

FILED

NOV 21 2025

SUPERIOR COURT
CHANCERY DIVISION
PROBATE PART
HUDSON COUNTY

GREENBERG TRAURIG, LLP

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Attorneys for the Assignee DMR (ABC), LLC

In the Matter of the General Assignment for
the Benefit of Creditors of:

**DermaRite Industries LLC; Derma South,
LLC; DermaLan, LLC,**

Assignors,

-to-

DMR (ABC), LLC

Assignee.

SUPERIOR COURT OF NEW JERSEY
HUDSON COUNTY: SURROGATE COURT

Docket No. **330634**

Civil Action

VERIFIED COMPLAINT

DMR (ABC), LLC, a Delaware limited liability company, in its capacity as assignee pursuant to N.J. Stat. Ann. § 2A:19-1 to 50 (2024) (the “**Assignee**”), under the Deed of Assignment for the Benefit of Creditors executed by DermaRite Industries LLC, Derma South, LLC, and DermaLan LLC (collectively, the “**Assignors**”) on November 18, 2025 (the “**Deed of Assignment**”), respectfully submits this verified complaint requesting entry of an order authorizing the use of cash collateral and granting additional liens on super-priority basis, effective retroactively to the Assignment Date, dated November 18, 2025 (the “**Verified Complaint**”), attached as **Exhibit 1** to the Order to Show Cause, filed contemporaneously herein, authorizing the Assignee and/or the Assignors, as applicable, to use Cash Collateral (as defined below) (the “**Order to Show Cause**”) on an emergency basis from Twin Brook Capital Partners, LLC, in its capacity as administrative agent and collateral agent (in such capacity and including any successor agent, “**Agent**”) for the Assignors’ secured lenders (collectively, the “**Lenders**” and together with

Agent, the “**Secured Parties**”) under that certain Credit and Guaranty Agreement, dated as of March 3, 2017 (as amended, restated, modified, or supplemented from time to time the “**Credit Agreement**”, and together with any documents, instruments, and agreements executed in connection therewith, the “**Pre-Assignment Credit Documents**”), and granting Agent, on behalf of the Secured Parties, a first-priority lien based on the terms and conditions described below. In support of this Motion, the Assignee alleges as follows:

PARTIES

1. Assignee, DMR (ABC), LLC, is a Delaware limited liability company, located at 1738 Belmar Blvd., Belmar, NJ 07719.
2. Assignor, DermaRite Industries LLC, is a New Jersey limited liability company, having registered office of business at 7777 West Side Avenue, North Bergen, New Jersey 07047.
3. Assignor, Derma South, LLC, is a Florida limited liability company, having registered office of business at 7777 West Side Avenue, North Bergen, New Jersey 07047.
4. Assignor, DermaLan LLC is a New Jersey limited liability company, having registered office of business at 7777 West Side Avenue, North Bergen, New Jersey 07047.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the subject matter of this action under the New Jersey Constitution.
6. Venue is proper in this county pursuant to New Jersey Court Rule 4:3-2(a) because the Deed of Assignment was recorded in the public records of the County of Hudson.

THE RELEVANT FACTS

7. On November 18, 2025 (the “**Assignment Date**”), the Assignee filed the Deed of Assignment, whereby the Assignors assigned to the Assignee substantially all of their assets, (except as otherwise provided in the Deed of Assignment) including but not limited to inventory,

accounts, intellectual property, equipment and machinery, instruments, cash, and related assets (collectively, the “**Assets**”). On the same day, the Assignee recorded the Deed of Assignment in the public records of Hudson County, New Jersey. Within seven days from the Assignment Date, the Assignee will send notices of the Deed of Assignment to all known creditors of the Assignors, which will provide instructions for the filing of proofs of claim in this case (this “**Case**”).

