

1 MONICA Y. KIM (SBN 180139)  
2 JULIET Y. OH (SBN 211414)  
3 LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.  
4 10250 Constellation Boulevard, Suite 1700  
5 Los Angeles, California 90067  
6 Telephone: (310) 229-1234  
7 Facsimile: (310) 229-1244  
8 Email: myk@lnbrb.com, jyo@lnbrb.com

9 Proposed Attorneys for Chapter 11 Debtor  
10 and Debtor in Possession

11  
12 **UNITED STATES BANKRUPTCY COURT**  
13 **CENTRAL DISTRICT OF CALIFORNIA**  
14 **LOS ANGELES DIVISION**

15 In re ) Case No. 2:10-bk-10642-VZ  
16 )  
17 CENTRAL METAL, INC., a California ) Chapter 11  
18 corporation, )  
19 Debtor. ) **DEBTOR'S EMERGENCY MOTION FOR**  
20 ) **USE OF CASH COLLATERAL ON AN**  
21 ) **INTERIM BASIS PENDING A FINAL**  
22 ) **HEARING; MEMORANDUM OF POINTS**  
23 ) **AND AUTHORITIES; DECLARATION**  
24 ) **OF SUK WON BYUN IN SUPPORT**  
25 ) **THEREOF**  
26 )  
27 ) DATE: January 14, 2010  
28 ) TIME: 11:00 a.m.  
PLACE: Courtroom 1368  
255 E. Temple Street  
Los Angeles, California

29 **TO ALL SECURED CREDITORS; THE TWENTY LARGEST UNSECURED**  
30 **CREDITORS; THE OFFICE OF THE UNITED STATES TRUSTEE; AND ALL**  
31 **PARTIES REQUESTING SPECIAL NOTICE:**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**TABLE OF CONTENTS**

MEMORANDUM OF POINTS AND AUTHORITIES..... 8

I. CASE BACKGROUND ..... 8

    A. Background..... 8

    B. Events Leading To The filing Of the Debtor’s Bankruptcy Case..... 8

    C. Secured Liabilities of the Debtor ..... 12

    D. Assets of the Debtor ..... 13

    E. The Debtor’s Need for Use of Cash Collateral..... 14

II. DISCUSSION ..... 15

    A. The Debtor Must Be Authorized to Use Cash Collateral to Operate,  
        Maintain and Preserve Its Business..... 15

    B. The Secured Creditors Are Adequately Protected by an Adequate  
        Equity Cushion, the Debtor’s Continued Use of Cash Collateral,  
        Personal Guaranty and Replacement Liens ..... 17

    C. The Procedural Requirements Regarding Approval of the Emergency  
        Motion Have Been Satisfied ..... 21

III. CONCLUSION ..... 21

DECLARATION OF SUK WON BYUN..... 23

**TABLE OF AUTHORITIES**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

*In re Dynaco Corporation*,  
162 B.R. 389 (Bankr. D.N.H. 1993)..... 16, 18, 19

*In re Immenhausen Corp.*,  
164 B.R. 347, 352 (Bankr. M.D.Fla. 1994) ..... 18, 19

*In re Jug End in The Berkshires, Inc.*,  
46 B.R. 892 (Bankr. D.Mass. 1985)..... 17

*In re McCombs Properties VI, Ltd.*,  
88 B.R. 261, 265 (Bankr. C.D.Cal. 1988)..... 17, 19

*In re Mellor*,  
734 F.2d 1396, 1400 (9<sup>th</sup> Cir. 1984) ..... 17

*In re Newark Airport/Hotel Ltd. Partnership*,  
156 B.R. 444, 450 (Bankr. D.N.J. 1993)..... 18, 19

*In re Oak Glen R-Vee*,  
8 B.R. 213, 216 (Bankr. C.D.Cal. 1981)..... 16

*In re O'Connor*,  
808 F.2d 1393, 1398 (10<sup>th</sup> Cir. 1987) ..... 17, 19, 20

*In re Planned Systems, Inc.*,  
78 B.R. 852, 862 (Bankr. S.D.Ohio 1987)..... 17

*Matter of Pursuit Athletic Footwear, Inc.*,  
193 B.R. 713 (Bankr. D.Del. 1996)..... 18, 19

*In re Smithfield Estates, Inc.*,  
48 B.R. 910 (Bankr. D.R.I. 1985)..... 18

*In re Stein*,  
19 B.R. 458, 459 (Bankr. E.D.Pa. 1982)..... 16, 19

*In re Swedeland Development Group, Inc.*,  
16 F.3d 552, 564, n. 14 (3d Cir. 1994)..... 20

*In re Triplett*,  
87 B.R. 25 (Bankr. W.D.Tex. 1988)..... 19

*In re Tucson Industrial Partners*,  
129 B.R. 614 (9<sup>th</sup> Cir. BAP 1991) ..... 16

1 ***United Savings Association v. Timbers of Inwood Forest Associates,***  
 2 108 S.Ct. 626, 629 (1988)..... 17

3 11 U.S.C. § 101 ..... 2, 8  
 4 11 U.S.C. § 361(1) ..... 17  
 5 11 U.S.C. § 361(2) ..... 17  
 6 11 U.S.C. § 363 ..... 15  
 7 11 U.S.C. § 363(a) ..... 16, 17  
 8 11 U.S.C. § 363(c) ..... 2  
 9 11 U.S.C. § 363(c)(1) ..... 15  
 10 11 U.S.C. § 363(c)(2) ..... 16, 17  
 11 11 U.S.C. § 362(c)(2)(A) ..... 16  
 12 11 U.S.C. § 363(c)(2)(B) ..... 6, 16  
 13 11 U.S.C. § 506(a) ..... 17  
 14 11 U.S.C. § 506(a)(1) ..... 17  
 15 11 U.S.C. § 506(c) ..... 6  
 16 11 U.S.C. § 544 ..... 6  
 17 11 U.S.C. § 545 ..... 6  
 18 11 U.S.C. § 547 ..... 6  
 19 11 U.S.C. § 548 ..... 6  
 20 11 U.S.C. § 549 ..... 6  
 21 11 U.S.C. § 1107 ..... 2, 8  
 22 11 U.S.C. § 1107(a) ..... 15  
 23 11 U.S.C. § 1108 ..... 2, 8, 15

24 Rule 4001, Federal Rules of Bankruptcy Procedure ..... 2  
 25 Rule 4001(b), Federal Rules of Bankruptcy Procedure ..... 21  
 26 Rule 4001(b)(2), Federal Rules of Bankruptcy Procedure ..... 5  
 27 Rule 9014, Federal Rules of Bankruptcy Procedure ..... 2

28 Local Bankruptcy Rule 2081-1(a)(9) ..... 2  
 Local Bankruptcy Rule 4001-2 ..... 2  
 Local Bankruptcy Rule 9075-1 ..... 2

H.R. Rep. No. 95-595, 95<sup>th</sup> Cong., 1<sup>st</sup> Sess. (1977),  
 1978 U.S. Code Cong. & Admin. News, p. 5787..... 17

1 Pursuant to Local Bankruptcy Rules 2081-1(a)(9), 4001-2 and 9075-1, Section 363(c) of  
2 title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (as amended, the “Bankruptcy  
3 Code”) and Rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy  
4 Rules”), Central Metal, Inc., a California corporation, Chapter 11 debtor and debtor in possession  
5 herein (the “Debtor”), hereby moves, on an emergency basis (the “Emergency Motion”), for  
6 entry of an interim order authorizing the Debtor to use cash collateral on an emergency interim  
7 basis pending a final hearing in accordance with the Debtor’s operating budget (the “Budget”), a  
8 copy of which is attached as Exhibit “1” to the annexed Declaration of Suk Won Byun (the  
9 “Byun Declaration”). A further description of the Budget is set forth in the annexed  
10 Memorandum of Points and Authorities.

11 The Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code on  
12 January 8, 2010 (the “Petition Date”). The Debtor continues to operate its business, manage its  
13 financial affairs and operate its bankruptcy estate as a debtor in possession pursuant to Sections  
14 1107 and 1108 of the Bankruptcy Code.

15 The Debtor is a fully integrated scrap metal processing company that purchases,  
16 processes and sells ferrous and non-ferrous metals domestically and internationally. The Debtor  
17 is one of the largest processing companies on the West Coast, has one of the largest land sites  
18 and processing capacities, and is fully diversified in its business portfolio that entails dynamic  
19 trading relationships with renowned metal manufacturers around the world. The Debtor  
20 currently operates out of five (5) active facilities throughout Southern California – two facilities  
21 in the Los Angeles County area, one facility in Hinkley, one facility in San Bernardino, and one  
22 facility in Bakersfield.

23 According to the Debtor’s books and records, and as described more fully in the annexed  
24 Memorandum of Points and Authorities, the Debtor believes that there are two creditors which  
25 may have liens against substantially all of the Debtor’s assets. These creditors are Center Bank  
26 (“Center”) and KEB LA Financial Corp. (“KEB”). As of the Petition Date, Center was owed  
27 approximately \$16.3 million and KEB was owed approximately \$900,000. The Debtor believes  
28

1 that Center and KEB (collectively, the "Secured Creditors") are the only creditors who may have  
2 valid liens against the Debtor's cash collateral.<sup>1</sup>

3 The main assets of the Debtor are the Debtor's inventory of metals which are located  
4 throughout the Debtor's business locations and which also vary greatly in type and category, the  
5 Debtor's equipment, and the Debtor's real property. As set forth in the Byun Declaration and  
6 exhibits attached thereto, (1) the current value of the inventory, at cost, is approximately  
7 \$1,806,942 (the resale value is obviously going to be higher), (2) the Debtor owns at least four  
8 (4) parcels of real estate, which were purchased for a total of \$5,725,500 and which have a  
9 current aggregate assessed value of approximately \$10.9 million, and (3) the Debtor has  
10 equipment which the Debtor believes has aggregate current market value (after accounting for  
11 depreciation and net of any remaining lease payments) of approximately \$17 million. In total,  
12 the Debtor estimates that the aggregate current market value of just the inventory, equipment and  
13 real property which serve as collateral for the Secured Creditors is at least \$24 million.  
14 Additionally, all of the obligations of the Debtor to Center and KEB are personally guaranteed by  
15 Jong Uk Byun, the sole shareholder of the Debtor, who has significant personal assets including  
16 a tremendous amount of real property which are estimated to have current market value in excess  
17 of \$10 million.

18 Given the aggregate current market value of the Secured Creditors' key collateral, and  
19 with the current aggregate debt owing to the Secured Creditors of approximately \$17.2 million,  
20 the Debtor submits that both Secured Creditors are oversecured creditors protected by an  
21 adequate equity cushion, even without attributing any value to any other assets of the Debtor,  
22 including the goodwill of the Debtor's business.

23 Pursuant to this Emergency Motion, the Debtor seeks Court authority to use cash  
24

---

25 <sup>1</sup> Wilshire State Bank ("Wilshire") recorded a financing statement against the Debtor with the  
26 California Secretary of State indicating that it asserts a security interest and lien upon substantially all  
27 of the Debtor's assets; however, the Debtor contends that Wilshire provided the Debtor with purchase  
28 money financing with respect to the purchase of three (3) heavy-duty trucks. Therefore, the security  
interest and lien of Wilshire applies only against these trucks, and not against any other assets of the  
estate.

1 collateral to pay operating expenses that the Debtor must pay in order to stay in business and  
2 preserve the going concern value of its business. The Budget reflects the expenses that the  
3 Debtor must pay for the period from the week ending January 16, 2010 through and including  
4 the week ending February 27, 2010 (on a weekly basis) to stay in business. The Debtor is  
5 requesting that it be permitted to use cash collateral in accordance with the Budget, subject to a  
6 permitted deviance of up to 10% of the total expenses for any week, with any unused portions to  
7 be carried over into the following week. Needless to say, the Debtor must be able to use its  
8 current cash and its daily sales revenue to stay in business and to pay the Debtor's post-petition  
9 operating expenses, including continuing purchases of scrap metal, payroll, rent, utilities, etc.  
10 Without the ability to use cash collateral, the Debtor would be forced to shut down its business,  
11 would lose the going concern value of its business, and would be unable to reorganize.

12 As reflected in the Budget, over the next seven weeks, the Debtor will be using its  
13 revenue to buy more scrap metal in order to maintain adequate inventory levels. Indeed, with the  
14 exception of the week ending January 16, 2010, the Debtor intends to spend 79% (week 2), 77%  
15 (week 3), 79% (week 4), 64% (week 5) 62% (week 6) and 62% (week 7) of its gross cash  
16 receipts to purchase additional scrap metal. The Debtor submits that its continuing purchase of  
17 scrap metal which, in turn, keeps the Debtor's inventory of re-saleable metal products constant  
18 (or increasing) maintains the good will of its customers, and maintains (and likely increases) the  
19 value of the liens asserted by the Secured Creditors. Therefore, if allowed to use cash collateral  
20 to, among other things, purchase additional scrap metal to replenish sold inventory, the value of  
21 the Debtor's assets and business will certainly remain the same, but more likely increase, and not  
22 decline in value.

23 Given that the Secured Creditors are oversecured creditors protected by an adequate  
24 equity cushion, and the Debtor's ongoing operations, which entails significant purchases of scrap  
25 metals to replenish sold inventory, the Debtor submits that the Secured Creditors will remain  
26 adequately protected despite the Debtor's use of cash collateral pursuant to the terms proposed  
27 herein. As additional adequate protection, the Secured Creditors will receive replacement liens  
28

1 against the Debtor's assets, with such replacement lien to have the same extent, validity, and  
2 priority as the pre-petition lien held by such creditors. The existing personal guaranty by Jong  
3 Uk Byun provides further adequate protection. While the Debtor is attempting to reach the terms  
4 of a consensual and interim cash collateral arrangement with the Secured Creditors, given the  
5 Debtor's immediate cash needs, the Debtor has filed this emergency motion for authority to use  
6 cash collateral.

7 Pursuant to Bankruptcy Rule 4001(b)(2), while the Court cannot conduct a final hearing  
8 on this Emergency Motion earlier than 15 days after service of this Emergency Motion, the Court  
9 may conduct a preliminary hearing before such 15-day period expires to enable the Debtor to use  
10 cash collateral as is necessary to avoid immediate and irreparable harm to the Debtor's estate  
11 pending a final hearing.

12 Here, the Debtor cannot survive 15 days without any use of cash collateral. The Debtor  
13 must be able to pay expenses in accordance with the Budget (such as payroll which is due this  
14 Friday, January 15, 2010) pending a final hearing in order to avoid immediate and irreparable  
15 harm to the Debtor's business and this bankruptcy estate.

