition, a family member's serious health condition, births, adoptions, emergencies, extraordinary personal situations, and military services, in accordance with applicable federal and state laws and regulations. Leave of absence time is unpaid unless vacation or personal time off is used simultaneously or the employee also qualifies for income protection benefits through the STD Program, the LTD Program, workers' compensation, and/or any other relevant state disability income protection.

through their corporate-owned life insurance for certain current and former Employees (collectively, the “*Life Insurance Programs*”). As of the Commencement Date, the Debtors estimate that they owe approximately \$34,000 in administration fees owed to COLI administrator Clark Consulting and \$4,000 in fees to Liberty Mutual in connection with the Life Insurance Programs.

(e) **Service Milestone Awards**

24. The Debtors offer Employees service awards after completing three and five years of service, and at all five year increments of service thereafter (the “*Milestone Awards*”). As of November of 2009, approximately four Employees qualified for Milestone Awards, which ranged from \$1,490 to \$7,118 and remain unpaid. Accordingly, the Debtors estimate they may owe up to approximately \$18,000 in outstanding Milestone Awards. The Debtors anticipate they will incur approximately \$40,000 in Milestone Awards obligations for the 2010 calendar year.

(f) **Additional Benefit Programs**

25. The Debtors offer Employees certain additional benefits, including, among others, reimbursement programs related (a) to tuition and education-related expenses, (b) adoption assistance expenses, (c) a scholarship for Employee family members, (d) matching contributions to higher education institutions, (e) personal finance assistance, and (f) tax preparation assistance (the “*Additional Benefit Programs*”). Although expenses incurred in connection with the Additional Benefit Programs vary from month to month, the Debtors reimburse Employees an average of \$50,000 per month under the programs and, as of the Commencement Date, the Debtors estimate that there is approximately \$30,000 outstanding in connection with the Additional Benefit Programs.

**Cause Exists to Authorize the
Payment of the Debtors' Employees**

26. Pursuant to section 507(a)(4)(A) of the Bankruptcy Code, claims of individual or corporations against a debtor for “wages, salaries, or commissions, including vacation, severance, and sick leave pay” earned within 180 days before the Commencement Date are afforded priority unsecured status to the extent of \$10,950 per individual or corporation. Similarly, section 507(a)(5) of the Bankruptcy Code provides that claims for contributions to certain employee benefit plans are also afforded priority unsecured status to the extent of \$10,950 per employee covered by such plan, less any amount paid pursuant to Bankruptcy Code section 507(a)(4).

27. Section 363(b)(1) of the Bankruptcy Code provides: “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” Section 105(a) of the Bankruptcy Code further provides that:

The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provision of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, *sua sponte*, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process.

28. The Debtors are only seeking authority hereunder to make payments to each current or former Employee or director on account of prepetition Employee Obligations in an amount up to \$10,950. As priority claims, these obligations must be paid in full before any of the Debtors' general unsecured obligations may be satisfied. Accordingly, the relief requested will affect only the timing of the payment of these priority obligations, and should not prejudice the rights of general unsecured creditors or other parties in interest.

29. Furthermore, the “doctrine of necessity” functions in a chapter 11 case as a mechanism by which a bankruptcy court can exercise its equitable power to allow payment of

critical prepetition claims not explicitly authorized by the Bankruptcy Code and further supports the relief requested herein. See *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that a court may authorize payment of prepetition claims if such payment is essential to continued operation of the debtor); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989) (authorizing the payment of prepetition employee wages and benefits while acknowledging that judicial power to “authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor”); see also *In re Just for Feet, Inc.*, 242 B.R. 821, 824-25 (D. Del. 1999) (holding that Bankruptcy Code section 105(a) “provides a statutory basis for the payment of pre-petition claims” under the doctrine of necessity and noting that the Supreme Court, the United States Circuit Court of Appeals for the Third Circuit, and the District Court of Delaware all accept the authority of the bankruptcy court “to authorize payment of prepetition claims when such payment is necessary for the debtor’s survival during chapter 11”); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (explaining that the doctrine of necessity is the standard in the Third Circuit for enabling a court to authorize the payment of prepetition claims prior to confirmation of a reorganization plan). The rationale for the “doctrine of necessity” is consistent with the paramount goal of chapter 11 – “facilitating the continued operation and rehabilitation of the debtor....” *Ionosphere Clubs*, 98 B.R. at 176. Accordingly, pursuant to section 105(a) and 363(b) of the Bankruptcy Code, this Court is empowered to grant the relief requested herein.