8. For more than twenty years, the Assignors have manufactured skin care, wound care, nutritional, and infection control products and have provided effective, value-based solutions that help improve the lives of patients and caregivers across all health care settings. The Assignors also have historically offered a comprehensive range of complementary tools and guides to customers, as well as on-site training and in-servicing for nurses and health care employees to assist them in providing the highest level of care. As of the Assignment Date, the Assignors continue to employ approximately seventy-nine employees (collectively, the “**Employees**”).¹

PRE-ASSIGNMENT SECURED DEBT

9. Pursuant to the Credit Agreement, by and between DermaRite Industries LLC, as Borrower (“**Borrower**”), DermaRite Acquisition Corp. (“**Holdings**”), Derma South, LLC (“**Derma South**”), and DermaLan LLC (“**DermaLan**”), as Guarantors (Borrower, Holdings, Derma South and DermaLan defined therein, collectively, as the “**Credit Parties**”), and the Secured Parties, the Secured Parties extended credit facilities in an aggregate amount of \$68 million to Borrower.

10. As of the Assignment Date, the Credit Parties were jointly and severally indebted to the Secured Parties in an aggregate amount of not less than \$38,749,450.17, which does not

¹ This number includes five independent contractors under 1099 status, as well as seventy-four employees under W-2 status. The Assignee and the Assignors reserve all rights to determine whether any of these individuals are “employees” of the Assignors under the definition of any applicable law or contract.

include all accrued and accruing interest, attorneys' fees and other fees, expenses, and other amounts owed or owing under the Credit Agreement and other Pre-Assignment Credit Documents.

11. To secure all Obligations (as defined in the Credit Agreement) and any other amounts owed under the Pre-Assignment Credit Documents, the Credit Parties and Agent entered into that certain Pledge and Security Agreement, dated March 3, 2017 (as amended, restated, modified, or supplemented from time to time, the "**Security Agreement**"), pursuant to which the Credit Parties granted Agent, on behalf of the Secured Parties, a security interest in substantially all of the Credit Parties' assets and the proceeds thereof, including, without limitation, those assets set forth in the definition of "Collateral" therein (collectively, the "**Pre-Assignment Collateral**").² For the avoidance of doubt, the Pre-Assignment Collateral includes all of the Credit Parties' assets and proceeds thereof arising on or after the Assignment Date.

12. Agent, on behalf of the Secured Parties, perfected its security interests in the Pre-Assignment Collateral by, among other things:

- a) filing UCC-1 financing statements in the appropriate filing offices, as subsequently amended and/or continued, including, without limitation, UCC-1 financing statements (i) against DermaRite Industries LLC with the New Jersey Department of the Treasury on March 3, 2017, as filing number 52106842 (as continued on December 8, 2021); (ii) against DermaRite Acquisition Corp. with the Delaware Department of State on March 3, 2017, as filing number 20171426839 (as

² Notwithstanding anything to the contrary in the Pre-Assignment Credit Documents, Agent, individually and on behalf of the Secured Parties, has agreed not to pursue or recover from individual third-party claimants any payments made directly by the applicable insurer(s) to such claimants on account of claims filed by such claimants under the directors and officers (D&O) and/or product liability insurance policies of the Credit Parties (collectively, the "**D&O/Product Liability Policies**"); *provided, however*, nothing in this Motion shall waive, impair, alter or otherwise affect any liens or other rights or claims the respective Secured Parties may have against any other insurance policies of the Credit Parties or the proceeds thereof, all of which rights and claims have been fully reserved.

continued on December 8, 2021); (iii) against DermaLan LLC with the New Jersey Department of the Treasury on August 17, 2018, as filing numbers 52947416 and 52947575 (each as continued on May 16, 2023); and (iv) against Derma South, LLC with the New Jersey Department of the Treasury on March 3, 2017, as filing number 201700478832 (as continued on December 8, 2021) (collectively, the “**UCC-1 Filings**”); and

- b) executing that certain Deposit Account Control Agreement, dated as of May 1, 2017, by and among TD Bank, N.A., DermaRite Industries LLC, and Agent (as amended, modified, supplemented, or restated from time to time, the “**DACA**”).

13. As a result of the UCC-1 Filings and the DACA, among other things, Agent, on behalf of the Secured Parties, has properly perfected, first-priority security interests in and liens on the Pre-Assignment Collateral, including Cash Collateral (as defined below).

14. The Deed of Assignment does not sever or otherwise impair the security interests and other lien rights of the creditors of the Assignors, including those held by Agent, on behalf of the Secured Parties. The Assets remain subject to these liens.