16 Pursuant to Local Bankruptcy Rule 4001-2(b), the Debtor submits that the interim relief  
17 requested by the Debtor pertaining to the Debtor's use of cash collateral does not contain any of  
18 the following provisions:

| <b>Provision</b>  | <b>Paragraph</b> |
|---|------------------|
| Cross-collateralization clauses   | No               |
| Provisions or findings of fact that bind the estate or all parties in interest with respect to the validity, perfection or amount of the secured party's pre-petition lien or debt or the waiver of claims against the secured creditor.                      | No               |
| Provisions or findings of fact that bind the estate or all parties in interest with respect to the relative priorities of the secured party's pre-petition lien.  | No               |
| Provisions that operate, as a practical matter, to divest the debtor in possession of any discretion in the formulation of a plan or administration of the estate or to limit access to the court to seek any relief under other applicable provision of law. | No               |



| <b>Provision</b>   | <b>Paragraph</b> |
|--|------------------|
| Waivers of 11 U.S.C. § 506(c), unless the waiver is effective only during the period in which the debtor is authorized to use cash collateral or borrow funds.   | No               |
| Releases of liability for the creditor's alleged prepetition torts or breaches of contract.  | No               |
| Waivers of avoidance actions arising under the Bankruptcy Code.  | No               |
| Provisions that deem prepetition secured debt to be postpetition debt or that use postpetition loans from a prepetition secured creditor to pay part or all of that secured creditor's prepetition debt                | No               |
| Provisions that provide disparate treatment for the professionals retained by a creditors' committee from that provided for the professionals retained by the debtor with respect to a professional fee carve out      | No               |
| Provisions that prime any secured lien   | No               |
| Automatic relief from the automatic stay upon default, conversion to chapter 7, or appointment of a trustee.   | No               |
| Waivers of procedural requirements, including those for foreclosure mandated under applicable non-bankruptcy law, and for perfection of replacement liens.   | No               |
| Adequate protection provisions which create liens on claims for relief arising under 11 U.S.C. §§ 506(c), 544, 545, 547, 548 and 549.  | No               |
| Waivers, effective on default or expiration, of the debtor's right to move for a court order pursuant to 11 U.S.C. § 363(c)(2)(B) authorizing the use of cash collateral in the absence of the secured party's consent | No               |
| Provisions that grant a lien in an amount in excess of the dollar amount of cash collateral authorized under the applicable cash collateral order.   | No               |
| Provisions providing for the paying down of prepetition principal owed to a creditor.  | No               |
| Findings of fact on matters extraneous to the approval process.  | No               |

The relief sought in the Emergency Motion is based upon the Emergency Motion, the annexed Memorandum of Points and Authorities and Declarations in support of the Emergency Motion, the statements, arguments and representations of counsel to be made at the hearing on

1 the Emergency Motion, and any other evidence properly presented to the Court at or prior to the  
2 hearing on the Emergency Motion.

3 **WHEREFORE**, the Debtor respectfully requests that the Court enter an order:

4 1. granting the Emergency Motion on an interim basis pending a final hearing  
5 thereon;

6 2. authorizing the Debtor to use cash collateral to pay the expenses set forth in the  
7 Budget on an interim basis pending a final hearing;


8 3. setting a final hearing on the Emergency Motion; and

9 4. granting such other and further relief as the Court deems just and proper.

10 Dated: January 12, 2010

CENTRAL METAL, INC., a California corporation

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

By:   
MONICA Y. KIM  
JULIET Y. OH  
LEVENE, NEALE, BENDER,  
RANKIN & BRILL L.L.P.  
Proposed Attorneys for Chapter 11  
Debtor and Debtor in Possession

1  
2 **MEMORANDUM OF POINTS AND AUTHORITIES**

3 **I.**

4 **CASE BACKGROUND**

5 **A. Background.**

6 1. On January 8, 2010 (the "Petition Date"), Central Metal, Inc., a California  
7 corporation, filed a voluntary petition under Chapter 11 of 11 U.S.C. § 101 *et seq.* (as amended, the  
8 "Bankruptcy Code"). The Debtor continues to operate its business, manage its financial affairs and  
9 operate its bankruptcy estate as a debtor in possession pursuant to Sections 1107 and 1108 of the  
10 Bankruptcy Code.

11 2. The Debtor is a fully integrated scrap metal processing company that purchases,  
12 processes and sells ferrous and non-ferrous metals domestically and internationally. The Debtor is  
13 one of the largest processing companies on the West Coast, has one of the largest land sites and  
14 processing capacities, and is fully diversified in its business portfolio that entails dynamic trading  
15 relationships with renowned metal manufacturers around the world.

16 3. The Debtor currently operates out of five (5) active facilities throughout Southern  
17 California – two facilities in the Los Angeles County area, one facility in Hinkley, one facility in  
18 San Bernardino, and one facility in Bakersfield.

19 4. The Debtor was founded in 1993 by Jong Uk Byun, the sole shareholder and  
20 President of the Debtor. Under Mr. Byun's management, the Debtor has experienced  
21 extraordinary growth, particularly in the last three years. In 2006, total sales volume was at  
22 approximately 50,000 tons. By 2008, total sales volume had increased to over 150,000 tons. Mr.  
23 Byun remains actively involved in the management of the Debtor. In 2009, the Debtor had annual  
24 gross sales totaling approximately \$36.5 million.

25 **B. Events Leading To The Filing Of The Debtor's Bankruptcy Case.**

26 5. Over the years, the Debtor has obtained financing from Center Bank ("Center") on  
27 a secured basis to operate and expand its business. According to the Debtor's books and records,  
28

1 Center asserts liens against substantially all of the Debtor's assets. As of the Petition Date, Center  
2 was owed approximately \$16.3 million. In 2007, the Debtor also obtained loans from KEB LA  
3 Financial Corp. ("KEB"). As of the Petition Date, KEB was owed approximately \$900,000.

4 6. In order to increase its processing capacity and produce the level of volume  
5 necessary to meet the demand from its customers, the Debtor heavily invested in new equipment  
6 beginning in late 2005 and through early 2008. Since 2006, the Debtor has committed  
7 approximately \$25 million – through a combination of cash and financing from various equipment  
8 lessors/lenders – to obtain new equipment and heavy duty trucks.

9 7. Once installed in early 2008, the new equipment could not be operated at full  
10 capacity until they were "broken in," approximately six months to one year later. As a result, the  
11 Debtor was unable to produce the level of volume it had anticipated during the "break in" period  
12 following the installation of the new equipment. Nevertheless, the Debtor was obligated to make  
13 payments on the new equipment, and continued to do so throughout 2008 and through April 2009.

14 8. The price of steel peaked in the summer of 2008, at approximately \$750 to \$800 per  
15 ton. However, shortly thereafter, in late 2008 and early 2009, the price of steel plunged to  
16 approximately \$200 per ton. This dramatic drop in steel prices was accompanied by a  
17 corresponding decline in demand for steel, due at least in part to the overall decline in the economy  
18 worldwide.

19 9. The demand for steel and the price of steel plunged at the same time that the  
20 Debtor's new equipment became fully functional. At the same time, availability of scrap metal  
21 decreased by at least 50%, requiring the Debtor to pay more for its supply. This increase in the  
22 cost of its supply, along with the drop in steel prices and the drop in demand for steel, all of which  
23 occurred virtually simultaneously, resulted in the Debtor's inability to generate the level of revenue  
24 necessary to service all of its debts.

25 10. As a result, beginning in approximately May 2009, the Debtor stopped making  
26 payments to Center, and other creditors including its equipment lessors/lenders. In November  
27 2009, a number of the Debtor's equipment lessors/lenders filed complaints against the Debtor in  
28

1 state court based upon the Debtor's nonpayment and default under their respective loans/capital  
2 leases.

3 11. Upon its default, the Debtor attempted to restructure its payment obligations to  
4 Center. The parties successfully negotiated and entered into a forbearance agreement, but the  
5 Debtor was ultimately unable to perform on the terms of such agreement. Notwithstanding this,  
6 the parties continued to discuss the plight of the Debtor's situation.

7 12. In October 2009, the Debtor submitted a restructuring proposal to Center. In  
8 response, Center instructed the Debtor to engage Focus Management Group ("Focus") as its  
9 financial advisors to review the Debtor's financial data and operations. The Debtor did, in fact,  
10 hire Focus in December 2009. Members associated with Focus came on-site at the Debtor, and  
11 received a tremendous amount of requested information, documents, data and reports. The main  
12 on-site personnel of Focus was Edmund C. King ("King").

13 13. Without any advance notice or warning, on or about January 6, 2010, Center filed a  
14 complaint against the Debtor, Mr. Byun, and other related defendants, and on the morning of  
15 January 7, 2010 (before the complaint had been served), Center's counsel provided telephonic  
16 notice of an *ex parte* hearing scheduled for 8:30 a.m. on January 8, 2010 for the appointment of a  
17 receiver over the properties of all of the defendants, including the Debtor. The Debtor filed its  
18 Chapter 11 case on an emergency basis to avoid the possibility of a receiver being appointed over  
19 its properties, and reorganize.

20 14. As part of its *ex parte* application for the appointment of a receiver, Center filed  
21 with the state court several declarations, including a declaration for King. King states in his  
22 declaration that: (a) accounting records or details regarding cash payments totaling \$17.8 million  
23 were "lost" by the Debtor, (b) that the Debtor's accounting practices are "severely lacking and  
24 unsophisticated" and (c) Byun wanted to give him a cash gift (which was not accepted). Counsel  
25 for Center has characterized this "gift" as an attempted bribe. The Debtor vigorously disputes  
26 such allegations.

27

28

1           15.       In the ordinary course of its business, the Debtor transacts much of its business  
2 dealings in cash. Because a large amount of the Debtor's scrap metal comes from individual  
3 "peddlers" who simply drive up to the Debtor's business locations in pick-up trucks with scrap  
4 metal (which the Debtor then processes into usable steel) to sell, the Debtor pays for such metal  
5 in cash. Cash transactions are expected and very commonplace for this business and industry  
6 and if news spread around town that the Debtor pays for purchases with a check, then peddlers  
7 would elect to go to a different scrap metal dealer in town. In short, the Debtor's access to scrap  
8 that is essential to sales would be severely impaired if it is not allowed to continue to pay in cash  
9 for scrap metal.

10           16.       The filing of a bankruptcy case presented the only viable way for the Debtor to  
11 survive and restructure its financial affairs. The Debtor intends to aggressively pursue a financial  
12 transaction, including a possible sale of some or substantially all of its assets, locate a financial  
13 partner, or pursue a plan of reorganization. Needless to say, the Debtor needs time to develop and  
14 pursue all of its options and strategies.

15           17.       The cash nature of the Debtor's business and the current state of the Debtor's books  
16 and records have given rise to a variety of concerns by Center which need to be addressed in this  
17 case. In addition, the Debtor is aware that being in Chapter 11, as well as transitioning into  
18 Chapter 11 as a debtor in possession, are complex matters with extensive reporting and disclosure  
19 requirements. Based on all of these factors, the Debtor has determined that it would be in the best  
20 interests of its estate to employ financial advisors and a Chief Restructuring Officer ("CRO") in  
21 this case. Towards that end, the Debtor has retained C.T. Moffitt & Company ("CTMC") as its  
22 financial advisors and Charles T. Moffitt as CRO for the Debtor to oversee all aspects of the  
23 Debtor's business operations and financial affairs. Concurrently herewith, the Debtor has filed an  
24 application to employ CTMC as the Debtor's financial advisor and Mr. Moffitt as the Debtor's  
25 CRO, effective as of the Debtor's chapter 11 filing date of January 8, 2010.

1 **C. Secured Liabilities of the Debtor.**

2 18. There are three creditors which have recorded financing statements with the  
3 California Secretary of State against the Debtor asserting liens upon substantially all of the  
4 Debtor's assets as follows:

5 a. Center Bank. During the period from May 2006 to November 2007, the  
6 Debtor obtained a variety of loans from Center, including real estate loans, commercial  
7 term loans, commercial revolving line of credit, and other lines of credit. The aggregate  
8 principal amount of these loans was approximately \$16.9 million. To secure these  
9 obligations, the Debtor granted to Center a lien and security interest upon substantially all  
10 of the Debtor's assets as collateral for the Debtor's obligations to Center. On May 26,  
11 2006, Center recorded a financing statement with the California Secretary of State (file no.  
12 20067071769689). The outstanding balance is approximately \$16.3 million as of this date.  
13 The Debtor has not made any payments to Center since May 2009.

14 b. KEB LA Financial Corp. Around November 2007, the Debtor obtained  
15 loans from KEB in the aggregate principal amount of approximately \$900,000. On  
16 October 11, 2007, KEB recorded a financing statement with the California Secretary of  
17 State (file no. 20077132387563). The outstanding balance is approximately \$900,000, as  
18 of this date. The Debtor has not made any payments to Center since May 2009.

19 c. Wilshire State Bank. ("Wilshire"). Around May 2008, the Debtor obtained  
20 loans from Wilshire for the purpose of purchasing three (3) heavy duty trucks. While  
21 Wilshire was granted a purchase money security interest in these vehicles, it was not  
22 granted a blanket lien upon the Debtor's assets to secure the loans. Nonetheless, on May  
23 27, 2008, Wilshire recorded a financing statement with the California Secretary of State  
24 (file no. 20087159210902) asserting a lien upon substantially all of the Debtor's assets.  
25 The Debtor disputes the extent and scope of the lien asserted by Wilshire.

26 19. Based on the foregoing, the Debtor believes that it is only Center and KEB which  
27 may have valid and enforceable liens on the Debtor's inventory and the proceeds therefrom. In  
28

1 addition to the foregoing, all other financing statements or liens asserted pertain to a lien against  
2 equipment only and/or has been filed solely as a precautionary measure by an equipment lessor. A  
3 complete lien search of the official records of the California Secretary of State's Office is attached  
4 to the Declaration of Monica Y. Kim which is being filed concurrently herewith.

5 **D. Assets of the Debtor.**

6 20. The main assets of the Debtor are the Debtor's inventory of metals which are  
7 located throughout the Debtor's business locations and which also vary greatly in type and  
8 category, the Debtor's equipment, and the Debtor's real property. As set forth in the Declaration  
9 of Suk Won "Tim" Byun (the "Byun Declaration") and exhibits attached thereto:

10 a. As summarized in Exhibit "2" to the Byun Declaration annexed hereto, the  
11 current value of the inventory, at cost, is approximately \$1,806,942. The resale value of the  
12 Debtor's inventory will obviously be higher.

13 b. The Debtor owns at least four (4) parcels of real estate, which were  
14 purchased for a total of \$5,725,500 and which have a current aggregate assessed value of  
15 approximately \$10.9 million. Attached as Exhibit "3" to the Byun Declaration annexed  
16 hereto are the property transaction detail reports for such properties obtained from  
17 www.title365.com which provides, among other things, the current assessed value of each  
18 property.

19 c. As summarized in Exhibit "4" to the Byun Declaration annexed hereto, the  
20 Debtor has equipment which has an aggregate current market value (after accounting for  
21 depreciation and net of any remaining lease payments) of approximately \$17 million.

22 21. In total, the Debtor estimates that the aggregate current market value of just the  
23 inventory, equipment and real property which serve as collateral for Center and KEB (collectively,  
24 the "Secured Creditors") is at least \$24 million.

25 22. Additionally, all of the obligations of the Debtor to Center and KEB are personally  
26 guaranteed by Jong Uk Byun, the sole shareholder of the Debtor, who has significant personal  
27  
28



1 assets including a tremendous amount of real property which are estimated to have current market  
2 value in excess of \$10 million.

3 **E. The Debtor's Need for Use of Cash Collateral.**

4 23. In order for the Debtor to be able to stay in business until its reorganization goals  
5 can be meaningfully assessed and achieved, the Debtor must be able to use its current cash to pay  
6 the Debtor's post-petition operating expenses. A copy of the Debtor's proposed operating budget  
7 for the period from the week ending January 16, 2010 through the week ending to February 27,  
8 2010 (the "Budget") is attached as Exhibit "1" to the Byun Declaration annexed hereto.

