

JEFFER MANGELS BUTLER & MITCHELL LLP  
BENNETT G. YOUNG (Bar No. 106504)  
*byoung@jmbm.com*  
Two Embarcadero Center, 5th Floor  
San Francisco, California 94111-3813  
Telephone: (415) 398-8080  
Facsimile: (415) 398-5584

Proposed Attorney for  
ARADIGM CORPORATION  
Debtor and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

In re  
ARADIGM CORPORATION

CASE NO. 19-40363 WJL

Chapter 11

**EX PARTE MOTION BY DEBTOR AND  
DEBTOR IN POSSESSION FOR ORDER  
SHORTENING TIME FOR HEARING ON  
MOTION OF DEBTOR AND DEBTOR IN  
POSSESSION FOR INTERIM AND  
FINAL AUTHORITY TO CONTINUE  
EXISTING CASH MANAGEMENT  
SYSTEM, AND MAINTAIN EXISTING  
BANK ACCOUNTS AND BUSINESS  
FORMS**

Judge: William J. Lafferty

NO HEARING REQUIRED

Aradigm Corporation, a California corporation, debtor and debtor in possession herein (the "Debtor"), submits pursuant to Rule 9006-1 of the Bankruptcy Local Rules for the Northern District of California its ex parte motion for an order shortening time for hearing on its Motion Of Debtor And Debtor In Possession For Interim And Final Authority To Continue Existing Cash Management System, And Maintain Existing Bank Accounts And Business Forms ("Motion"). The Motion seeks authorization for the Debtor to maintain its existing cash management system, to continue to use its existing bank accounts, and to continue to use its existing business forms. A copy of the Motion is attached as Exhibit A and a copy of the Declaration of Lisa

1 Thomas in support of the Motion is attached as Exhibit B..

2 1. This ex parte motion is made pursuant to Bankruptcy Rule 9006(d) and Local  
3 Rule 9006-1(c). The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and  
4 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order  
5 24 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District  
6 Court for the Northern District of California (the "Bankruptcy Local Rules"). This is a core  
7 proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C.  
8 §§ 1408 and 1409.

9 2. The matters required to be shown by Local Rule 9006-1(c) are set forth in the  
10 Declaration of Bennett G. Young in Support of the Ex Parte Motion filed and served  
11 contemporaneously herewith. This Ex Parte Motion is made on the ground that the appropriate  
12 circumstances exist for a hearing on the Motion to be held on shortened time. These circumstances  
13 are the following:

14 3. The Debtor commenced this chapter 11 case by the filing of a voluntary  
15 petition for relief under Chapter 11 of the Bankruptcy Code on February 15, 2019. The Debtor  
16 remains in possession and control of its assets and is authorized to conduct its business operations  
17 as debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee,  
18 examiner or official committee has been appointed by the Office of the United States Trustee in this  
19 case.

20 4. The Debtor is a publicly traded emerging specialty pharmaceutical company  
21 focused on the development and commercialization of products for the treatment and prevention of  
22 severe respiratory diseases. The Debtor has concentrated on the development of drug delivery  
23 technologies, particularly the development of respiratory drug delivery. The Debtor's lead product  
24 candidates are proprietary formulations of the potent antibiotic ciprofloxacin that are delivered by  
25 inhalation for the management of infections associated with the severe respiratory diseases of cystic  
26 fibrosis, non-cystic fibrosis bronchiectasis or infections with non-tuberculous mycobacteria.

27 5. The Debtor has experienced delay in obtaining regulatory approval of its lead  
28 product candidates. The Debtor has limited operating income and relies on investor capital to fund

1 its operations and its research and development efforts. Addressing these delays will require  
2 significant expenditures by the Debtor on additional research and development, but the Debtor lacks  
3 the capital to fund these expenditures. The Debtor therefore filed this Chapter 11 case in order to  
4 conserve its cash resources and to pursue a sale of its assets. The Debtor filed the Motion in order to  
5 minimize the disruption to its operations while it seeks a buyer for its assets.

6 6. Pursuant to Local Rule 9014-1(b)(3)(A), a hearing on the Motion ordinarily  
7 requires at least 21 days' notice. Bankruptcy Local Rule 9006-1(a) authorizes the Court to shorten  
8 the time for hearing.

9 7. The Debtor submit that a prompt hearing should be held on the Motion and  
10 that cause exists to set a hearing on the Motion on shortened time. Whether the Debtor will be  
11 authorized to continue to use its existing cash management system and its existing bank accounts  
12 should be decided promptly. Moreover, the process of closing the Debtor's existing accounts and  
13 opening new DIP accounts, if such is required, will take some time.

14 8. The Debtor therefore requests that a hearing on the Motion be held during the  
15 week of February 25. Counsel to the Debtor is in a mediation on February 28 and is not available.

16 9. There is no respondent with respect to the Motion and contacting all parties  
17 in interest in the Debtor's chapter 11 case is not practical. The Debtor has served the Motion For  
18 OST through the ECF system on all parties that have filed a request for notice, among which is the  
19 Office of the United States Trustee, and by overnight mail on the SEC and the creditors listed on the  
20 Debtor's list of 20 largest creditors.

21 WHEREFORE, the Debtor respectfully requests that the Court enter an order  
22 shortening time for a hearing on the Motion as set forth in the Order uploaded contemporaneously  
23 herewith and to hold a hearing on the Motion as soon as is practicable.

1 DATED: February 22, 2019

JEFFER MANGELS BUTLER & MITCHELL LLP  
BENNETT G. YOUNG, ESQ.

4 By: /s/ Bennett G. Young  
BENNETT G. YOUNG  
5 Proposed Attorney for ARADIGM CORPORATION  
Debtor and Debtor-in-Possession