PRE-ASSIGNMENT UCC SALE

15. On October 24, 2025, Agent, as secured party under the UCC (as defined below), entered into that certain UCC Sale Agreement, pursuant to which Agent, on behalf of the Secured Parties, sold and transferred to SBRWC LLC, for value and on the terms and subject to the conditions set forth therein, all of the Credit Parties’ rights, title, and interests in certain of the Credit Parties’ assets in a private sale (the “**UCC Sale**”) pursuant to Section 9-610 *et seq.* of the Uniform Commercial Code, as enacted under the laws of the States of New Jersey, Delaware, Florida, and any other applicable state (all such applicable governing state law versions of the

Uniform Commercial Code, the “**UCC**”). Pursuant to the UCC Sale Agreement, and as of the closing of the UCC Sale, \$15,500,000 of the Obligations owed to the Secured Parties were deemed automatically satisfied. The Credit Parties provided express written consent to the UCC Sale, pursuant to which they waived in writing any and all notices required by the UCC and further irrevocably waived and released all of their rights under Article 9 of the UCC with respect to the Acquired Assets (as defined in the UCC Sale Agreement) sold pursuant to the UCC Sale (including, without limitation, any right to redeem any of the Acquired Assets under Section 9-623 of the UCC).

16. In connection with the UCC Sale, Agent, the Assignee, and the Credit Parties entered into that certain Consent and Subordination Agreement, dated October 24, 2025 (the “**Consent and Subordination Agreement**”), pursuant to which Agent, on behalf of the Secured Parties, consented to the Assignors making a general assignment for the benefit of creditors to the Assignee following the UCC Sale. Subject to the terms therein, Agent agreed, notwithstanding anything to the contrary in the Pre-Assignment Credit Documents, to permit the payment of the expenses budgeted for the Assignors and the Assignee, respectively, up to the amounts set forth in an agreed-upon budget attached to the Consent and Subordination Agreement (the “**Budget**,” a revised version of which is attached to the Order to Show Cause as **Exhibit A**), which expenses shall be paid from the proceeds of the Pre-Assignment Collateral as and when permitted by the Order to Show Cause or any other applicable order entered by this Court. The parties further agreed that the Assets to be assigned to the Assignee, which constitute Pre-Assignment Collateral securing the Credit Parties’ Obligations to the Secured Parties under the Pre-Assignment Credit Documents, would be sold, leased, and/or licensed during this Case (any such sale, leasing, and/or licensing, a “**Disposition of Collateral**”), provided that any Disposition of Collateral shall be

subject to Agent's prior written consent. The parties also agreed that the proceeds of all such Dispositions of Collateral and all other proceeds of the Pre-Assignment Collateral shall, subject to the Budget, be remitted to Agent, for the benefit of the Secured Parties, to repay the Credit Parties' Obligations under the Credit Agreement and the other Pre-Appointment Credit Documents, until such Obligations are paid in full.

17. Also in connection with the UCC Sale, DermaRite Industries LLC and the Assignee (in such capacities, collectively, "**Providers**") and SBRWC LLC ("**Recipient**") entered into that certain Transition Services Agreement, dated as of October 24, 2025 (the "**TSA**"), pursuant to which DermaRite Industries LLC and the Assignee, each in its capacity as a Provider, agreed to provide to Recipient certain services, as specified and assigned to each Provider in the TSA, that are reasonably necessary for Recipient's continued operation in its ordinary course of business following the UCC Sale, on a transitional basis and subject to the terms and conditions set forth therein, until December 31, 2025, at 5:00 p.m. (ET) or as earlier agreed to by the parties in writing, in exchange for compensation from Recipient as set forth therein.

ASSIGNMENT ADMINISTRATION; USE OF CASH COLLATERAL

a. There is an Immediate Need to Use Cash Collateral

18. To manage and maximize the liquidation of the Assets, including the Pre-Assignment Collateral, for the benefit of all creditors, the Assignee requires the use of certain cash that constitutes Pre-Assignment Collateral (the "**Cash Collateral**"), pursuant to and in accordance with the Budget. The Assignee and/or the Assignors, as applicable, will use the Cash Collateral, including the proceeds of any Pre-Assignment Collateral, as they become available, to pay the costs and expenses relating to administration of the Assets, including, without limitation, (i) ongoing operational costs, payroll, and related tax obligations, (ii) costs and expenses to maintain, repair, protect, and sell the Assets for the highest value, (iii) anticipated professional fees

and costs, and (iv) other items as set forth in the Budget (collectively, the “**Assignment Expenses**”).