9 24. Pursuant to this Emergency Motion, the Debtor seeks Court authority to use cash  
10 collateral on an interim basis pending a final hearing. The Budget attached to the Byun  
11 Declaration reflects the ordinary operating expenses that the Debtor must pay in order to stay in  
12 business and preserve the going concern value of its business. The Debtor will use cash collateral  
13 in accordance with the Budget, subject to a permitted deviance of up to 10% of the total expenses  
14 for any week, with any unused portions to be carried over into the following week. Needless to  
15 say, the Debtor must be able to use its current cash to stay in business and to pay the Debtor's post-  
16 petition operating expenses, including payroll, rent, utilities, etc. The Budget does not include the  
17 payment of any rents, or lease payments to equipment lessors/lenders.

18 25. The real property upon which the Debtor runs its facilities is either owned by the  
19 Debtor or by the Debtor's principal, Jong Uk Byun. Center has already indicated to the Debtor that  
20 it wishes to investigate payments received by Jong Uk Byun from proceeds of the Debtor's  
21 business. The Debtor estimates that a creditors' committee, if one is appointed, is likely to desire a  
22 similar investigation. Therefore, the Debtor believes that it would be prudent, especially in  
23 conjunction with an interim request for use of cash collateral, to defer the payment of any post-  
24 petition rents to Jong Uk Byun.

25 26. The Debtor also believes that it would be prudent to defer making lease payments  
26 to those parties contending to be equipment lessors during the interim cash collateral use period.  
27 While the Debtor is undertaking further review, the initial impression of the Debtor is that many, if  
28

1 not all, of the Debtor's lease agreements are, in fact, disguised financing arrangements and the  
2 Debtor may be initiating declaratory relief actions shortly for judicial determination as to the true  
3 nature of the contracts and transactions at issue.

4 27. Without the ability to use cash collateral, the Debtor would be forced to shut down  
5 its business, lose all going concern value, and would be unable to reorganize. The Debtor has  
6 prepared the Budget, with the goal of reflecting only those ordinary operating expenses which must  
7 be paid to avoid irreparable harm to the Debtor's business. In addition, with the employment of an  
8 independent CRO and financial advisors, the Debtor is confident that it will comply with the  
9 Budget during the period in which the Debtor is authorized to use cash collateral. Therefore, the  
10 Debtor submits that it should be authorized to use cash collateral in accordance with the provisions  
11 of the Budget.

## 12 II.

### 13 DISCUSSION

#### 14 **A. The Debtor Must Be Authorized To Use Cash Collateral to Operate, Maintain and** 15 **Preserve its Business.**

16 The Debtor's use of property of the estate is governed by Section 363 of the Bankruptcy  
17 Code. Section 363(c)(1) provides in pertinent part:

18 If the business of the debtor is authorized to be operated under  
19 section . . . 1108. . . of this title and unless the court orders otherwise,  
20 the trustee may enter into transactions, including the sale or lease of  
21 property of the estate, in the ordinary course of business, without  
22 notice or a hearing, and may use property of the estate in the ordinary  
23 course of business without notice or a hearing.

24 11 U.S.C. §363(c)(1). A debtor in possession has all of the rights and powers of a trustee with  
25 respect to property of the estate, including the right to use property of the estate in compliance  
26 with Section 363. See 11 U.S.C. §1107(a).

1 “Cash collateral” is defined as “cash, negotiable instruments, documents of title,  
2 securities, deposit accounts or other cash equivalents in which the estate and an entity other than  
3 the estate have an interest. . . .” 11 U.S.C. §363(a). Section 363(c)(2) establishes a special  
4 requirement with respect to “cash collateral,” providing that the trustee or debtor in possession  
5 may use “cash collateral” under subsection (c)(l) if:

6 (A) each entity that has an interest in such cash collateral  
7 consents; or

8 (B) the court, after notice and a hearing, authorizes such use, sale  
9 or lease in accordance with the provisions of this section.

10 See 11 U. S.C. §363(c)(2)(A) and (B).

11 It is well settled that it is appropriate for a Chapter 11 debtor to use cash collateral for the  
12 purpose of maintaining and operating its property. 11 U.S.C. § 363(c)(2)(B); In re Oak Glen R-  
13 Vee, 8 B.R. 213, 216 (Bankr. C.D. Cal. 1981); In re Tucson Industrial Partners, 129 B.R. 614  
14 (9th Cir. BAP 1991). In addition, where the debtor is operating a business, it is extremely  
15 important that the access to cash collateral be allowed in order to facilitate the goal of  
16 reorganization: “the purpose of Chapter 11 is to rehabilitate debtors and generally access to cash  
17 collateral is necessary to operate a business.” In re Dynaco Corporation, 162 B.R. 389 (Bankr.  
18 D.N.H. 1993), quoting In re Stein, 19 B.R. 458, 459. (Bankr. E.D. Pa. 1982).

19 The only source of money available to the Debtor to use to operate its business is the  
20 Debtor’s current cash on hand and its daily sales revenue. As a result, the Debtor has no ability  
21 to continue to operate its business and maintain the going concern value of the Debtor’s business  
22 unless the Debtor has immediate access to and use of its cash collateral to pay the Debtor’s  
23 ordinary operating expenses, including, but not limited to, additional purchases of scrap metal,  
24 utilities, payroll, etc. The expenses the Debtor must be able to pay during the period from the  
25 week ending January 16, 2010 through the week ending February 27, 2010 are set forth in the  
26 Budget. The Debtor’s inability to pay those expenses would cause immediate and irreparable  
27 harm to the Debtor and its business. The inability of the Debtor to use its cash collateral would  
28

1 result in the immediate shut down of the Debtor's business, loss of the going concern value of  
2 the Debtor's business and assets, and terminate the estate's opportunity to reorganize.

3 **B. The Secured Creditors are Adequately Protected by an Adequate Equity Cushion,  
4 the Debtor's Continued Use Of Cash Collateral, Personal Guaranty and  
5 Replacement Liens.**

6 To the extent that an entity has a valid security interest in the revenues generated by  
7 property, those revenues constitute "cash collateral" under Section 363(a) of the Bankruptcy  
8 Code. Pursuant to Section 363(c)(2), the Court may authorize the debtor to use a secured  
9 creditor's cash collateral if the secured creditor is adequately protected. In re Mellor, 734 F.2d  
10 1396, 1400 (9th Cir. 1984). See also In re O'Connor, 808 F.2d 1393, 1398 (10th Cir. 1987); In  
11 re McCombs Properties VI, Ltd., 88 B.R. 261, 265 (Bankr. C.D. Cal. 1988) ("McCombs").

12 Pursuant to the Supreme Court case of United Savings Association v. Timbers of Inwood  
13 Forest Associates, 108 S.Ct. 626, 629 (1988) ("Timbers") and subsequent case law, the property  
14 interest that a debtor must adequately protect pursuant to Sections 361(1) and (2) of the  
15 Bankruptcy Code is only the value of the lien that secures the creditor's claim. 108 S.Ct. at 630.  
16 See also McCombs, Id., at 266. Section 506(a) "limit[s] the secured status of a creditor (i.e., the  
17 secured creditor's claim) to the lesser of the [allowed amount of the] claim or the value of the  
18 collateral." McCombs, Id., at 266. Therefore, the law is clear that only the secured portions of  
19 the Secured Creditors' claims are entitled to be adequately protected, AND, pursuant to Section  
20 506(a)(1) of the Bankruptcy Code, any undersecured creditor is not entitled to any post-petition  
21 interest, fees, costs, or the like on its claim.

22 The principle of adequate protection reconciles the competing interests of the debtor, who  
23 needs time to reorganize free from harassing creditors, and the secured creditor, which is entitled  
24 to constitutional protection for its bargained-for property interest. See, H.R. Rep. No. 95-595,  
25 95th Cong., 1st Sess. (1977), 1978 U.S. Code Cong. & Admin. News, p. 5787. In re Jug End In  
26 The Berkshires, Inc., 46 B.R. 892 (Bankr.D.Mass.1985). In In re Planned Systems, Inc., 78 B.R.  
27 852, 862 (Bankr. S.D. Ohio 1987), the Court noted that it is proof of a post-petition decline in the  
28

1 value of the equipment as opposed to a mere lack of equity in the equipment, which would  
2 support a finding of lack of adequate protection. It further noted that the existence or non-  
3 existence of equity should not be the *sine qua non* for adequate protection. As the court in In re  
4 Smithfield Estates, Inc., 48 B.R. 910 (Bankr. D. R.I. 1985), observed:

5 “The weight of authority and in our view the better reasoned opinions,  
6 hold that adequate protection relates to maintaining the status-quo  
7 during the period after the filing of the petition and before  
8 confirmation or rejection of the plan. The secured creditor is entitled  
9 to protection against any depreciation or diminution in the value of  
10 the collateral as it existed and was available to satisfy the debt on the  
11 date of the filing of the petition in bankruptcy.”

12 Thus, while an equity cushion is generally considered *prima facie* evidence of adequate  
13 protection, the absence of an equity cushion does not establish the converse, *i.e.*, that, as a matter  
14 of law, the creditor is not adequately protected. An (under)secured creditor’s position is not  
15 worse immediately after the bankruptcy filing than it was just prior thereto, and the provisions  
16 for adequate protection may only protect the secured creditor from any impairment in the value  
17 of its interest. The concept of adequate protection was not designed or intended to place an  
18 undersecured or minimally secured creditor in a better post-filing position than it was in before  
19 the imposition of the automatic stay. Additionally, in determining adequate protection, other  
20 courts have determined that a debtor’s continued business operations can constitute the adequate  
21 protection of a secured creditor. See, Matter of Pursuit Athletic Footwear, Inc., 193 B.R. 713  
22 (Bankr. D. Del. 1996); In re Newark Airport/Hotel Ltd. Partnership, 156 B.R. 444, 450 (Bankr.  
23 D.N.J. 1993); In re Dynaco, 162 B.R. 389, 394-5 (Bankr. D.N.H. 1993); In re Immenhausen  
24 Corp., 164 B.R. 347, 352 (Bankr. M.D. Fla. 1994).

25 Here, and as discussed above, the Debtor believes that, based just on the current values of  
26 its inventory, equipment, and real property, the Secured Creditors are oversecured and protected  
27 by a significant equity cushion.  
28

1 But, even if an equity cushion did not exist, the law is also clear that the preservation of  
2 the value of a secured creditor's lien is sufficient to provide adequate protection to a secured  
3 creditor when a debtor seeks to use cash collateral. In re Triplett, 87 B.R. 25 (Bankr. W.D. Tex  
4 1988). See also In re Stein, 19 B.R. 458 (Bankr. E.D. Pa. 1982). In Stein, the Court found that  
5 as a general rule, a debtor may use cash collateral where such use would enhance or preserve the  
6 value of the collateral, and allowed the debtor therein to use cash collateral even though the  
7 secured party had no equity cushion for protection. The Stein Court determined that the use of  
8 cash collateral was necessary to the continued operations of the debtor, and that the creditor's  
9 secured position could only be enhanced by the continued operation of the debtor's business.  
10 See also In re McCombs, *supra*, where the court determined that the debtor's use of cash  
11 collateral for needed repairs, renovations and operating expenses eliminated the risk of  
12 diminution in the creditor's interest in the cash collateral and such use would more likely  
13 increase cash collateral. Therefore, the Secured Creditors will be further adequately protected by  
14 the continued operation of the Debtor's business.

15 In a similar situation, the Court in the Matter of Pursuit Athletic Footwear, Inc., 193 B.R.  
16 713 (Bankr. D. Del. 1996), considered this issue and allowed the use of cash collateral, accepting  
17 the debtor's argument that no additional adequate protection payments need be made:

18 if there is no actual diminution in the value of [the] collateral through the  
19 date of the hearing, and [Debtor] can operate profitably post-petition,  
20 [creditor] is adequately protected for the use of its cash collateral. 11  
21 U.S.C. Section 361; In re Newark Airport/Hotel Ltd. Partnership, 156 B.R.  
22 444, 450 (Bankr. D.N.J. 1993); In re Dynaco, 162 B.R. 389, 394-5 (Bankr.  
23 D.N.H. 1993); In re Immenhausen Corp., 164 B.R. 347, 352 (Bankr. M.D.  
24 Fla. 1994).

25 Additionally, in determining adequate protection, Courts have stressed the importance of  
26 promoting a debtor's reorganization. In In re O'Connor, *supra*, the Tenth Circuit stated:

27 "In this case, Debtors, in the midst of a Chapter 11 proceeding, have  
28

1 proposed to deal with cash collateral for the purpose of enhancing  
2 the prospects of reorganization. This quest is the ultimate goal of  
3 Chapter 11. Hence, the Debtor's efforts are not only to be  
4 encouraged, but also their efforts during the administration of the  
5 proceeding are to be measured in light of that quest. Because the  
6 ultimate benefit to be achieved by a successful reorganization  
7 inures to all the creditors of the estate, a fair opportunity must be  
8 given to the Debtors to achieve that end. Thus, while interests of  
9 the secured creditor whose property rights are of concern to the  
10 court, the interests of all other creditors also have bearing upon the  
11 question of whether use of cash collateral shall be permitted during  
12 the early stages of administration."

13 808 F.2d at 1937.

14 Here, even if an equity cushion did not exist (which it does), the continuing operations of  
15 the Debtor's business which maintains, if not increases, the value of the Secured Creditors'  
16 collateral protects the Secured Creditors from any diminution in the value of their collateral that  
17 is caused by the Debtor's use of cash collateral during this case. As additional adequate  
18 protection, the Secured Creditors will also have replacement liens against the Debtor's assets,  
19 with such replacement lien to have the same extent, validity, and priority as the pre-petition lien  
20 held by such creditor. Finally, the existing personal guaranty by Jong Uk Byun, who  
21 individually and personally holds significant assets including real property assets, will provide  
22 further adequate protection. See In re Swedeland Development Group, Inc., 16 F.3d 552, 564,  
23 n.14 (3d Cir. 1994) ["Obviously we are not suggesting that in all cases a third-party guaranty  
24 would be sufficient. The sufficiency of the guaranty would depend, inter alia, on the financial  
25 strength of the guarantor."].  
26  
27  
28

1 **C. The Procedural Requirements Regarding Approval of the Emergency Motion Have**  
2 **Been Satisfied.**

3 Bankruptcy Rule 4001(b) sets forth procedural requirements for obtaining use of cash  
4 collateral. There are three general procedural requirements. First, the Emergency Motion must  
5 contain a copy of the proposed form of order, which has been done by attaching the proposed  
6 order as Exhibit "5" to the annexed Byun Declaration. Second, the Emergency Motion must  
7 provide a concise statement of the relief requested, which was done above. Third, the  
8 Emergency Motion is required to be served on any entity with an interest in the Debtor's cash  
9 collateral, any committee appointed or the twenty largest unsecured creditors if there is no  
10 committee, and on such other parties as the Court directs. No committee has been appointed in  
11 the Debtor's case to date. However, the Debtor has served a copy of the Emergency Motion and  
12 all supportive papers upon the Office of the United States Trustee, all secured creditors and their  
13 counsel (if known), and parties requesting special notice via overnight mail. The foregoing  
14 parties will receive delivery of the Emergency Motion and all supportive papers by not later than  
15 the morning of Wednesday, January 13, 2010. Accordingly, the Emergency Motion complies  
16 with the requirements of Bankruptcy Rule 4001(b).

