

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re:

BKY No.: 17-32654

Chapter 11

CareFocus Corporation,

Debtor.

**STIPULATION REGARDING THE DEBTOR'S USE
OF CASH COLLATERAL**

CareFocus Corporation (the "Debtor") and the United States of America, Internal Revenue Service ("IRS"), hereby agree and stipulate as follows:

A. The Debtor commenced this case on August 18, 2017 (the "Petition Date") by filing a voluntary petition under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). Since the Petition Date, the Debtor has continued in possession of its property and has operated and managed its business as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

B. On August 18, 2017, the Debtor brought a motion (the "Cash Collateral Motion") under Section 363(c) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 4001(b) seeking to use cash collateral.

C. The Cash Collateral Motion stated that the IRS holds a secured interest in the Debtor's cash collateral.

D. In order to provide sufficient time to obtain approval of its proposed plan of reorganization, the Debtor has requested an extension of the time to the use of cash collateral and the IRS has agreed to consent to the Debtor's continued use of cash collateral pursuant to the terms of this stipulation.

IT IS HEREBY AGREED:

1. The IRS consents to the Debtor's use of cash, including cash collateral, consistent with the Debtor's projections attached to the Debtor's motion.
2. For purposes of adequate protection, the Debtor will pay to the IRS a minimum of \$1,046.15 on or before the last day of each month in which this stipulation is in effect, which payment will be applied to the secured portion of the Debtor's obligation to the IRS. This obligation to the IRS will accrue interest at the rate of 4% pursuant to 26 I.R.C. §6621. In addition, the Debtor hereby grants the IRS a replacement lien in Debtor's post-petition assets, including without limitation cash and cash equivalents, equipment, contract rights, general intangibles and all other post-petition property of the Debtor, together with the proceeds and products thereof except that this replacement lien shall exclude any causes of action arising out of this bankruptcy filing. Said replacement lien shall be of the same priority, dignity and effect as the IRS's pre-petition liens. This replacement lien shall be in addition to the liens that the IRS had in the assets and property of the Debtor as of the petition date, which liens extend to and encumber the proceeds and products of the property of the Debtor in existence at the time the bankruptcy petition was filed.
3. The Debtor shall file any past due tax returns (including, but not limited to, income, excise, employment and unemployment returns) and will provide proof of filing to the IRS.
4. The Debtor will pay each federal tax deposit as it accrues, when payroll is made, through a federal depository and will submit proof of deposit to the IRS, by fax (fax no. 1-855-802-9440) on the day the deposit is made.

5. The Debtor shall file all tax returns for the periods ending after the filing of the bankruptcy petition on or before the due date, and shall pay any balance due upon filing of the return. Proof of filing and payment will be provided to the IRS within seven (7) working days of filing and payment.

6. The Debtor's failure to timely perform or otherwise timely comply with any of the conditions of adequate protection provided in this stipulation is a default. If the Debtor defaults in any of the conditions of adequate protection provided in this stipulation, the IRS must provide the Debtor and Debtor's counsel with written notice of such default. If the Debtor has not cured such default within ten (10) business days after such notice of default is provided, the IRS may pursue dismissal or conversion of the bankruptcy case for the Debtor's alleged breach of this Stipulation.

7. If the Debtor should need to make any expenditure outside the ordinary course of business, the Debtor shall seek permission in writing for such additional expenditure from the IRS. The IRS agrees to review and respond to any such request(s) for an additional expenditure(s) within a reasonable time, and the IRS agrees that its approval of any such expenditure(s) via e-mail, or via any other written format, will be binding.

8. All returns, monthly payments, monthly reports, proof of deposits, proof of insurance, tax returns, financial statements required by this stipulation to be filed with, or submitted to, the IRS shall be sent or delivered to:

Patricia Patton
Internal Revenue Service
30 E. Seventh Street
Room 1222, Mail Stop 5700
St. Paul, MN 55101
Phone: 651-361-1662
Fax: 855-802-9440


9. The Debtor and the IRS agree to submit the order attached hereto as **Exhibit A** for entry by the Court and the parties hereby consent to the Court's entry of such order.

10. Any breach of this Stipulation by any party will entitle any party to seek an order from the Court enforcing the terms of this Stipulation, including but not limited to immediately terminating the Debtor's right to use cash collateral as set forth in the Stipulation.

11. The Debtor and the IRS agree that, pursuant to Local Rule 9011-4(f), each of the undersigned hereby authorizes the e-filing of this document with their electronic signatures affixed below.

Dated: September 6, 2017.

STEVEN B. NOSEK, P.A.



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ATTORNEYS FOR THE DEBTOR

Dated: September 6, 2017.

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**ATTORNEY FOR THE UNITED
STATES OF AMERICA, INTERNAL
REVENUE SERVICE**

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re:

Case No. 17-32654

Chapter 11

CareFocus Corporation,
Debtor.

ORDER APPROVING THE USE OF CASH COLLATERAL

This case is before the court on the Debtor's motion for an order authorizing the Debtor to use cash collateral and provide adequate protection.

The Debtor and the United States of America, the Internal Revenue Service ("IRS") have entered into a Stipulation Regarding the Debtor's Use of Cash Collateral (the "Stipulation").

Pursuant to the Stipulation and the file,

IT IS ORDERED:

1. The Debtor is authorized to use cash, including cash collateral, subject to the liens of the IRS, consistent with the terms of the Stipulation.

2. For purposes of adequate protection, the Debtor shall pay to the IRS a minimum of \$1,046.15 on or before the last day of each month in which this Stipulation is in effect, beginning September 2017, which payment will be set off against the secured portion of the Debtor's obligation to the IRS.

3. In addition, the Debtor is authorized to grant the IRS a replacement lien in Debtor's post-petition assets, including without limitation cash and cash equivalents, equipment, contract rights, general intangibles and all other post-petition property of the Debtor, together with the proceeds and products thereof except that this replacement lien shall

EXHIBIT A

exclude any causes of action arising out of this bankruptcy filing. Said replacement lien shall be of the same priority, dignity and effect as the IRS' pre-petition liens. This lien and security agreement shall be in addition to the liens that the IRS had in the assets and property of the Debtor as of the petition date, which liens extend to and encumber the proceeds and products of the property of the Debtor in existence at the time the bankruptcy petition was filed. The replacement liens granted by the Debtor to the IRS will be deemed properly perfected without further act or deed on the part of the Debtor or the IRS.

4. Any breach of the Stipulation by any party will entitle any party to seek an order from this Court enforcing the terms of the Stipulation, including but not limited to immediately terminating the Debtor's right to use cash collateral as set forth in the Stipulation.

Dated:

William J. Fisher
United States Bankruptcy Judge