19. In addition, the Assignors will continue to exist and retain certain Employees for a period of time. Thus, it is necessary for the Assignee and/or the Assignors, as applicable, to use Cash Collateral on an emergency basis to fund payroll and tax obligations of the Assignors’ Employees.

20. Accordingly, the Assignee seeks authorization to use Cash Collateral to pay the line items in the Budget up to the then unspent amounts and for the specific purposes set forth therein. For the avoidance of doubt, the Assignee also seeks authorization to use Cash Collateral to pay certain line items labeled in the Budget as “Earmarked for Assignor” (each, an “**Assignor-Earmarked Line Item**”) up to the then unspent amounts and for the specific purposes set forth therein, as and when due and owing by the Assignee, including, without limitation, paying the Assignors any amounts received from SBRWC LLC that are due and owing to Assignors under the terms of the TSA or otherwise.

21. Further, to protect the Secured Parties’ security interests in the Cash Collateral, Agent and the Assignee have agreed that at all times during the pendency of this Case, the Assignee shall deposit and retain all funds (including, for the avoidance of doubt, any proceeds of Pre-Assignment Collateral and any cash and cash equivalents that existed as of the Assignment Date, but excluding certain funds required to be held in a segregated account under the TSA) in blocked account(s) that are subject to a deposit account control agreement in favor of the Secured Parties (collectively, the “**Blocked Accounts**”). Agent and the Assignee have agreed that Agent shall continue to hold properly perfected, first-priority security interests in and liens on all cash in such Blocked Account(s). In light of the foregoing, it is necessary for the Assignee to be authorized, at

its sole discretion, to (i) deposit checks made payable to one or more of the Assignors and other parties into the Blocked Accounts to be used by the Assignee and/or Assignors for the Assignment Expenses, (ii) make disbursements to Agent, for the benefit of the Secured Parties, and (iii) make demands for funds of the Assignors held by third parties.

22. Failure to grant this Verified Complaint will cause irreversible harm to the Assignors' estates and the Assets. The Assignee and/or the Assignors have immediate Assignment Expenses that need to be paid in short order as well as other Assignment Expenses that will need to be paid in accordance with the Budget to preserve the value of the Assignors' Assets for creditors, including, without limitation, anticipated professional fees. Without access to the Cash Collateral, the Assignee and/or Assignors will not be able to pay any ongoing operating expenses or expenses that are necessary to administer and liquidate the Assets. The use of the Cash Collateral will preserve the value of the Assets and increase the potential recoveries for all creditors.

b. Consensual Use of Cash Collateral and Adequate Protection Liens

23. The Assignee submits that the proposed use of Cash Collateral and the proposed Budget are the result of comprehensive negotiations with the Assignors and Agent and are fully consensual. As a result of good-faith negotiations leading up to this Case, the Assignee and Agent have agreed that the Assignee and/or Assignors, as applicable, may use the Cash Collateral in accordance with the initial Budget, provided that any amendments, revisions, or modifications to the Assignor-Earmarked Line Items of the Budget shall be subject to the prior written approval of the Assignors unless such amendments, revisions, or modifications are to the Assignors' benefit. Agent, on behalf of the Secured Parties, has consented to the use of Cash Collateral necessary to

pay the Assignment Expenses in the ordinary course. Accordingly, the Assignee seeks approval from this Court to pay for such Assignment Expenses as provided in the Budget.

24. As adequate protection in exchange for the use of the Cash Collateral, the Assignee has agreed to grant Agent (on behalf of the Secured Parties), to the extent of any diminution in value of the Pre-Assignment Collateral, super-priority, priming liens on all Assets (the “**Adequate Protection Liens**”). The Adequate Protection Liens shall be senior in priority to all other security interests and liens on the Assets, including, without limitation, the pre-assignment liens of the Secured Parties on such Assets. Such Adequate Protection Liens shall be perfected automatically and without the requirement of filing any UCC-1 financing statements or taking any other action. The Adequate Protection Liens are in addition and without prejudice to the Secured Parties’ liens on the Pre-Assignment Lender Collateral prior to the commencement of this Case. The Assignee submits that the Adequate Protection Liens represent fair and reasonable consideration to Agent under the circumstances.