17 **III.**

18 **CONCLUSION**

19 Based upon all of the foregoing, the Debtor respectfully requests that the Court enter an  
20 order:

- 21 1. granting the Emergency Motion on an interim basis pending a final hearing
- 22 thereon;
- 23 2. authorizing the Debtor to use cash collateral to pay the expenses set forth in the
- 24 Budget on an interim basis pending a final hearing;
- 25 3. setting a final hearing on the Emergency Motion; and

26 ///

27 ///

28



1 4. granting such other and further relief as the Court deems just and proper.

2 Dated: January 12, 2010

CENTRAL METAL, INC., a California corporation

3

4

By: 

5

MONICA Y. KIM

6

JULIET Y. OH

7

LEVENE, NEALE, BENDER,

8

RANKIN & BRILL L.L.P.

9

Proposed Attorneys for Chapter 11

10

Debtor and Debtor in Possession

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

**DECLARATION OF SUK WON BYUN**

I, Suk Won "Tim" Byun, hereby declare as follows:

1. I have personal knowledge of the facts set forth below and, if called to testify, I would and could competently testify thereto.

2. I am the General Manager of Central Metal, Inc., a California corporation (the "Debtor"), debtor and debtor in possession herein, and, as such, am familiar with the business operations and financial affairs of the Debtor. I have access to the Debtor's books and records and, to the extent necessary to complete this declaration, I have reviewed such books and records.

3. I make this declaration in support of the Debtor's emergency motion (the "Emergency Motion") for entry of an interim order authorizing the Debtor to use cash collateral on an emergency interim basis, pending a final hearing, in accordance with the Debtor's operating budget (the "Budget"), a copy of which is attached as Exhibit "1" hereto. I have reviewed the Emergency Motion and agree with the factual assertions contained therein.

4. The Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code on January 8, 2010 (the "Petition Date").

5. The Debtor is a fully integrated scrap metal processing company that purchases, processes and sells ferrous and non-ferrous metals domestically and internationally. To the best of my knowledge, the Debtor is one of the largest processing companies on the West Coast, has one of the largest land sites and processing capacities, and is fully diversified in its business portfolio that entails dynamic trading relationships with renowned metal manufacturers around the world.

6. The Debtor currently operates out of five (5) active facilities throughout Southern California – two facilities in the Los Angeles County area, one facility in Hinkley, one facility in San Bernardino, and one facility in Bakersfield.

7. It is my understanding and belief that the Debtor was founded in 1993 by Jong Uk Byun, the sole shareholder and President of the Debtor. In 2006, the Debtor's total sales volume

1 was at approximately 50,000 tons. By 2008, the Debtor's total sales volume had increased to  
2 over 150,000 tons. Mr. Byun remains actively involved in the management of the Debtor. In  
3 2009, the Debtor had annual gross sales totaling approximately \$36.5 million.

4 8. Based on my review of the Debtor's books and records, it is my understanding  
5 and belief that, over the years, the Debtor has obtained financing from Center Bank ("Center")  
6 on a secured basis to operate and expand its business. According to the Debtor's books and  
7 records, Center and an entity called KEB LA Financial Corp. ("KEB") may have liens against  
8 substantially all of the Debtor's assets. As of the Petition Date, Center was owed approximately  
9 \$16.3 million and KEB was owed approximately \$900,000 by the Debtor.

10 9. It is my understanding and belief that Wilshire State Bank ("Wilshire") recorded a  
11 financing statement against the Debtor with the California Secretary of State indicating that it  
12 asserts a security interest and lien upon substantially all of the Debtor's assets. However, the  
13 Debtor's books and records reflect that Wilshire provided the Debtor with purchase money  
14 financing with respect to the purchase of three (3) heavy-duty trucks. Therefore, the Debtor  
15 contends that the security interest and lien of Wilshire applies only against these trucks, and not  
16 against any other assets of the estate.

17 10. In order to increase its processing capacity and produce the level of volume  
18 necessary to meet the demand from its customers, the Debtor heavily invested in new equipment  
19 beginning in late 2005 and through early 2008. Based on my review of the Debtor's books and  
20 records, since 2006, the Debtor has committed approximately \$25 million – through a  
21 combination of cash and financing from various equipment lessors/lenders – to obtain new  
22 equipment and heavy duty trucks.

23 11. Once installed in early 2008, the new equipment could not be operated at full  
24 capacity until they were "broken in," approximately six months to one year later. As a result, the  
25 Debtor was unable to produce the level of volume it had anticipated during the "break in" period  
26 following the installation of the new equipment. Nevertheless, the Debtor was obligated to make  
27  
28

1 payments on the new equipment, and continued to do so throughout 2008 and through April  
2 2009.

3 12. The price of steel peaked in the summer of 2008, at approximately \$750 to \$800  
4 per ton. However, shortly thereafter, in late 2008 and early 2009, the price of steel plunged to  
5 approximately \$200 per ton. This dramatic drop in steel prices was accompanied by a  
6 corresponding decline in demand for steel.

7 13. The demand for steel and the price of steel plunged at the same time that the  
8 Debtor's new equipment became fully functional. At the same time, availability of scrap metal  
9 decreased by at least 50%, requiring the Debtor to pay more for its supply. I believe that this  
10 increase in the cost of its supply, along with the drop in steel prices and the drop in demand for  
11 steel, all of which occurred virtually simultaneously, resulted in the Debtor's inability to generate  
12 the level of revenue necessary to service all of its debts.

13 14. As a result, beginning in approximately May 2009, the Debtor stopped making  
14 payments to Center, Wilshire and its equipment lessors/lenders. It is my understanding and  
15 belief that, in November 2009, a number of the Debtor's equipment lessors/lenders filed  
16 complaints against the Debtor in state court based upon the Debtor's nonpayment and default  
17 under their respective loans/capital leases.

18 15. Upon its default, the Debtor attempted to restructure its payment obligations to  
19 Center. The parties successfully negotiated and entered into a forbearance agreement, but the  
20 Debtor was ultimately unable to perform on the terms of such agreement. Notwithstanding this,  
21 the parties continued to discuss the plight of the Debtor's situation.

22 16. In October 2009, the Debtor submitted a restructuring proposal to Center. In  
23 response, Center instructed the Debtor to engage Focus Management Group ("Focus") as its  
24 financial advisors to review the Debtor's financial data and operations. The Debtor did, in fact,  
25 hire Focus in December 2009. Members associated with Focus came on-site at the Debtor, and  
26 were provided with a tremendous amount of requested information, documents, data and reports.  
27 The main on-site personnel of Focus was Edmund C. King ("King").  
28

1           17.     Without any advance notice or warning, on or about January 6, 2010, Center filed  
2 a complaint against the Debtor, Mr. Byun, and other related defendants. It is my understanding  
3 that, on the morning of January 7, 2010 (before the complaint had been served), Center's counsel  
4 provided telephonic notice of an *ex parte* hearing scheduled for 8:30 a.m. on January 8, 2010 for  
5 the appointment of a receiver over the properties of all of the defendants, including the Debtor.  
6 The Debtor filed its Chapter 11 case on an emergency basis to avoid the possibility of a receiver  
7 being appointed over its properties, and reorganize.

8           18.     I believe that the filing of a bankruptcy case presented the only viable way for the  
9 Debtor to survive and restructure its financial affairs. The Debtor intends to aggressively pursue  
10 a financial transaction, including a possible sale of some or substantially all of its assets, locate a  
11 financial partner, or pursue a plan of reorganization. Needless to say, the Debtor needs time to  
12 develop and pursue all of its options and strategies.

13           19.     The cash nature of the Debtor's business and the current state of the Debtor's  
14 books and records have given rise to a variety of concerns by Center which I believe need to be  
15 addressed in this case. In addition, the Debtor and its management are aware that being in  
16 Chapter 11, as well as transitioning into Chapter 11 as a debtor in possession, are complex  
17 matters with extensive reporting and disclosure requirements. Based on all of these factors, the  
18 Debtor has determined that it would be in the best interests of its estate to employ financial  
19 advisors and a Chief Restructuring Officer ("CRO") in its case. Towards that end, the Debtor  
20 has retained C.T. Moffitt & Company ("CTMC") as its financial advisors and Charles T. Moffitt  
21 as CRO for the Debtor to oversee all aspects of the Debtor's business operations and financial  
22 affairs. Concurrently herewith, the Debtor has filed an application to employ CTMC as the  
23 Debtor's financial advisor and Mr. Moffitt as the Debtor's CRO, effective as of the Debtor's  
24 chapter 11 filing date of January 8, 2010.

25           20.     It is my understanding and belief that there are three creditors which have  
26 recorded financing statements with the California Secretary of State against the Debtor asserting  
27 liens upon substantially all of the Debtor's assets as follows:  
28

1 a. Center Bank. During the period from May 2006 to November 2007, the  
2 Debtor obtained a variety of loans from Center, including real estate loans, commercial  
3 term loans, commercial revolving line of credit, and other lines of credit. The aggregate  
4 principal amount of these loans was approximately \$16.9 million. To secure these  
5 obligations, the Debtor granted to Center a lien and security interest upon substantially all  
6 of the Debtor's assets as collateral for the Debtor's obligations to Center. Based on my  
7 review of the Debtor's books and records, the outstanding balance is approximately \$16.3  
8 million as of this date. The Debtor has not made any payments to Center since May 2009.

9 b. KEB LA Financial Corp. Around November 2007, the Debtor obtained  
10 loans from KEB in the aggregate principal amount of approximately \$900,000. Based on  
11 my review of the Debtor's books and records, the outstanding balance is approximately  
12 \$900,000, as of this date. The Debtor has not made any payments to Center since May  
13 2009.

14 c. Wilshire State Bank. ("Wilshire"). Around May 2008, the Debtor obtained  
15 loans from Wilshire for the purpose of purchasing three (3) heavy duty trucks. While  
16 Wilshire was granted a purchase money security interest in these vehicles, it was not  
17 granted a blanket lien upon the Debtor's assets to secure the loans.

18 21. Based on the Debtor's books and records, I believe that it is only Center and KEB  
19 which may have valid and enforceable liens on the Debtor's inventory and the proceeds  
20 therefrom.

21 22. Based on the Debtor's books and records, the main assets of the Debtor are the  
22 Debtor's inventory of metals which are located throughout the Debtor's business locations and  
23 which also vary greatly in type and category, the Debtor's equipment, and the Debtor's real  
24 property.

25 a. As summarized in Exhibit "2" annexed hereto, the current value of the  
26 inventory, at cost, is approximately \$1,806,942. I believe that the resale value of the  
27 Debtor's inventory will be higher.  
28

1           b.       The Debtor owns at least four (4) parcels of real estate, which were  
2           purchased for a total of \$5,725,500 and which have a current aggregate assessed value of  
3           approximately \$10.9 million. Attached as Exhibit "3" hereto are the property transaction  
4           detail reports for such properties obtained from www.title365.com, which provides, among  
5           other things, the current assessed value of each property.

6           c.       As summarized in Exhibit "4" hereto, the Debtor has equipment which has  
7           an aggregate current market value (after accounting for depreciation and net of any  
8           remaining lease payments) of approximately \$17 million.

9           23.     In total, I estimate that the aggregate current market value of the Debtor's  
10          inventory, equipment and real property, which I understand and belief serve as collateral for  
11          Center and KEB (collectively, the "Secured Creditors"), is at least \$24 million.

12          24.     Additionally, it is my understanding and belief that all of the obligations of the  
13          Debtor to Center and KEB are personally guarantied by Jong Uk Byun, the sole shareholder of  
14          the Debtor, who has significant personal assets including a tremendous amount of real property  
15          which I am advised are estimated to have current market value in excess of \$10 million.

16          25.     In order for the Debtor to be able to stay in business until its reorganization goals  
17          can be meaningfully assessed and achieved, I believe that the Debtor must be able to use its  
18          current cash to pay the Debtor's post-petition operating expenses. A copy of the Debtor's  
19          proposed operating budget for the period from the week ending January 16, 2010 through the  
20          week ending to February 27, 2010 (the "Budget") is attached as Exhibit "1" hereto.

21          26.     I believe that the Budget attached hereto as Exhibit "1" reflects only those  
22          ordinary operating expenses that the Debtor must pay in order to stay in business and preserve  
23          the going concern value of its business.

24          ///

25          ///

26          ///

27          ///

28

1 27. The Debtor seeks authority to use cash collateral on an emergency interim basis in  
2 accordance with the Budget, subject to a permitted deviance of up to 10% of the total expenses  
3 for any week, with any unused portions to be carried over into the following week. I believe that  
4 the Debtor must be able to use its current cash to stay in business and to pay the Debtor's post-  
5 petition operating expenses, including payroll, rent, utilities, etc. Without the ability to use cash  
6 collateral, I believe the Debtor would be forced to shut down its business, lose all going concern  
7 value, and would be unable to reorganize.

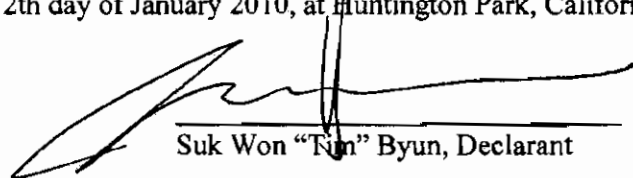
8 28. The Budget does not include the payment of any rents, or lease payments to  
9 equipment lessors/lenders.

10 29. To the best of my knowledge, the real property upon which the Debtor runs its  
11 facilities is either owned by the Debtor or by the Debtor's principal, Jong Uk Byun.

12 30. I believe that it would be prudent for the Debtor to defer making lease payments  
13 to those parties contending to be equipment lessors during the interim cash collateral use period.  
14 While the Debtor is undertaking further review, the initial impression of the Debtor is that many,  
15 if not all, of the Debtor's lease agreements are, in fact, disguised financing arrangements and the  
16 Debtor may be initiating declaratory relief actions shortly for judicial determination as to the true  
17 nature of the contracts and transactions at issue.

