

**UNITED STATES BANKRUPTCY COURT
Northern District of California**

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|-----|---------------------|---------------------------|
| In | Aradigm Corporation | Case No.: 19-40363 WJL 11 |
| Re: | | |
| | Debtor(s) | Chapter: 11 |

ORDER FOR PAYMENT OF STATE AND FEDERAL TAXES

The debtor above-named, during the period it is permitted to remain in possession of its estate, is hereby ordered:

1. To segregate and hold separate and apart from all other funds, all withholding, social security (both employees', and employer's portions), excise and agricultural taxes or other monies collected, received or withheld for or on behalf of the United States or the State of California.

2. To submit proof of timely payment of amounts owing in paragraph 1 above to the Internal Revenue Service, an agency of the United States, as follows:

- A. Debtor shall pay taxes arising out of the payment of wages or salaries within seven days after debtor has paid such salaries or wages.
- B. Debtor shall pay all other taxes within seven days after the last day of each calendar month, or within such shorter period as the court may order upon ex-parte application of the United States.
- C. The proof of payment shall be made to the Internal Revenue Service,
Attention: Insolvency – 1400S, 1301 Clay Street, Oakland, California 94612-5217, FAX 510-907-5704.

3. To make timely payments to the State of California, Department of Benefit Payments, of all unemployment insurance, disability insurance and withheld State of California personal income taxes within seven days after the debtor has paid wages or salaries creating the tax obligations. Payment of the taxes shall be made to Employment Development Department, Bankruptcy Unit-MIC 92E, P.O. Box 826880, Sacramento, CA 94280-0001.

4. To make timely payment to the State of California, Board of Equalization, of all sales and use taxes which are due to it, at the time required by law, and to make timely payment to the State of California, Franchise Tax Board, of all income taxes which are due to it, at the time required by law.

5. To file all Federal and State tax returns on a timely basis. The Federal returns shall be filed with the Internal Revenue Service, Attention: Insolvency – 1400S, 1301 Clay Street, Oakland, California 94612-5217, FAX 510-907-5704. The returns to be filed with the State of California, California Department of Benefit Payments, shall be filed at the address shown above. The returns to be filed with the California Board of Equalization and the Franchise Tax Board shall be filed where required by law.

6. To file with the Court on or before the 20th day of each month a verified statement for the preceding calendar month showing (1) the amounts collected, received or deducted for each taxing agency; (2) the total amount expended for gross payroll; (3) the amount received from gross sales; and (4) the amount paid to each taxing agency and dates of payments. Upon filing, a copy of each such monthly statement shall be transmitted to the Internal Revenue Service and the California Department of Benefit Payments at the addresses shown above.

7. The provisions of the foregoing paragraphs shall be effective as of the date of the petition initiating this proceeding. If the debtor fails to comply with this order; this proceeding may be dismissed or an order may be entered converting the proceeding to a Chapter 7 liquidation.

Dated: 2/18/19

By the Court:

William J. Lafferty
United States Bankruptcy Judge