25. The provisions of the proposed Order to Show Cause filed herewith are the result of good-faith negotiations between the Assignee and Agent. Under the circumstances, the Assignee believes that the terms of the Order to Show Cause are fair and reasonable and represent the best opportunity for the Assignee and/or the Assignors, as applicable, to use funds necessary to maximize recovery for the Assignors’ creditors. As a result, the Assignee believes the Order to Show Cause is in the best interest of all creditors and parties-in-interest in this matter.

26. Due to the timing of payroll and other expenses in the Budget that need to be paid immediately, Agent has agreed to consent to the use of Cash Collateral for the payment of the Assignment Expenses in accordance with the Budget under the proposed Order to Show Cause pending approval by the Court. Failure to make such payments would have otherwise caused

irreversible harm to the Assignors' estates due to the inability to fund the payroll and the corresponding impact on the Employees and the administration of the Assets.

27. The Assignee believes that there will be a significant adverse impact on its ability to maximize the value of the Assets for the benefit of creditors if the Court does not enter the Order to Show Cause, including that the Employees would not be paid, causing undue hardship on the Employees and their families, and resulting in a loss of the skilled and experienced workforce necessary to preserve the value of the Assets.

28. The Assignee will promptly serve notice of this Verified Complaint and a copy of the proposed Order to Show Cause within seven (7) days on all known creditors and parties in interest, as set forth in the Deed of Assignment, and will provide all such parties sixteen (16) days from the date of service to object to this Verified Complaint. If a timely objection is filed and served on the Assignee, the Assignee proposes to schedule a hearing on the objection. If no objection is timely filed and served on the Assignee, the Assignee proposes that the Court enter the Order to Show Cause as a final order in this matter, effective retroactively to the Assignment Date, without the need for a hearing. Upon entry of the Order to Show Cause, the Assignee will promptly serve notice thereof on all known creditors and parties in interest.

29. The Assignee is authorized to state that Agent, on behalf of the Secured Parties, consents to the relief requested in this Verified Complaint.

[Remainder of page intentionally left blank; signature page follows.]

Dated: November 20, 2025

/s/ Alan J. Brody
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Attorneys for the Assignee

RULE 4:5-1 CERTIFICATION

I hereby certify that the matter in controversy is not the subject matter of any other civil action in any other court or of a pending arbitration proceeding and that no other such action or arbitration proceeding is contemplated. Further, I hereby certify that there are no non-parties who should be joined in the action pursuant to R. 4:28 or who are subject to joinder pursuant to R. 4:29-1(b) because of potential liability to any party on the basis of the same transactional facts that are at issue in this action.

Dated: November 20, 2025

/s/ Alan J. Brody

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Attorneys for the Assignee

DESIGNATION OF TRIAL COUNSEL

Pursuant to R. 4:25-4, Alan J. Brody is designated as trial counsel for the Assignee in this action.

Dated: November 20, 2025

/s/ Alan J. Brody

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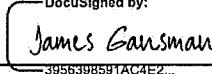
VERIFICATION

James Gansman, being of full age, hereby certifies as follows:

1. I am the president for DMR (ABC), LLC ("Assignee"). I am authorized on behalf of the Assignee to make this certification.
2. Based upon my personal knowledge and my review of relevant documents and information, including business records maintained by the Assignors, I verify that the statements in the foregoing verified complaint are true and correct to the best of my knowledge, information, and belief.

I hereby certify that the foregoing is true. I am aware that if the foregoing is intentionally and willfully false, I am subject to punishment.

Dated: November 20, 2025

DocuSigned by:

/s/ 355394591AC4E2...
James Gansman

**Hudson County Surrogate
595 Newark Ave
4th Floor - Room 407
Jersey City, New Jersey 07306
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Matter: **DermaRite Industries LLC; DermaLan LLC; And, Derma South, LLC -**
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City, State Zip: Florham Park New Jersey 07932
Reference: 330634
Reference 2:
Print Date: 11/21/2025

Qty.	Description	Reference	Amount
1	Complaint & OTSC		\$175.00
		Amount Due:	\$175.00
		Payment Type	Amount Paid:
		CHECK	CK . 1006453 DT. 11/20/25 \$175.00

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11/21/2025