18 I declare under penalty of perjury that the foregoing is true and correct.

19 Executed this 12th day of January 2010, at Huntington Park, California.

20  
21   
22 \_\_\_\_\_  
23 Suk Won "Tim" Byun, Declarant  
24  
25  
26  
27  
28



# **EXHIBIT 1**

**CENTRAL METAL, INC.**

**CASH FLOW PROJECTION AND PROJECTED CURRENT ASSETS**

INDEX

|                               |   |
|-------------------------------|---|
| Cash Flow Projection          | 2 |
| Projected Current Assets      | 3 |
| Statement of Projected Income | 4 |
| Scrap Metal Sale Projection   | 5 |



**CASH FLOW PROJECTION**  
Central Metal, Inc.

| <u>Week Ending</u>           | <u>01/16/10</u> | <u>01/23/10</u> | <u>01/30/10</u> | <u>02/06/10</u> | <u>02/13/10</u> | <u>02/20/10</u> | <u>02/27/10</u> |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>CASH-Beginning</b>        | <b>24,542</b>   | <b>465,420</b>  | <b>426,074</b>  | <b>302,100</b>  | <b>250,755</b>  | <b>329,790</b>  | <b>496,644</b>  |
| <b>CASH RECEIPTS</b>         |                 |                 |                 |                 |                 |                 |                 |
| Ferrous Sales                | 414,220         | 455,800         | 455,800         | 455,800         | 616,180         | 634,000         | 634,000         |
| Nonferrous Sales             | 180,000         | 230,000         | 300,000         | 200,000         | 250,000         | 300,000         | 250,000         |
| Total Cash Receipts          | <u>594,220</u>  | <u>685,800</u>  | <u>755,800</u>  | <u>655,800</u>  | <u>866,180</u>  | <u>934,000</u>  | <u>884,000</u>  |
| <b>CASH DISBURSEMENTS</b>    |                 |                 |                 |                 |                 |                 |                 |
| Direct Costs;                |                 |                 |                 |                 |                 |                 |                 |
| Scrap Metal Purchases;       |                 |                 |                 |                 |                 |                 |                 |
| Ferrous                      | 0               | 401,250         | 401,250         | 401,250         | 401,250         | 401,250         | 401,250         |
| Non-Ferrous                  | 0               | 138,000         | 180,000         | 120,000         | 150,000         | 180,000         | 150,000         |
| Yard Labor                   | 38,914          | 38,914          | 38,914          | 38,914          | 38,914          | 38,914          | 38,914          |
| Contracted Labors            | 12,500          | 12,500          | 12,500          | 12,500          | 12,500          | 12,500          | 12,500          |
| Freight-in                   | 12,000          | 12,000          | 12,000          | 12,000          | 12,000          | 12,000          | 12,000          |
| Equipment Mainenace          | 11,412          | 12,680          | 12,680          | 12,680          | 12,680          | 12,680          | 12,680          |
| Payroll Taxes                | 3,502           | 3,502           | 3,502           | 3,502           | 3,502           | 3,502           | 3,502           |
| Workers' Compensation        |                 |                 | 23,349          |                 |                 |                 | 31,132          |
| Operating Expenses;          |                 |                 |                 |                 |                 |                 |                 |
| Auto                         | 0               | 0               | 8,550           | 0               | 0               | 0               | 11,400          |
| Bank Charges                 | 700             | 700             | 700             | 700             | 700             | 700             | 700             |
| Freight-out                  | 0               | 99,000          | 99,000          | 99,000          | 99,000          | 99,000          | 99,000          |
| Insurance                    | 0               | 0               | 14,850          | 0               | 0               | 0               | 19,800          |
| Laundry & Uniform            | 0               | 0               | 1,755           | 0               | 0               | 0               | 2,340           |
| Miscellaneous                | 0               | 1,285           | 1,285           | 1,285           | 1,285           | 1,285           | 1,285           |
| Office-Korea                 | 0               | 0               | 6,000           | 0               | 0               | 0               | 8,000           |
| Repairs and Maintenance      | 0               | 0               | 9,150           | 0               | 0               | 0               | 12,200          |
| Salaries-Officer             |                 |                 |                 |                 |                 |                 |                 |
| Salaries-General             | 3,040           | 3,040           | 3,040           | 3,040           | 3,040           | 3,040           | 3,040           |
| Payroll Taxes                | 274             | 274             | 274             | 274             | 274             | 274             | 274             |
| Pier Pass                    | 0               | 2,000           | 2,000           | 2,000           | 2,000           | 2,000           | 2,000           |
| Professional Fees-CT Moffitt | 25,000          | 0               | 0               | 0               | 50,000          | 0               | 0               |
| Other Taxes and Licenses     | 0               | 0               | 7,140           | 0               | 0               | 0               | 9,520           |
| Telephone                    | 0               | 0               | 3,045           | 0               | 0               | 0               | 4,060           |
| Trash Removal                | 0               | 0               | 3,615           | 0               | 0               | 0               | 4,820           |
| Utilities                    | 46,000          | 0               | 35,175          | 0               | 0               | 0               | 46,900          |
| Total Disbursements          | <u>153,342</u>  | <u>725,145</u>  | <u>879,774</u>  | <u>707,145</u>  | <u>787,145</u>  | <u>767,145</u>  | <u>887,317</u>  |
| <b>CASH-Ending</b>           | <b>465,420</b>  | <b>426,074</b>  | <b>302,100</b>  | <b>250,755</b>  | <b>329,790</b>  | <b>496,644</b>  | <b>493,327</b>  |



**PROJECTED CURRENT ASSETS**  
**Central Metal, Inc.**

| <u>Week Ending</u>   | <u>01/16/10</u>  | <u>01/23/10</u>  | <u>01/30/10</u>  | <u>02/06/10</u>  | <u>02/13/10</u>  | <u>02/20/10</u>  | <u>02/27/10</u>  |
|----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cash in Bank         | 465,420          | 426,074          | 302,100          | 250,755          | 329,790          | 496,644          | 493,327          |
| Accounts Receivable  |                  |                  |                  |                  |                  |                  |                  |
| Ferrous Receivable   | 171,180          | 342,360          | 513,540          | 760,800          | 760,800          | 760,800          | 760,800          |
| Inventory            | <u>1,228,750</u> | <u>1,228,750</u> | <u>1,228,750</u> | <u>1,228,750</u> | <u>1,228,750</u> | <u>1,228,750</u> | <u>1,228,750</u> |
| Total Current Assets | <u>1,865,350</u> | <u>1,997,184</u> | <u>2,044,390</u> | <u>2,240,305</u> | <u>2,319,340</u> | <u>2,486,194</u> | <u>2,482,877</u> |

**Details of Accounts Receivable Collection**

|                                  |                |                |                |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Ferrous Local Sales-COD          | 40,000         | 40,000         | 40,000         | 40,000         | 40,000         | 40,000         | 40,000         |
| Ferrous Export -70% of The Wk    | 374,220        | 415,800        | 415,800        | 415,800        | 415,800        | 415,800        | 415,800        |
| Ferrous Export -30% of 4 Wk term | 0              | 0              | 0              | 0              | 160,380        | 178,200        | 178,200        |
| Total A/R Collection             | <u>414,220</u> | <u>455,800</u> | <u>455,800</u> | <u>455,800</u> | <u>616,180</u> | <u>634,000</u> | <u>634,000</u> |



**STATEMENT OF PROJECTED INCOME**

**Central Metal, Inc.**

(Accrual Basis)

| <u>Week Ending</u>              | <u>01/16/10</u>         | <u>01/23/10</u>         | <u>01/30/10</u>         | <u>02/06/10</u>         | <u>02/13/10</u>         | <u>02/20/10</u>         | <u>02/27/10</u>         |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>SALES:</b>                   |                         |                         |                         |                         |                         |                         |                         |
| Ferrous Scrap Metal             | 570,600                 | 634,000                 | 634,000                 | 634,000                 | 634,000                 | 634,000                 | 634,000                 |
| Nonferrous Scrap Metal          | 180,000                 | 230,000                 | 300,000                 | 200,000                 | 250,000                 | 300,000                 | 250,000                 |
| <b>Total Sales</b>              | <b>750,600</b>          | <b>864,000</b>          | <b>934,000</b>          | <b>834,000</b>          | <b>884,000</b>          | <b>934,000</b>          | <b>884,000</b>          |
| <b>COST OF GOODS SOLD</b>       |                         |                         |                         |                         |                         |                         |                         |
| <b>Inventory-Beginning</b>      | <b>1,750,000</b>        | <b>1,228,750</b>        | <b>1,228,750</b>        | <b>1,228,750</b>        | <b>1,228,750</b>        | <b>1,228,750</b>        | <b>1,228,750</b>        |
| Scrap Metal Purchases           |                         |                         |                         |                         |                         |                         |                         |
| Ferrous Scrap Metal             | 0                       | 401,250                 | 401,250                 | 401,250                 | 401,250                 | 401,250                 | 401,250                 |
| Non-Ferrous Scrap Metal         | 0                       | 138,000                 | 180,000                 | 120,000                 | 150,000                 | 180,000                 | 150,000                 |
| Yard Labor                      | 38,914                  | 38,914                  | 38,914                  | 38,914                  | 38,914                  | 38,914                  | 38,914                  |
| Contracted Labors               | 12,500                  | 12,500                  | 12,500                  | 12,500                  | 12,500                  | 12,500                  | 12,500                  |
| Freight-In                      | 12,000                  | 12,000                  | 12,000                  | 12,000                  | 12,000                  | 12,000                  | 12,000                  |
| Equipment Maintenance           | 11,412                  | 12,680                  | 12,680                  | 12,680                  | 12,680                  | 12,680                  | 12,680                  |
| Payroll Taxes                   | 3,502                   | 3,502                   | 3,502                   | 3,502                   | 3,502                   | 3,502                   | 3,502                   |
| Workers' Insurance              | 7,783                   | 7,783                   | 7,783                   | 7,783                   | 7,783                   | 7,783                   | 7,783                   |
| <b>Total Goods Available</b>    | <b>1,836,111</b>        | <b>1,855,379</b>        | <b>1,897,379</b>        | <b>1,837,379</b>        | <b>1,867,379</b>        | <b>1,897,379</b>        | <b>1,867,379</b>        |
| <b>Inventory-Ending</b>         | <b><u>1,228,750</u></b> | <b><u>1,228,750</u></b> | <b><u>1,228,750</u></b> | <b><u>1,228,750</u></b> | <b><u>1,228,750</u></b> | <b><u>1,228,750</u></b> | <b><u>1,228,750</u></b> |
| <b>Total Cost of Goods Sold</b> | <b><u>607,361</u></b>   | <b><u>626,629</u></b>   | <b><u>668,629</u></b>   | <b><u>608,629</u></b>   | <b><u>638,629</u></b>   | <b><u>668,629</u></b>   | <b><u>638,629</u></b>   |
| <b>GROSS PROFIT</b>             | <b>143,239</b>          | <b>237,371</b>          | <b>265,371</b>          | <b>225,371</b>          | <b>245,371</b>          | <b>265,371</b>          | <b>245,371</b>          |
| <b>OPERATING EXPENSES</b>       |                         |                         |                         |                         |                         |                         |                         |
| Auto                            | 2,850                   | 2,850                   | 2,850                   | 2,850                   | 2,850                   | 2,850                   | 2,850                   |
| Bank Charges                    | 700                     | 700                     | 700                     | 700                     | 700                     | 700                     | 700                     |
| Freight-out                     | 89,100                  | 99,000                  | 99,000                  | 99,000                  | 99,000                  | 99,000                  | 99,000                  |
| Insurance                       | 4,950                   | 4,950                   | 4,950                   | 4,950                   | 4,950                   | 4,950                   | 4,950                   |
| Laundry & Uniform               | 585                     | 585                     | 585                     | 585                     | 585                     | 585                     | 585                     |
| Miscellaneous                   | 1,285                   | 1,285                   | 1,285                   | 1,285                   | 1,285                   | 1,285                   | 1,285                   |
| Office-Korea                    | 2,000                   | 2,000                   | 2,000                   | 2,000                   | 2,000                   | 2,000                   | 2,000                   |
| Repairs and Maintenance         | 3,050                   | 3,050                   | 3,050                   | 3,050                   | 3,050                   | 3,050                   | 3,050                   |
| Salaries-Officer                | 0                       | 0                       | 0                       | 0                       | 0                       | 0                       | 0                       |
| Salaries-General                | 3,040                   | 3,040                   | 3,040                   | 3,040                   | 3,040                   | 3,040                   | 3,040                   |
| Payroll Taxes                   | 274                     | 274                     | 274                     | 274                     | 274                     | 274                     | 274                     |
| Pier Pass                       | 2,000                   | 2,000                   | 2,000                   | 2,000                   | 2,000                   | 2,000                   | 2,000                   |
| Professional Fees-CT Moffitt    | 25,000                  | 30,000                  | 30,000                  | 30,000                  | 20,000                  | 20,000                  | 20,000                  |
| Other Taxes and Licenses        | 2,380                   | 2,380                   | 2,380                   | 2,380                   | 2,380                   | 2,380                   | 2,380                   |
| Telephone                       | 1,015                   | 1,015                   | 1,015                   | 1,015                   | 1,015                   | 1,015                   | 1,015                   |
| Trash Removal                   | 1,205                   | 1,205                   | 1,205                   | 1,205                   | 1,205                   | 1,205                   | 1,205                   |
| Utilities                       | 11,725                  | 11,725                  | 11,725                  | 11,725                  | 11,725                  | 11,725                  | 11,725                  |
| <b>Total Operating Expenses</b> | <b>151,159</b>          | <b>166,059</b>          | <b>166,059</b>          | <b>166,059</b>          | <b>156,059</b>          | <b>156,059</b>          | <b>156,059</b>          |
| <b>Operating Income Before</b>  |                         |                         |                         |                         |                         |                         |                         |
| Debt Services & Depreciatic     | -7,920                  | 71,312                  | 99,312                  | 59,312                  | 89,312                  | 109,312                 | 89,312                  |











**EXHIBIT 2**



**EXHIBIT 3**

| Property Address / Description                  | Parcel ID Nos.   | Ownership | Purchase Price | Assessment Value |
|---|--|-----------|----------------|------------------|
| 1746 E. 22nd Street, Vernon, CA 90058           | 5167-015-045   | CMI       | \$325,000      | \$338,130        |
| San Antonio RO                                  | 6202-036-010<br>6202-036-011                                 | CMI       | \$650,500      | \$703,579        |
| 8150 Marbrisa Avenue, Huntington Park, CA 90255 | 6202-038-032<br>6202-038-033<br>6202-038-034<br>6202-038-035 | CMI       | \$1,150,000    | \$1,244,794      |
| 220 Industrial Street, Bakersfield, CA 93307    | 140-380-01<br>140-390-05                                     | CMI       | \$3,600,000    | \$8,647,165      |
|   |  |           | \$5,725,500    | \$10,933,668     |





**PROPERTY DETAIL**

1746 E 22Nd St, Vernon, CA 90058

**GENERAL**

|                   |                     |             |                  |
|-------------------|---------------------|-------------|------------------|
| Type:             | Vacant (Industrial) | Year Built: | -                |
| Rooms:            | -                   | Parcel #:   | 5167-015-045     |
| Beds:             | -                   | County:     | Los Angeles      |
| Baths:            | -                   | Zoning:     | LAM2             |
| SqFt (Structure): | -                   | Tract:      | 060372270.103010 |
| SqFt (Lot):       | 5097                | Pool:       | -                |
| Stories:          | -                   | View:       | -                |
| Garage:           | 0                   | Fireplace:  | -                |
| Number of Units:  | -                   |             |                  |

**OWNERSHIP**

|                  |                     |               |  |
|------------------|---------------------|---------------|--|
| Primary Owner:   | Central Metal Inc   | Mail Address: | 2203 S Alameda St, #1630-620, Vernon, CA 90058 |
| Secondary Owner: | -                   | Vesting:      | -  |
| Legal:           | ELDER PLACE LOT 103 |               |  |

**SALE & LOAN**

|                   |            |            |   |
|-------------------|------------|------------|---|
| Last Sale Amount: | -          | Loan Type: | - |
| Last Sale Date:   | 3/14/2007  | Lender:    | - |
| Document #:       | 07-0566037 |            |   |

**ASSESSMENT & TAX**

|                    |           |             |         |
|--------------------|-----------|-------------|---------|
| Value (Structure): | -         | Tax Amount: | \$4,191 |
| Value (Land):      | \$338,130 | Tax Area:   | 6-658   |
| Percent Improved:  | -         | Exemption:  | -       |
| Value (Total):     | \$338,130 |             |         |

Date is deemed reliable, but not guaranteed.