30. The Debtors submit that, as set forth above, payments made in connection with the Employee Obligations are justified by the facts and circumstances of these cases. Any delay or failure to pay wages, salaries, expense reimbursements, benefits, severance, and other similar items could irreparably impair the Employees’ morale, dedication, confidence, and

cooperation and could adversely affect the Debtors' relationship with the Employees at a time when the Employees' support is critical to the administration of these cases. The Debtors simply cannot risk the substantial damage to their businesses that would inevitably attend any decline in the Employees' morale. Moreover, paying the Employees in the ordinary course of business will enable the Debtors to effectively conduct business during the pendency of these cases. Such relief allows the Debtors to focus on stabilizing the Debtors' operations at the outset of these chapter 11 cases for the benefit of the Debtors, their estates, and their creditors. Under these circumstances, approval of the requested relief is appropriate.

31. Absent an order granting the relief requested herein, the Employees and other personnel could suffer undue hardship and, in many instances, serious financial difficulties, as the amounts in question may be needed to enable certain individuals to meet their own personal financial obligations. Without the requested relief, the stability of the Debtors will be undermined, perhaps irreparably, by the distinct possibility that otherwise loyal employees and personnel will seek other employment alternatives and jeopardize the Debtors' operations. In addition, it is inequitable to require the Employees to bear personally the cost of any business expenses they incurred prepetition on behalf of the Debtors with the understanding that they would be reimbursed.

32. The payment of Payroll Taxes will not prejudice other creditors of the Debtors, as the relevant Taxing Authorities generally would hold priority claims under section 507(a)(8) of the Bankruptcy Code with respect to such obligations. Moreover, the portion of the Payroll Taxes withheld from an Employee's wages on behalf of an applicable Taxing Authority is held in trust by the Debtors. As such, these Payroll Taxes are not property of the Debtors' estates under section 541 of the Bankruptcy Code. *See, e.g., Begier v. IRS*, 496 U.S. 53 (1990)

(concluding that withholding taxes are property held by a debtor in trust for another and, as such, are not property of the debtor's estate).

33. In addition, the Debtors believe it is necessary to continue payment of administrative fees to the administrators of the Debtors' Employee Obligations and to the administrators of programs related to Employee Benefits. Without the continued service of these administrators, the Debtors will be unable to continue to honor their obligations under these programs in an efficient and cost-effective manner.

34. The Debtors do not seek to assume any of the Employee Obligations at this time. This Motion is intended only to permit the Debtors, in their discretion, to (i) make payments consistent with existing policies to the extent that, without the benefit of an order approving this Motion, such payments may be inconsistent with the relevant provisions of the Bankruptcy Code and (ii) continue to honor practices, programs, and policies with respect to their present and former employees, as such practices, programs, and policies were in effect as of the Commencement Date. Payment of Employee Obligations in accordance with the Debtors' prepetition business practices is in the best interests of the Debtors' estates, their creditors, and all parties in interest and will enable the Debtors to continue to operate their businesses in an economic and efficient manner without unwarranted disruption. The Employees are central to the Debtors' businesses and are vital to these chapter 11 cases, and failure to honor the Employee Obligations would have a detrimental impact on the Debtors and their value. The total amount sought to be paid herein is relatively modest compared with the size of the Debtors' overall businesses and the importance of the Employees to the Debtors' chapter 11 cases.

