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8 Proposed Attorney for
9 ARADIGM CORPORATION
10 Debtor and Debtor-in-Possession

11 UNITED STATES BANKRUPTCY COURT
12 NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

13 In re
14 ARADIGM CORPORATION

CASE NO. 19-40363 WJL

Chapter 11

**MOTION TO EXTEND TIME TO FILE
SCHEDULES AND STATEMENTS**

NO HEARING REQUIRED

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17 Aradigm Corporation, as debtor and debtor in possession (the "Debtor") in the
18 above-captioned chapter 11 case (the "Chapter 11 Case"), hereby submits this Motion (the
19 "Motion"), pursuant to sections 105(a), and 363(b) of title 11 of the United States Code (the
20 "Bankruptcy Code") and Rule 1007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy
21 Rules"), to file its schedules and statements. A proposed form of order granting the relief requested
22 herein is annexed hereto as Exhibit A (the "Proposed Order"). In support of the Motion, the Debtor
23 states as follows:

24 1. This case was commenced on February 15, 2019 by the filing of an voluntary
25 Petition for Relief under Chapter 11. (Dkt. No. 1.) No trustee has been appointed and the Debtor
26 continues in possession of its assets and properties.

27 2. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and
28 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order

1 24 (N.D. Cal.). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the
2 Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3 3. The section 341(a) meeting of creditors is currently set for March 11, 2019. The
4 Office of the United States Trustee has agreed to continue the meeting of creditors to April 8, 2019
5 on the condition that the Debtor give notice of the continuance to all parties in interest promptly.
6 The Debtor has agreed to this condition.

7 4. The Debtor's Initial Debtor Interview is scheduled for March 6, 2019 and the IDI
8 Checklist is due on March 1.

9 5. The Debtor is a publicly traded emerging specialty pharmaceutical company focused
10 on the development and commercialization of products for the treatment and prevention of severe
11 respiratory diseases. The Debtor has concentrated on the development of drug delivery
12 technologies, particularly the development of respiratory drug delivery. The Debtor's lead product
13 candidates are proprietary formulations of the potent antibiotic ciprofloxacin that are delivered by
14 inhalation for the management of infections associated with the severe respiratory diseases of cystic
15 fibrosis, non-cystic fibrosis bronchiectasis ("NCFBE") or infections with non-tuberculous
16 mycobacteria.

17 6. The Debtor's inhaled ciprofloxacin formulation ("Ciprofloxacin DI") for the
18 treatment of NCFBE patients with chronic lung infection with *P. aeruginosa* recently completed
19 two Phase 3 trials. In July 2017, the Debtor submitted a New Drug Application ("NDA") to the
20 Federal Drug Administration ("FDA") for Ciprofloxacin DI. In January 2018, the FDA sent a
21 Complete Response Letter ("CRL") stating that it cannot approve the NDA in its present form. In
22 2018 the Debtor addressed all issues stated in the CRL and the FDA is now requesting the conduct
23 of an additional Phase 3 trial. The Debtor remain confident in the efficacy, safety and quality of
24 Ciprofloxacin DI and is committed to continue working on the approval of Ciprofloxacin DI in the
25 US for NCFBE patients who have very severe disease with high morbidity and mortality and no
26 available treatment options.

27 7. In March 2018, the Debtor submitted a marketing authorization application ("MAA")
28 to the European Medicines Agency ("EMA"), seeking approval for Ciprofloxacin DI for the

1 treatment of NCFBE patients with chronic lung infection with *P. aeruginosa*. The EMA is
2 currently reviewing the MAA for Ciprofloxacin DI according to standard timelines.

3 8. The Debtor continues to seek regulatory approval of Ciprofloxacin DI formulation to
4 treat NCFBE patients. However, the Debtor has limited operating income and relies on investor
5 capital to fund its operations and its research and development efforts. Addressing the delays the
6 Debtor has experienced obtaining regulatory approval and the FDA's request for an additional Phase
7 3 trial will require significant expenditures by the Debtor on additional research and development,
8 but the Debtor lacks the capital to fund these expenditures. The Debtor therefore filed this Chapter
9 11 case in order to conserve its cash resources and to pursue a sale of its assets.

10 9. The Debtor currently has a limited staff of thirteen persons. To conserve cash, these
11 persons work on a part time basis. The majority of the personnel focus on the Debtor's research and
12 development efforts and the regulatory approval process. The Debtor's accounting personnel
13 consists of Lisa Thomas, the Acting Controller, and one assistant. These individuals are responsible
14 for the internal accounting function as well as the preparation of the Debtor's schedules and
15 statements and the Debtor's reporting to the United States Trustee, including the Debtor's IDI
16 Checklist and Certification.

17 10. Federal Rule of Bankruptcy Procedure 1007(c) provides that within fourteen days
18 after entry of the order for relief, the Debtor shall file its schedules and statements. Thus, the
19 Debtor's schedules are due March 1, 2019.

20 11. Federal Rule of Bankruptcy Procedure 1007(c) further provides that the Court may,
21 for cause shown and on notice to the United States Trustee, extend the time for the debtor to file its
22 statements and schedules.

23 12. The Debtor is diligently preparing its schedules and statements but is unlikely to be
24 able to meet the March 1 deadline. The Debtor has limited staff working on a part time basis and is
25 unable to prepare the schedules in a timely fashion. The Debtor therefore requests that the Court
26 extend the time for it to file its schedules and statements to March 22, 2019, a twenty one day
27 extension. Cause exists for such an order in that the Debtor is working diligently and in good faith
28 to prepare the schedules and statements but its circumstances render it unable to meet the 14 day

1 deadline prescribed by Bankruptcy Rule 1007(c).

2 13. The Debtor has discussed an extension of time to file its schedules and statements
3 with the Office of the United States Trustee by telephone and by email. The United States Trustee
4 has authorized the Debtor to represent that the United States Trustee does not oppose a twenty one
5 day extension of the time for the Debtor to file schedules and statements to March 22, 2019.

6 14. The Debtor has given notice of this motion to the United States Trustee, the SEC, the
7 parties that have filed a request for notice, and the parties listed on the Debtor's list of the twenty
8 largest unsecured creditors.

9 Wherefore the Debtor prays that the Court extend the time for filing the schedules
10 and statements to March 22, 2019.

11 DATED: February 26, 2019

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

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13
14 By: /s/ Bennett G. Young
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16 Debtor and Debtor-in-Possession
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