PROPERTY HISTORY

1746 E 22Nd St, Vernon, CA 90058

TRANSACTION 1: SALE

|                       |                    |                  |            |
|-----------------------|--------------------|------------------|------------|
| Sale Date:            | -                  | Sale Price:      | -          |
| Sale Type:            | -                  | Sale Price Type: | -          |
| Recording Date:       | 3/14/2007          | Document Number: | 07-0566037 |
| Title Company:        | -                  | Document Type:   | Grant Deed |
| Seller:               | -                  |                  |            |
| Buyer:                | CENTRAL METAL INC, |                  |            |
| Buyer Vesting:        | N/A                |                  |            |
|                       |                    |                  |            |
| Loan Document Number: | -                  | Loan Type:       | -          |
| Lender:               | -                  | Loan Term:       | -          |
| Loan Amount:          | -                  | Interest Rate:   | -          |

TRANSACTION 2: SALE

|                       |                   |                  |              |
|-----------------------|-------------------|------------------|--------------|
| Sale Date:            | -                 | Sale Price:      | -            |
| Sale Type:            | -                 | Sale Price Type: | -            |
| Recording Date:       | 3/14/2007         | Document Number: | 2007-0566037 |
| Title Company:        | -                 | Document Type:   | N/A          |
| Seller:               | -                 |                  |              |
| Buyer:                | CENTRAL METAL INC |                  |              |
| Buyer Vesting:        | CO                |                  |              |
|                       |                   |                  |              |
| Loan Document Number: | -                 | Loan Type:       | -            |
| Lender:               | N/A               | Loan Term:       | -            |
| Loan Amount:          | -                 | Interest Rate:   | -            |

Data is deemed reliable, but not guaranteed.

PROPERTY DETAIL

GENERAL

|                   |                     |             |                |
|-------------------|---------------------|-------------|----------------|
| Type:             | Vacant (Industrial) | Year Built: | -              |
| Rooms:            | -                   | Parcel #:   | 6202-036-010   |
| Beds:             | -                   | County:     | Los Angeles    |
| Baths:            | -                   | Zoning:     | SGM2*          |
| SqFt (Structure): | -                   | Tract:      | 060375353.0010 |
| SqFt (Lot):       | -                   | Pool:       | -              |
| Stories:          | -                   | View:       | -              |
| Garage:           | 0                   | Fireplace:  | -              |
| Number of Units:  | -                   |             |                |

OWNERSHIP

|                  |  |               |                                     |
|------------------|--|---------------|-------------------------------------|
| Primary Owner:   | Central Metal Inc  | Mail Address: | 2203 S Alameda St, Vernon, CA 90058 |
| Secondary Owner: | -  | Vesting:      | -                                   |
| Legal:           | SAN ANTONIO RO FOR DESC SEE ASSESSOR'S MAPS POR OF SD RO |               |                                     |

SALE & LOAN

|                   |           |            |     |
|-------------------|-----------|------------|-----|
| Last Sale Amount: | -         | Loan Type: | -   |
| Last Sale Date:   | 5/23/2005 | Lender:    | N/A |
| Document #:       | -         |            |     |

ASSESSMENT & TAX

|                    |           |             |         |
|--------------------|-----------|-------------|---------|
| Value (Structure): | -         | Tax Amount: | \$1,404 |
| Value (Land):      | \$108,242 | Tax Area:   | 12-039  |
| Percent Improved:  | -         | Exemption:  | -       |
| Value (Total):     | \$108,242 |             |         |

Data is deemed reliable, but not guaranteed.

PROPERTY HISTORY

TRANSACTION 1: SALE

|                       |                   |                  |     |
|-----------------------|-------------------|------------------|-----|
| Sale Date:            | -                 | Sale Price:      | -   |
| Sale Type:            | -                 | Sale Price Type: | -   |
| Recording Date:       | 5/23/2005         | Document Number: | -   |
| Title Company:        | -                 | Document Type:   | N/A |
| Seller:               | -                 |                  |     |
| Buyer:                | CENTRAL METAL INC |                  |     |
| Buyer Vesting:        | CO                |                  |     |
|                       |                   | Loan Type:       | -   |
| Loan Document Number: | -                 | Loan Term:       | -   |
| Lender:               | N/A               | Interest Rate:   | -   |
| Loan Amount:          | -                 |                  |     |

Data is deemed reliable, but not guaranteed.

PROPERTY DETAIL

GENERAL

|                   |                     |             |                |
|-------------------|---------------------|-------------|----------------|
| Type:             | Vacant (Industrial) | Year Built: | -              |
| Rooms:            | -                   | Parcel #:   | 6202-036-011   |
| Beds:             | -                   | County:     | Los Angeles    |
| Baths:            | -                   | Zoning:     | SGM3*          |
| SqFt (Structure): | -                   | Tract:      | 060375353.0010 |
| SqFt (Lot):       | -                   | Pool:       | -              |
| Stories:          | -                   | View:       | -              |
| Garage:           | 0                   | Fireplace:  | -              |
| Number of Units:  | -                   |             |                |

OWNERSHIP

|                  |  |               |                                     |
|------------------|--|---------------|-------------------------------------|
| Primary Owner:   | Central Metal Inc  | Mail Address: | 2203 S Alameda St, Vernon, CA 90058 |
| Secondary Owner: | -  | Vesting:      | -                                   |
| Legal:           | SAN ANTONIO RO FOR DESC SEE ASSESSOR'S MAPS POR OF SD RO |               |                                     |

SALE & LOAN

|                   |           |            |     |
|-------------------|-----------|------------|-----|
| Last Sale Amount: | -         | Loan Type: | -   |
| Last Sale Date:   | 5/23/2005 | Lender:    | N/A |
| Document #:       | -         |            |     |

ASSESSMENT & TAX

|                    |           |             |         |
|--------------------|-----------|-------------|---------|
| Value (Structure): | -         | Tax Amount: | \$7,211 |
| Value (Land):      | \$595,337 | Tax Area:   | 0-911   |
| Percent Improved:  | -         | Exemption:  | -       |
| Value (Total):     | \$595,337 |             |         |

Data is deemed reliable, but not guaranteed.

PROPERTY HISTORY

TRANSACTION 1: SALE

|                       |                   |                  |     |
|-----------------------|-------------------|------------------|-----|
| Sale Date:            | -                 | Sale Price:      | -   |
| Sale Type:            | -                 | Sale Price Type: | -   |
| Recording Date:       | 5/23/2005         | Document Number: | -   |
| Title Company:        | -                 | Document Type:   | N/A |
| Seller:               | -                 |                  |     |
| Buyer:                | CENTRAL METAL INC |                  |     |
| Buyer Vesting:        | CO                |                  |     |
| Loan Document Number: | -                 | Loan Type:       | -   |
| Lender:               | N/A               | Loan Term:       | -   |
| Loan Amount:          | -                 | Interest Rate:   | -   |

Data is deemed reliable, but not guaranteed.

PROPERTY DETAIL

8150 Marbrisa Ave, Huntington Park, CA 90255

GENERAL

|                   |                            |             |                  |
|-------------------|----------------------------|-------------|------------------|
| Type:             | Industrial (Manufacturing) | Year Built: | 1930             |
| Rooms:            | -                          | Parcel #:   | 6202-038-032     |
| Beds:             | -                          | County:     | Los Angeles      |
| Baths:            | -                          | Zoning:     | LCM2*            |
| SqFt (Structure): | 16355                      | Tract:      | 060375353.001004 |
| SqFt (Lot):       | 16797                      | Pool:       | -                |
| Stories:          | -                          | View:       | -                |
| Garage:           | 0                          | Fireplace:  | -                |
| Number of Units:  | -                          |             |                  |

OWNERSHIP

|                  |  |               |                                     |
|------------------|--|---------------|-------------------------------------|
| Primary Owner:   | Central Metal Inc                                  | Mail Address: | 2203 S Alameda St, Vernon, CA 90058 |
| Secondary Owner: | -  | Vesting:      | -                                   |
| Legal:           | FLORENCE STATION TRACT LOTS 14,15 AND LOT 16 BLK 4 |               |                                     |

SALE & LOAN

|                   |            |            |   |
|-------------------|------------|------------|---|
| Last Sale Amount: | -          | Loan Type: | - |
| Last Sale Date:   | 5/23/2005  | Lender:-   |   |
| Document #:       | 05-1197309 |            |   |

ASSESSMENT & TAX

|                    |           |             |          |
|--------------------|-----------|-------------|----------|
| Value (Structure): | \$378,850 | Tax Amount: | \$12,604 |
| Value (Land):      | \$427,560 | Tax Area:   | 1-200    |
| Percent Improved:  | 47        | Exemption:  | -        |
| Value (Total):     | \$806,410 |             |          |

Data is deemed reliable, but not guaranteed.

**PROPERTY HISTORY**

**8150 Marbrisa Ave, Huntington Park, CA 90255**

**TRANSACTION 1: FINANCE**

|                   |                       |                  |            |
|-------------------|-----------------------|------------------|------------|
| Recording Date:   | 9/25/2006             | Document Number: | 06-2122731 |
| Title Company:    | -                     | Document Type:   | -          |
| Borrower:         | CENTRAL METAL INC,    |                  |            |
| Borrower Vesting: | N/A                   |                  |            |
| Lender:           | KEB LA FINANCIAL CORP | Loan Type:       | Unknown    |
| Loan Amount:      | \$900,000             | Loan Term:       | -          |
| Loan Due Date:    | -                     | Interest Rate:   | -          |

**TRANSACTION 2: FINANCE**

|                   |                                 |                  |            |
|-------------------|---------------------------------|------------------|------------|
| Recording Date:   | 11/7/2005                       | Document Number: | 05-2685248 |
| Title Company:    | -                               | Document Type:   | -          |
| Borrower:         | CENTRAL METAL INC,              |                  |            |
| Borrower Vesting: | N/A                             |                  |            |
| Lender:           | CIT SMALL BUSINESS LENDING CORP | Loan Type:       | Unknown    |
| Loan Amount:      | \$470,000                       | Loan Term:       | -          |
| Loan Due Date:    | -                               | Interest Rate:   | -          |

**TRANSACTION 3: SALE**

|                       |                    |                  |            |
|-----------------------|--------------------|------------------|------------|
| Sale Date:            | -                  | Sale Price:      | -          |
| Sale Type:            | -                  | Sale Price Type: | -          |
| Recording Date:       | 5/23/2005          | Document Number: | 05-1197309 |
| Title Company:        | -                  | Document Type:   | Grant Deed |
| Seller:               | -                  |                  |            |
| Buyer:                | CENTRAL METAL INC, |                  |            |
| Buyer Vesting:        | N/A                |                  |            |
| Loan Document Number: | -                  | Loan Type:       | -          |
| Lender:               | -                  | Loan Term:       | -          |
| Loan Amount:          | -                  | Interest Rate:   | -          |

**TRANSACTION 4: SALE**

|                       |                   |                  |     |
|-----------------------|-------------------|------------------|-----|
| Sale Date:            | -                 | Sale Price:      | -   |
| Sale Type:            | -                 | Sale Price Type: | -   |
| Recording Date:       | 5/23/2005         | Document Number: | -   |
| Title Company:        | -                 | Document Type:   | N/A |
| Seller:               | -                 |                  |     |
| Buyer:                | CENTRAL METAL INC |                  |     |
| Buyer Vesting:        | CO                |                  |     |
| Loan Document Number: | -                 | Loan Type:       | -   |
| Lender:               | N/A               | Loan Term:       | -   |
| Loan Amount:          | -                 | Interest Rate:   | -   |

**TRANSACTION 5: SALE**

|                       |                               |                  |            |
|-----------------------|-------------------------------|------------------|------------|
| Sale Date:            | -                             | Sale Price:      | -          |
| Sale Type:            | -                             | Sale Price Type: | -          |
| Recording Date:       | 3/1/2005                      | Document Number: | 05-0457491 |
| Title Company:        | -                             | Document Type:   | Grant Deed |
| Seller:               | -                             |                  |            |
| Buyer:                | BYUN, JONG UK; BYUN, BOK SOON |                  |            |
| Buyer Vesting:        | Joint Tenancy                 |                  |            |
| Loan Document Number: | -                             | Loan Type:       | -          |
| Lender:               | SAEHAN BANK                   | Loan Term:       | -          |
| Loan Amount:          | \$747,500                     | Interest Rate:   | -          |



TRANSACTION 6: SALE

|                       |   |                  |                                     |
|-----------------------|---|------------------|-------------------------------------|
| Sale Date:            | -   | Sale Price:      | -                                   |
| Sale Type:            | -   | Sale Price Type: | -                                   |
| Recording Date:       | 10/18/2001                                      | Document Number: | 01-1989117                          |
| Title Company:        | -   | Document Type:   | Intrafamily Transfer or Dissolution |
| Seller:               | -   |                  |                                     |
| Buyer:                | THE DERALD PETERSON TRUST, ; PETERSON, DERALD L |                  |                                     |
| Buyer Vesting:        | Trust   |                  |                                     |
| Loan Document Number: | -   | Loan Type:       | -                                   |
| Lender:               | -   | Loan Term:       | -                                   |
| Loan Amount:          | -   | Interest Rate:   | -                                   |

Data is deemed reliable, but not guaranteed.

**PROPERTY DETAIL**

Huntington Park, CA 90255

**GENERAL**

|                          |                      |                    |                  |
|--------------------------|----------------------|--------------------|------------------|
| <b>Type:</b>             | Vacant (Residential) | <b>Year Built:</b> | -                |
| <b>Rooms:</b>            | -                    | <b>Parcel #:</b>   | 6202-038-033     |
| <b>Beds:</b>             | -                    | <b>County:</b>     | Los Angeles      |
| <b>Baths:</b>            | -                    | <b>Zoning:</b>     | LCM2*            |
| <b>SqFt (Structure):</b> | -                    | <b>Tract:</b>      | 060375353.001004 |
| <b>SqFt (Lot):</b>       | 5593                 | <b>Pool:</b>       | -                |
| <b>Stories:</b>          | -                    | <b>View:</b>       | -                |
| <b>Garage:</b>           | 0                    | <b>Fireplace:</b>  | -                |
| <b>Number of Units:</b>  | -                    |                    |                  |

**OWNERSHIP**

|                         |                                     |                      |                                     |
|-------------------------|-------------------------------------|----------------------|-------------------------------------|
| <b>Primary Owner:</b>   | Central Metal Inc                   | <b>Mail Address:</b> | 2203 S Alameda St, Vernon, CA 90058 |
| <b>Secondary Owner:</b> | -                                   | <b>Vesting:</b>      | -                                   |
| <b>Legal:</b>           | FLORENCE STATION TRACT LOT 17 BLK 4 |                      |                                     |

**SALE & LOAN**

|                          |            |                   |   |
|--------------------------|------------|-------------------|---|
| <b>Last Sale Amount:</b> | -          | <b>Loan Type:</b> | - |
| <b>Last Sale Date:</b>   | 5/23/2005  | <b>Lender:</b>    | - |
| <b>Document #:</b>       | 05-1197309 |                   |   |

**ASSESSMENT & TAX**

|                           |           |                    |         |
|---------------------------|-----------|--------------------|---------|
| <b>Value (Structure):</b> | -         | <b>Tax Amount:</b> | \$1,925 |
| <b>Value (Land):</b>      | \$146,128 | <b>Tax Area:</b>   | 1-200   |
| <b>Percent Improved:</b>  | -         | <b>Exemption:</b>  | -       |
| <b>Value (Total):</b>     | \$146,128 |                    |         |

Data is deemed reliable, but not guaranteed.