35. In other chapter 11 cases, courts in this district have approved payment of prepetition claims for compensation, benefits, and expense reimbursements similar to those

described herein. *See, e.g., In re Barzel Indus., Inc.*, Ch. 11 Case No. 09-13204 (CSS) (Bankr. D. Del. Sept. 17, 2009) [Docket No. 49]; *In re Triple Crown Media, Inc.*, Ch. 11 Case No. 09-13181 (BLS) (Bankr. D. Del. Sept. 15, 2009) [Docket No. 43]; *In re PNG Ventures, Inc.*, Ch. 11 Case No. 09-13162 (CSS) (Bankr. D. Del. Sept. 14, 2009) [Docket No. 33]; *In re Samsonite Co. Stores, LLC*, Ch. 11 Case No. 09-13102 (PJW) (Bankr. D. Del. Sept. 2, 2009) [Docket No. 33]; *In re Freedom Commc'ns Holdings, Inc.*, Ch. 11 Case No. 09-13046 (BLS) (Bankr. D. Del. Sept. 2, 2009) [Docket No. 37]; *In re Cynergy Data, LLC*, Ch. 11 Case No. 09-13038 (KG) (Bankr. D. Del. Sept. 2, 2009) [Docket No. 47]; *In re Del. Home Furnishings, LLC*, Ch. 11 Case No. 09-12867 (CSS) (Bankr. D. Del. Aug. 31, 2009) [Docket No. 44]; *In re Cooper-Standard Holdings Inc.*, Ch. 11 Case No. 09-12743 (PJW) (Bankr. D. Del. Aug. 5, 2009) [Docket No. 40]; *In re CommerceConnect Media Holdings, Inc.*, Ch. 11 Case No. 09-12765 (BLS) (Bankr. D. Del. Aug. 4, 2009) [Docket No. 33]; *In re Aleris Int'l, Inc.*, Ch. 11 Case No. 09-10478 (BLS) (Bankr. D. Del. Feb. 13, 2009) [Docket No. 35]; *In re Recycled Paper Greetings, Inc.*, Ch. 11 Case No. 09-10002 (KG) (Bankr. D. Del. Jan. 5, 2009) [Docket No. 53]; *In re Vertis Holdings, Inc.*, Ch. 11 Case No. 08-11460 (CSS) (Bankr. D. Del. Jul. 16, 2008) [Docket No. 51].

36. Accordingly, by this Motion, the Debtors seek authority, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, to continue to provide Employee Benefits and honor and pay Employee Obligations, at their discretion, as they become due and owing during the pendency of these cases and to continue, uninterrupted, all practices, programs and policies with respect to the Debtors' present and former employees, as such practices, programs and policies were in effect as of the Commencement Date.

**Request for Authority for Banks to Honor and Pay Checks
Issued and Electronic Funds Transferred to Pay Employee Obligations**

37. The Debtors further request that the Court authorize all applicable banks and other financial institutions to receive, process, honor and pay any and all checks drawn or electronic funds transferred from accounts listed on Exhibit "B" whether such checks were presented prior to or after the Commencement Date, and all other banks and financial institutions to honor and process any checks or electronic transfers from any other account to the extent such checks or electronic transfers are expressly identified by the Debtors as relating directly to the authorized payment of Employee Obligations. The Debtors also seek authority to issue new postpetition checks, or effect new electronic fund transfers, on account of such claims to replace any prepetition checks or electronic fund transfer requests that may be dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases. The Debtors submit that they have sufficient cash reserves to pay such amounts as they become due in the ordinary course of the Debtors' businesses.

Reservation of Rights

38. Nothing contained herein is intended or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy or lease under section 365 of the Bankruptcy Code. 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 to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently. Finally, the relief requested herein shall not oblige the Debtors to accept any services, to accept the shipment of goods, or prevent the Debtors from returning or rejecting goods.