PROPERTY HISTORY

Huntington Park, CA 90255

TRANSACTION 1: SALE

|                 |                    |                  |            |
|-----------------|--------------------|------------------|------------|
| Sale Date:      | -                  | Sale Price:      | -          |
| Sale Type:      | -                  | Sale Price Type: | -          |
| Recording Date: | 5/23/2005          | Document Number: | 05-1197309 |
| Title Company:  | -                  | Document Type:   | Grant Deed |
| Seller:         | -                  |                  |            |
| Buyer:          | CENTRAL METAL INC, |                  |            |
| Buyer Vesting:  | N/A                |                  |            |

|                       |   |                |   |
|-----------------------|---|----------------|---|
| Loan Document Number: | - | Loan Type:     | - |
| Lender:               | - | Loan Term:     | - |
| Loan Amount:          | - | Interest Rate: | - |

TRANSACTION 2: SALE

|                 |                   |                  |     |
|-----------------|-------------------|------------------|-----|
| Sale Date:      | -                 | Sale Price:      | -   |
| Sale Type:      | -                 | Sale Price Type: | -   |
| Recording Date: | 5/23/2005         | Document Number: | -   |
| Title Company:  | -                 | Document Type:   | N/A |
| Seller:         | -                 |                  |     |
| Buyer:          | CENTRAL METAL INC |                  |     |
| Buyer Vesting:  | CO                |                  |     |

|                       |     |                |   |
|-----------------------|-----|----------------|---|
| Loan Document Number: | -   | Loan Type:     | - |
| Lender:               | N/A | Loan Term:     | - |
| Loan Amount:          | -   | Interest Rate: | - |

TRANSACTION 3: SALE

|                 |                               |                  |            |
|-----------------|-------------------------------|------------------|------------|
| Sale Date:      | -                             | Sale Price:      | -          |
| Sale Type:      | -                             | Sale Price Type: | -          |
| Recording Date: | 3/1/2005                      | Document Number: | 05-0457491 |
| Title Company:  | -                             | Document Type:   | Grant Deed |
| Seller:         | -                             |                  |            |
| Buyer:          | BYUN, JONG UK; BYUN, BOK SOON |                  |            |
| Buyer Vesting:  | Joint Tenancy                 |                  |            |

|                       |             |                |   |
|-----------------------|-------------|----------------|---|
| Loan Document Number: | -           | Loan Type:     | - |
| Lender:               | SAEHAN BANK | Loan Term:     | - |
| Loan Amount:          | \$747,500   | Interest Rate: | - |

Data is deemed reliable, but not guaranteed.

PROPERTY DETAIL

Huntington Park, CA 90255

GENERAL

|                   |                      |             |                  |
|-------------------|----------------------|-------------|------------------|
| Type:             | Vacant (Residential) | Year Built: | -                |
| Rooms:            | -                    | Parcel #:   | 6202-038-034     |
| Beds:             | -                    | County:     | Los Angeles      |
| Baths:            | -                    | Zoning:     | LCM2*            |
| SqFt (Structure): | -                    | Tract:      | 060375353.001004 |
| SqFt (Lot):       | 5593                 | Pool:       | -                |
| Stories:          | -                    | View:       | -                |
| Garage:           | 0                    | Fireplace:  | -                |
| Number of Units:  | -                    |             |                  |

OWNERSHIP

|                  |                                     |               |                                     |
|------------------|-------------------------------------|---------------|-------------------------------------|
| Primary Owner:   | Central Metal Inc                   | Mail Address: | 2203 S Alameda St, Vernon, CA 90058 |
| Secondary Owner: | -                                   | Vesting:      | -                                   |
| Legal:           | FLORENCE STATION TRACT LOT 18 BLK 4 |               |                                     |

SALE & LOAN

|                   |            |            |   |
|-------------------|------------|------------|---|
| Last Sale Amount: | -          | Loan Type: | - |
| Last Sale Date:   | 5/23/2005  | Lender:-   |   |
| Document #:       | 05-1197309 |            |   |

ASSESSMENT & TAX

|                    |           |             |         |
|--------------------|-----------|-------------|---------|
| Value (Structure): | -         | Tax Amount: | \$1,925 |
| Value (Land):      | \$146,128 | Tax Area:   | 1-200   |
| Percent Improved:  | -         | Exemption:  | -       |
| Value (Total):     | \$146,128 |             |         |

Data is deemed reliable, but not guaranteed.

## PROPERTY HISTORY

Huntington Park, CA 90255

## TRANSACTION 1: SALE

|                       |                    |                  |            |
|-----------------------|--------------------|------------------|------------|
| Sale Date:            | -                  | Sale Price:      | -          |
| Sale Type:            | -                  | Sale Price Type: | -          |
| Recording Date:       | 5/23/2005          | Document Number: | 05-1197309 |
| Title Company:        | -                  | Document Type:   | Grant Deed |
| Seller:               | -                  |                  |            |
| Buyer:                | CENTRAL METAL INC, |                  |            |
| Buyer Vesting:        | N/A                |                  |            |
| Loan Document Number: | -                  | Loan Type:       | -          |
| Lender:               | -                  | Loan Term:       | -          |
| Loan Amount:          | -                  | Interest Rate:   | -          |

## TRANSACTION 2: SALE

|                       |                   |                  |     |
|-----------------------|-------------------|------------------|-----|
| Sale Date:            | -                 | Sale Price:      | -   |
| Sale Type:            | -                 | Sale Price Type: | -   |
| Recording Date:       | 5/23/2005         | Document Number: | -   |
| Title Company:        | -                 | Document Type:   | N/A |
| Seller:               | -                 |                  |     |
| Buyer:                | CENTRAL METAL INC |                  |     |
| Buyer Vesting:        | CO                |                  |     |
| Loan Document Number: | -                 | Loan Type:       | -   |
| Lender:               | N/A               | Loan Term:       | -   |
| Loan Amount:          | -                 | Interest Rate:   | -   |

## TRANSACTION 3: SALE

|                       |                               |                  |            |
|-----------------------|-------------------------------|------------------|------------|
| Sale Date:            | -                             | Sale Price:      | -          |
| Sale Type:            | -                             | Sale Price Type: | -          |
| Recording Date:       | 3/1/2005                      | Document Number: | 05-0457491 |
| Title Company:        | -                             | Document Type:   | Grant Deed |
| Seller:               | -                             |                  |            |
| Buyer:                | BYUN, JONG UK; BYUN, BOK SOON |                  |            |
| Buyer Vesting:        | Joint Tenancy                 |                  |            |
| Loan Document Number: | -                             | Loan Type:       | -          |
| Lender:               | SAEHAN BANK                   | Loan Term:       | -          |
| Loan Amount:          | \$747,500                     | Interest Rate:   | -          |

Data is deemed reliable, but not guaranteed.

**PROPERTY DETAIL**

Huntington Park, CA 90255

**GENERAL**

|                          |                      |                    |                  |
|--------------------------|----------------------|--------------------|------------------|
| <b>Type:</b>             | Vacant (Residential) | <b>Year Built:</b> | -                |
| <b>Rooms:</b>            | -                    | <b>Parcel #:</b>   | 6202-038-035     |
| <b>Beds:</b>             | -                    | <b>County:</b>     | Los Angeles      |
| <b>Baths:</b>            | -                    | <b>Zoning:</b>     | LCM2*            |
| <b>SqFt (Structure):</b> | -                    | <b>Tract:</b>      | 060375353.001004 |
| <b>SqFt (Lot):</b>       | 5593                 | <b>Pool:</b>       | -                |
| <b>Stories:</b>          | -                    | <b>View:</b>       | -                |
| <b>Garage:</b>           | 0                    | <b>Fireplace:</b>  | -                |
| <b>Number of Units:</b>  | -                    |                    |                  |

**OWNERSHIP**

|                         |                                     |                      |                                     |
|-------------------------|-------------------------------------|----------------------|-------------------------------------|
| <b>Primary Owner:</b>   | Central Metal Inc                   | <b>Mail Address:</b> | 2203 S Alameda St, Vernon, CA 90058 |
| <b>Secondary Owner:</b> | -                                   | <b>Vesting:</b>      | -                                   |
| <b>Legal:</b>           | FLORENCE STATION TRACT LOT 19 BLK 4 |                      |                                     |

**SALE & LOAN**

|                          |            |                   |   |
|--------------------------|------------|-------------------|---|
| <b>Last Sale Amount:</b> | -          | <b>Loan Type:</b> | - |
| <b>Last Sale Date:</b>   | 5/23/2005  | <b>Lender:</b>    | - |
| <b>Document #:</b>       | 05-1197309 |                   |   |

**ASSESSMENT & TAX**

|                           |           |                    |         |
|---------------------------|-----------|--------------------|---------|
| <b>Value (Structure):</b> | -         | <b>Tax Amount:</b> | \$1,925 |
| <b>Value (Land):</b>      | \$146,128 | <b>Tax Area:</b>   | 1-200   |
| <b>Percent Improved:</b>  | -         | <b>Exemption:</b>  | -       |
| <b>Value (Total):</b>     | \$146,128 |                    |         |

Data is deemed reliable, but not guaranteed.

**PROPERTY HISTORY**

Huntington Park, CA 90255

**TRANSACTION 1: SALE**

|                       |                    |                  |            |
|-----------------------|--------------------|------------------|------------|
| Sale Date:            | -                  | Sale Price:      | -          |
| Sale Type:            | -                  | Sale Price Type: | -          |
| Recording Date:       | 5/23/2005          | Document Number: | 05-1197309 |
| Title Company:        | -                  | Document Type:   | Grant Deed |
| Seller:               | -                  |                  |            |
| Buyer:                | CENTRAL METAL INC, |                  |            |
| Buyer Vesting:        | N/A                |                  |            |
| Loan Document Number: | -                  | Loan Type:       | -          |
| Lender:               | -                  | Loan Term:       | -          |
| Loan Amount:          | -                  | Interest Rate:   | -          |

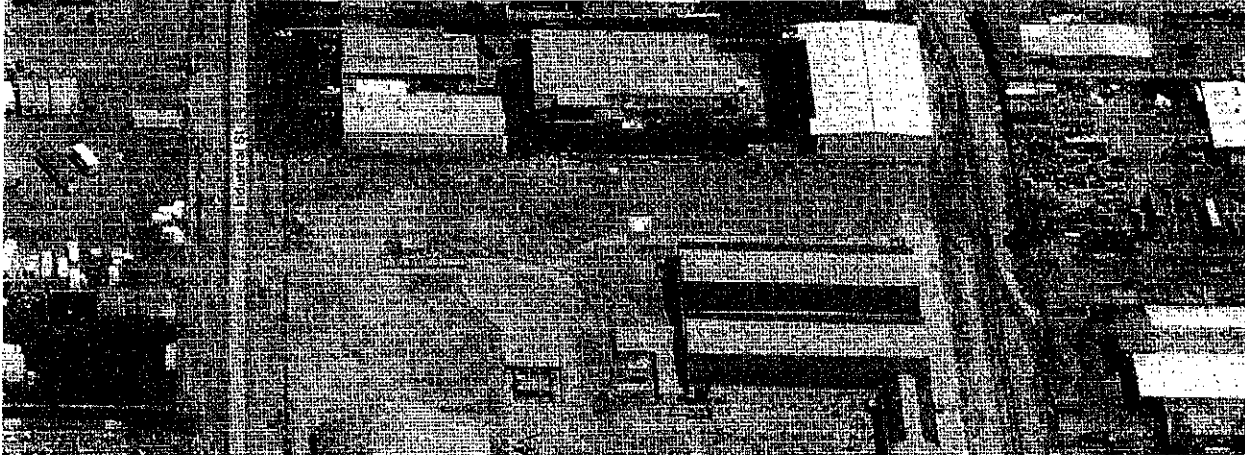
**TRANSACTION 2: SALE**

|                       |                   |                  |     |
|-----------------------|-------------------|------------------|-----|
| Sale Date:            | -                 | Sale Price:      | -   |
| Sale Type:            | -                 | Sale Price Type: | -   |
| Recording Date:       | 5/23/2005         | Document Number: | -   |
| Title Company:        | -                 | Document Type:   | N/A |
| Seller:               | -                 |                  |     |
| Buyer:                | CENTRAL METAL INC |                  |     |
| Buyer Vesting:        | CO                |                  |     |
| Loan Document Number: | -                 | Loan Type:       | -   |
| Lender:               | N/A               | Loan Term:       | -   |
| Loan Amount:          | -                 | Interest Rate:   | -   |

**TRANSACTION 3: SALE**

|                       |                               |                  |            |
|-----------------------|-------------------------------|------------------|------------|
| Sale Date:            | -                             | Sale Price:      | -          |
| Sale Type:            | -                             | Sale Price Type: | -          |
| Recording Date:       | 3/1/2005                      | Document Number: | 05-0457491 |
| Title Company:        | -                             | Document Type:   | Grant Deed |
| Seller:               | -                             |                  |            |
| Buyer:                | BYUN, JONG UK; BYUN, BOK SOON |                  |            |
| Buyer Vesting:        | Joint Tenancy                 |                  |            |
| Loan Document Number: | -                             | Loan Type:       | -          |
| Lender:               | SAEHAN BANK                   | Loan Term:       | -          |
| Loan Amount:          | \$747,500                     | Interest Rate:   | -          |

Data is deemed reliable, but not guaranteed.



**PROPERTY DETAIL**

220 Industrial St, Bakersfield, CA 98307

**GENERAL**

|                   |                                 |             |                  |
|-------------------|---------------------------------|-------------|------------------|
| Type:             | Industrial (Warehouse, Storage) | Year Built: | -                |
| Rooms:            |                                 | Parcel #:   | 140-380-01       |
| Beds:             | -                               | County:     | Kern             |
| Baths:            | -                               | Zoning:     | -                |
| SqFt (Structure): | -                               | Tract:      | 060290023.022011 |
| SqFt (Lot):       | -                               | Pool:       | -                |
| Stories:          | -                               | View:       | -                |
| Garage:           | 0                               | Fireplace:  | -                |
| Number of Units:  | -                               |             |                  |

**OWNERSHIP**

|                  |                               |               |                                     |
|------------------|-------------------------------|---------------|-------------------------------------|
| Primary Owner:   | Bakersfield Central Metal Inc | Mail Address: | 2203 S Alameda St, Vernon, CA 90058 |
| Secondary Owner: | -                             | Vesting:      | -                                   |
| Legal:           | LOTS 27 & 28 TRACT 1646       |               |                                     |

**SALE & LOAN**

|                   |            |            |                   |
|-------------------|------------|------------|-------------------|
| Last Sale Amount: | \$830,000  | Loan Type: | -                 |
| Last Sale Date:   | 12/31/1998 | Lender:    | California Fed Bk |
| Document #:       | 0198185683 |            |                   |

**ASSESSMENT & TAX**

|                    |          |             |         |
|--------------------|----------|-------------|---------|
| Value (Structure): | -        | Tax Amount: | \$4,646 |
| Value (Land):      | 5383,520 | Tax Area:   | 56-089  |
| Percent Improved:  |          | Exemption:  | -       |
| Value (Total):     | 5383,520 |             |         |

Data is deemed reliable, but not guaranteed.



**PROPERTY HISTORY**

120 Industrial St, Bakersfield, CA 93307

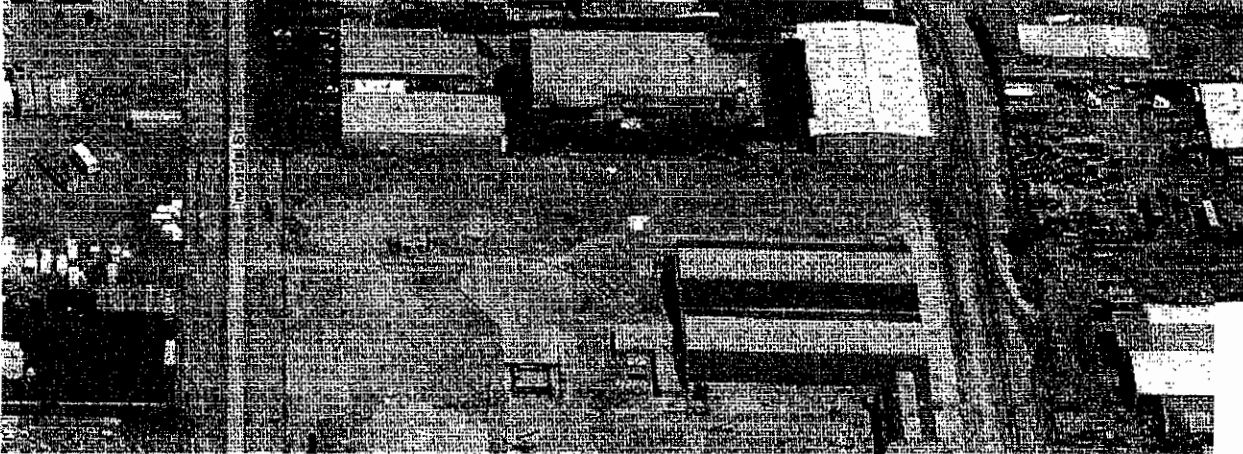
**TRANSACTION 1: SALE**

|                       |  |                  |            |
|-----------------------|--|------------------|------------|
| Sale Date:            | -  | Sale Price:      | -          |
| Sale Type:            | -  | Sale Price Type: | -          |
| Recording Date:       | 12/21/1998                                 | Document Number: | 0198185683 |
| Title Company:        | -  | Document Type:   | Grant Deed |
| Seller:               | -  |                  |            |
| Buyer:                | MACKENZIE, MICHAEL G; MACKENZIE, BARBARA A |                  |            |
| Buyer Vesting:        | Tenants in Common                          |                  |            |
| Loan Document Number: | -  | Loan Type:       | -          |
| Lender:               | CALIFORNIA FED BK                          | Loan Term:       | -          |
| Loan Amount:          | \$415,000                                  | Interest Rate:   | -          |

**TRANSACTION 2: SALE**

|                       |  |                  |                                    |
|-----------------------|--|------------------|------------------------------------|
| Sale Date:            | -  | Sale Price:      | -                                  |
| Sale Type:            | -  | Sale Price Type: | -                                  |
| Recording Date:       | 12/21/1998                                     | Document Number: | 0198185682                         |
| Title Company:        | -  | Document Type:   | intrafamily transfer or Disolution |
| Seller:               | -  |                  |                                    |
| Buyer:                | MULLIKIN, KRYN                                 |                  |                                    |
| Buyer Vesting:        | Acquired Man as his sole and separate property |                  |                                    |
| Loan Document Number: | -  | Loan Type:       | -                                  |
| Lender:               | -  | Loan Term:       | -                                  |
| Loan Amount:          | -  | Interest Rate:   | -                                  |

Data is deemed reliable, but not guaranteed.



**PROPERTY DETAIL**

220 Industrial St, Bakersfield, CA 93307

**GENERAL**

|                   |                            |             |                  |
|-------------------|----------------------------|-------------|------------------|
| Type:             | Industrial (Manufacturing) | Year Built: | -                |
| Rooms:            | -                          | Parcel #:   | 140-390-05       |
| Beds:             | -                          | County:     | Kern             |
| Baths:            | -                          | Zoning:     | -                |
| SqFt (Structure): | -                          | Tract:      | 060290023.022011 |
| SqFt (Lot):       | 7                          | Pool:       | -                |
| Stories:          | -                          | View:       | -                |
| Garage:           | 0                          | Fireplace:  | -                |
| Number of Units:  | -                          |             |                  |

**OWNERSHIP**

|                  |                               |               |                                     |
|------------------|-------------------------------|---------------|-------------------------------------|
| Primary Owner:   | Bakersfield Central Metal Inc | Mail Address: | 2203 S Alameda St, Vernon, CA 90058 |
| Secondary Owner: | -                             | Vesting:      | -                                   |
| Legal:           | LOTS 29-33 TRACT 1646         |               |                                     |

**SALE & LOAN**

|                   |            |            |   |
|-------------------|------------|------------|---|
| Last Sale Amount: | -          | Loan Type: | - |
| Last Sale Date:   | 6/18/2007  | Lender:    | - |
| Document #:       | 0207127969 |            |   |

**ASSESSMENT & TAX**

|                    |             |             |           |
|--------------------|-------------|-------------|-----------|
| Value (Structure): | \$7,318,105 | Tax Amount: | \$111,433 |
| Value (Land):      | \$945,540   | Tax Area:   | 56-089    |
| Percent Improved:  | 89          | Exemption:  | -         |
| Value (Total):     | 58,263,645  |             |           |

Data is deemed reliable, but not guaranteed.

**PROPERTY HISTORY**

220 Industrial St, Bakersfield, CA 93307

**TRANSACTION 1: SALE**

|                       |                                |                  |                 |
|-----------------------|--------------------------------|------------------|-----------------|
| Sale Date:            | -                              | Sale Price:      | -               |
| Sale Type:            | -                              | Sale Price Type: | -               |
| Recording Date:       | 6/18/2007                      | Document Number: | 0207127969      |
| Title Company:        | -                              | Document Type:   | Correction Deed |
| Seller:               | -                              |                  |                 |
| Buyer:                | BAKERSFIELD CENTRAL METAL INC. |                  |                 |
| Buyer Vesting:        | N/A                            |                  |                 |
| Loan Document Number: | -                              | Loan Type:       | -               |
| Lender:               | -                              | Loan Term:       | -               |
| Loan Amount:          | -                              | Interest Rate:   | -               |

**TRANSACTION 2: SALE**

|                       |                                |                  |            |
|-----------------------|--------------------------------|------------------|------------|
| Sale Date:            | -                              | Sale Price:      | -          |
| Sale Type:            | -                              | Sale Price Type: | -          |
| Recording Date:       | 11/16/2006                     | Document Number: | 0206283505 |
| Title Company:        | -                              | Document Type:   | Grant Deed |
| Seller:               | -                              |                  |            |
| Buyer:                | BAKERSFIELD CENTRAL METAL INC. |                  |            |
| Buyer Vesting:        | N/A                            |                  |            |
| Loan Document Number: | -                              | Loan Type:       | -          |
| Lender:               | -                              | Loan Term:       | -          |
| Loan Amount:          | -                              | Interest Rate:   | -          |

**TRANSACTION 3: SALE**

|                       |                       |                  |            |
|-----------------------|-----------------------|------------------|------------|
| Sale Date:            | -                     | Sale Price:      | -          |
| Sale Type:            | -                     | Sale Price Type: | -          |
| Recording Date:       | 3/31/2005             | Document Number: | 0205079767 |
| Title Company:        | -                     | Document Type:   | Grant Deed |
| Seller:               | -                     |                  |            |
| Buyer:                | MULLIKIN, KEVIN       |                  |            |
| Buyer Vesting:        | N/A                   |                  |            |
| Loan Document Number: | -                     | Loan Type:       | -          |
| Lender:               | SELECT RESOURCES CORP | Loan Term:       | -          |
| Loan Amount:          | \$1,100,000           | Interest Rate:   | -          |

Data is deemed reliable, but not guaranteed.

# **EXHIBIT 4**

# CENTRAL METAL INC.

## VALUATION OF EQUIPMENT

|                    | Depreciable<br>Basis | Remaining<br>Balance | Net              |
|--------------------|----------------------|----------------------|------------------|
| Central Metal Inc. | \$ 16,458,329.00     | \$ 5,913,007.95      | \$ 10,545,321.05 |
| San Bernardino CMI | \$ 4,845,898.00      | \$ 2,994,977.74      | \$ 1,850,920.26  |
| Bakersfield CMI    | \$ 8,665,010.00      | \$ 4,237,552.86      | \$ 4,427,457.14  |
| Total              | \$ 29,969,237.00     | \$ 13,145,538.55     | \$ 16,823,698.45 |

**EXHIBIT 5**



1 “Debtor”), the debtor and debtor in possession in the above-captioned chapter 11 bankruptcy  
2 case, for the entry of an order, pursuant to 11 U.S.C. § 363(c), authorizing the Debtor to use cash  
3 collateral on an emergency interim basis pending a final hearing in accordance with the Debtor’s  
4 operating budget (the “Budget”), a copy of which is attached as Exhibit “1” to the Declaration of  
5 Suk Won Byun (the “Byun Declaration”) annexed to the Emergency Motion. Appearances at the  
6 hearing on the Motion were made as set forth on the record of the Court.

7 The Court, having considered the Motion and all papers filed by the Debtor in support of  
8 the Motion, the response to the Motion filed by Bank of America, N.A., individually and as  
9 agent for a group of lenders (the “Bank”), the joinder to the Motion filed by the Official  
10 Committee of Unsecured Creditors appointed in the Debtor’s case (the “Committee”), and the  
11 oral arguments and statements of counsel made at the hearing on the Motion, proper notice of the  
12 Motion and the hearing on the Motion having been provided, and good cause appearing therefor.

13 IT IS HEREBY ORDERED AS FOLLOWS:

14 A. The Motion is granted on an interim basis pending a final hearing thereon.

15 B. The Debtor is authorized to use cash collateral to pay all of the expenses set forth  
16 in the Budget, subject to a permitted deviance of up to 10% of the total expenses for any week,  
17 with any unused portions to be carried over into the following week.

18 C. Center Bank and KEB LA Financial Corp. (collectively, the “Secured Creditors”)  
19 shall have and are hereby granted, effective as of January 8, 2010, the date of the filing of the  
20 Debtor’s bankruptcy case, replacement liens pursuant to 11 U.S.C. §§ 361 and 363(e) against the  
21 Debtor’s assets (excluding avoidance causes of action), with such replacement liens to have the  
22 same extent, validity, and priority as the pre-petition liens held by the Secured Creditors.

23 D. A final hearing on the Emergency Motion will be held on \_\_\_\_\_,  
24 2010 at \_\_\_\_\_ .m.

25 ###  
26  
27  
28



|                               |                                |
|-------------------------------|--------------------------------|
| In re:<br>CENTRAL METAL, INC. | Chapter 11<br>2:10-bk-10642-VZ |
|-------------------------------|--------------------------------|

Debtor.

### PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, California 90067.

A true and correct copy of the foregoing document described as **DEBTOR'S EMERGENCY MOTION FOR USE OF CASH COLLATERAL ON AN INTERIM BASIS PENDING A FINAL HEARING; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF SUK WON BYUN IN SUPPORT THEREOF** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

**I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On January 12 2010 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- Monica Y Kim myk@lnbrb.com
- Dare Law dare.law@usdoj.gov
- Juliet Y Oh jyo@lnbrb.com, jyo@lnbrb.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov

**II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL** (indicate method for each person or entity served):

On **January 12, 2010** I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

**By overnight mail:  
Secured creditors  
20 largest creditors  
(See attached)**

**III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or

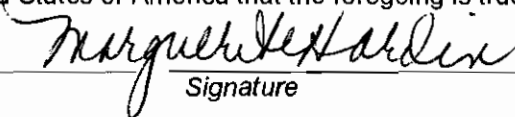
entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on January 12, 2010 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

**By attorney service:  
The Honorable Vincent P. Zurzolo  
255 East Temple Street  
Los Angeles, CA 90012**

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

January 12, 2010  
Date

Marguerite Hardin  
Type Name



Signature

In re Central Metal, Inc.  
Case No. 2:10-bk-10642-VZ  
20 Largest

Central Metal, Inc.  
8201 Santa Fe Avenue  
Huntington Park, CA 90255

U.S. Trustee  
Ernst & Young Plaza  
725 S. Figueroa Street, 26th Floor  
Los Angeles, CA 90017

Sun Construction  
26071 Hinckley Street  
Loma Linda, CA 92354

Bay City Trading  
4051 Via Oro  
Long Beach, CA 90810

Zimex Logitech, Inc.  
5400 Orange Avenue, Suite 108  
Cypress, CA 90630

US Bank  
P.O. Box 790408  
Saint Louis, MO 63179

American Express  
P.O. Box 981535  
El Paso, TX 79998

Bank of America  
P.O. Box 851001  
Dallas, TX 75285

In re Central Metal, Inc.  
Case No. 2:10-bk-10642-VZ  
Secured

Central Metal, Inc.  
8201 Santa Fe Avenue  
Huntington Park, CA 90255

U.S. Trustee  
Ernst & Young Plaza  
725 S. Figueroa Street, 26th Floor  
Los Angeles, CA 90017

American Honda Finance Corp.  
P.O. Box 6070  
Cypress, CA 90630-6070

Bank of America  
c/o Frandzel, Robbins, Bloom, et al  
6500 Wilshire Blvd., 17th Floor  
Los Angeles, CA 90048-4920

Center Bank  
3435 Wilshire Blvd., Suite 700  
Attn: Lisa K. Pai  
Los Angeles, CA 90010

Center Capital Corporation  
P.O. Box 330  
Hartford, CT 06141

Chase  
P.O. Box 78067  
Phoenix, AZ 85062-8067

GE  
300 E. John Carpenter Fwy, 4th Fl.  
Attn: Rena Harris  
Irving, TX 75062

H. West Equipment, Inc.  
645 N. Main Street  
Orange, CA 92868-1103

Lexus Financial Services  
P.O. Box 2991  
Mail Drop L201  
Torrance, CA 90509

People's Capital and Leasing Corp.  
255 Bank Street  
Attn: Jeffrey A. Kennedy  
Waterbury, CT 06702-2219

The CIT Group/Equipment Financing  
305 Fellowship Road, Suite 300  
Attn: Paul Plunkett  
Mount Laurel, NJ 08054

Wilshire State Bank  
3822 Wilshire Blvd.  
Los Angeles, CA 90010

Counsel for Center Bank  
Steven G. Polard, Esq.  
Perkins Coie LLP  
1888 Century Park East, Ste 1700  
Los Angeles, CA 90067-1721