The Debtors Satisfied Bankruptcy Rule 6003(b)

39. Bankruptcy Rule 6003(b) provides that to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may approve a motion to “pay all or part of a claim that arose before the filing of the petition” prior to 20 days after the Commencement Date. As described above and in the Rosoff Declaration, the Debtors’ business operations rely on the Employees. The Debtors submit that the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors, as described herein, and that Bankruptcy Rule 6003(b) has been satisfied.

Waiver of Bankruptcy Rule 6004(h)

40. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property ... is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise.” To implement the foregoing successfully, the Debtors seek a waiver of the ten-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Jurisdiction

41. 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.

Notice

42. No trustee or examiner has been appointed in these chapter 11 cases. Notice of this Motion has been provided to (i) the Office of the United States Trustee for the District of Delaware; (ii) the Debtors’ 30 largest unsecured creditors (on a consolidated basis); and (iii) Bank of New York Mellon as trustee under the Investment Note Indenture and 8.99% Indenture (both as defined in the Rosoff Declaration) (collectively, the “*Notice Parties*”). 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). Due to the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice of this Motion is required.

No Previous Request

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

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: November 8, 2009
Wilmington, Delaware



Mark D. Collins (No. 2981)
Paul N. Heath (No. 3704)
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- and -

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PROPOSED ATTORNEYS FOR
DEBTORS AND DEBTORS IN
POSSESSION

Exhibit A

The Proposed Order

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

| | | |
|--------------------------------|---|----------------------------------|
| | X | |
| | : | |
| <i>In re</i> | : | Chapter 11 |
| | : | |
| ADVANTA CORP., <i>et al.</i> , | : | Case No. 09-[•] (•) |
| | : | |
| | : | (Joint Administration Requested) |
| Debtors. | : | |
| | : | |
| | X | |

**ORDER PURSUANT TO SECTIONS 105(a), 363(b), AND 507(a) OF
THE BANKRUPTCY CODE (A) AUTHORIZING THE DEBTORS TO
(i) PAY CERTAIN EMPLOYEE COMPENSATION AND BENEFITS AND
(ii) MAINTAIN AND CONTINUE SUCH BENEFITS AND OTHER EMPLOYEE-
RELATED PROGRAMS AND (B) AUTHORIZING THE DEBTORS'
FINANCIAL INSTITUTIONS TO HONOR AND PROCESS CHECKS AND
TRANSFERS RELATED TO SUCH OBLIGATIONS**

Upon the motion, dated November 8, 2009 (the “*Motion*”), Advanta Corp. (“*Advanta*”) and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the “*Debtors*”¹), pursuant to sections 105(a) and 363(b) of the Bankruptcy Code,² (i) authorizing, but not requiring, the Debtors to (a) pay, in their sole discretion, wages, salaries, compensation, employee benefits, bonuses and severance obligations and (b) maintain and continue to honor their practices, programs, and policies for their employees as they were in effect on the Commencement Date, and (ii) authorizing and directing

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are Advanta Corp. (2070), Advanta Investment Corp. (5627), Advanta Business Services Holding Corp. (4047), Advanta Business Services Corp. (3786), Advanta Shared Services Corp. (7074), Advanta Service Corp. (5625), Advanta Advertising Inc. (0186), Advantennis Corp. (2355), Advanta Mortgage Holding Company (5221), Advanta Auto Finance Corporation (6077), Advanta Mortgage Corp. USA (2654), Advanta Finance Corp. (8991), Great Expectations International Inc. (0440), Great Expectations Franchise Corp. (3326), and Great Expectations Management Corp. (3328).

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

the Debtors' banks and financial institutions to honor and process checks and electronic funds transfers related to such obligations, all as more fully described in the Motion; and upon consideration of the Rosoff Declaration; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties, and it appearing that no other or further notice need be provided; and this Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion 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

ORDERED that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtors are authorized, but not required, to satisfy all prepetition Employee Obligations without further order of the Court, and in accordance with the Debtors' stated policies, including, without limitation, all obligations with respect to (i) salary, wages and commissions, (ii) garnishments, (iii) payroll taxes, (iv) reimbursement expenses, (v) health and welfare benefit plans, (vi) severance payments, (vii) retirement savings plans, and (xiii) all obligations with respect to insurance policies and coverage related to the foregoing; and it is further

ORDERED that, notwithstanding anything to the contrary herein, payments made to any current and former Employee or director pursuant to this Order on account of obligations incurred prior to the Commencement Date shall not exceed \$10,950; and it is further

ORDERED that the Debtors are authorized, but not required, to continue to honor all practices, programs, and policies with respect to the Employees as such practices, programs, and policies were in effect as of the Commencement Date, including, but not limited to the Employee Obligations and Employee Benefits; and it is further

ORDERED that the Debtors are authorized, but not required, to pay costs and expenses incidental to the payment of the Employee Obligations, including all administration and processing costs and payments to third parties, in the ordinary course of business, to facilitate the administration and maintenance of the Debtors' programs and policies related to the Employee Obligations; and it is further

ORDERED that the Debtors' banks or other financial institutions are authorized to process, honor, and pay any checks drawn or electronic funds transfers requested on the Debtors' account to pay the Employee Obligations, and the costs and expenses incident thereto, whether those checks or electronic funds transfer requests were presented prior to or after the Commencement Date, *provided, however*, that such checks or electronic funds transfers are identified by the Debtors as relating directly to the authorized payment of the Employee Obligations authorized to be paid pursuant to this Order, in each case solely to the extent that there exist sufficient funds to make such payments or other transfers; *provided* that in no event shall any such bank or other financial institution that takes any such action either (i) at the direction of the Debtors, (ii) in good faith belief that the Court has authorized such action consistent with the implementation of reasonable item handling procedures, or (iii) as a result of an innocent mistake made despite the implementation of reasonable item handling procedures, be deemed in violation of this Order or have liability in connection therewith; and it is further

ORDERED that the Debtors are authorized to issue replacement checks, resubmit electronic funds transfer requests, or otherwise make payment to any Employee on account of the Employee Obligations authorized to be paid pursuant to this Order without the need for further Court approval; and it is further

ORDERED that nothing herein constitutes (i) an admission as to the validity of any claim against the Debtors or (ii) a waiver of the Debtors' or any party in interest's rights to subsequently dispute any claim of any Employee or director under applicable nonbankruptcy law; and it is further

ORDERED that nothing contained in the Motion or in this Order (i) constitutes an assumption, adoption, or rejection of any executory contract or agreement between the Debtors and any third party or (ii) requires the Debtors to make any of the payments authorized herein; and it is further

ORDERED that nothing contained herein shall be deemed a waiver of, determination related to, or authorization to take any action under any provision set forth in section 503(c) of the Bankruptcy Code; and it is further

ORDERED that Rule 6003 of the Federal Rules of Bankruptcy Procedure has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors; and it is further

ORDERED that notwithstanding the applicability of Rule 6004(h) of the Federal Rules of Bankruptcy Procedure or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that the Debtors shall serve this Order within three (3) business days of its entry on the parties in interest identified in Local Rule 2002-1(b), including the Notice Parties; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: November __, 2009
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Payroll Account

| Bank Name | Account # | Type of Account |
|-------------------------------|------------------|--|
| Republic First Bancorp, Inc. | 1172328 | Accounts Payable |
| Republic First Bancorp, Inc. | 1172344 | ACH Taxes |
| Republic First Bancorp, Inc. | 1172336 | Dependent Care |
| Republic First Bancorp, Inc. | 1173235 | Account for Advanta Shared Services Corporation |
| Republic First Bancorp., Inc. | 1172271 | Master Concentration |
| Wachovia | 2000011057257 | Payroll |