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[Proposed] General Insolvency Counsel
for Debtor and Debtor-in-Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION**

In re:

CRYSTAL CATHEDRAL MINISTRIES,
a California nonprofit corporation,

Debtor and
Debtor in Possession.

Case No. 8:10-bk-24771-RK

Chapter 11 Proceeding

**DEBTOR'S EMERGENCY MOTION FOR
ORDER: A) AUTHORIZING USE OF CASH
COLLATERAL; AND B) AUTHORIZING THE
DEBTOR TO RETAIN, AT ITS ELECTION,
EXISTING CASH ACCOUNTS FOR TEN
DAYS; MEMORANDUM OF POINTS AND
AUTHORITIES; AND DECLARATION OF
GWYN J. MYERS IN SUPPORT THEREOF**

DATE: October 20, 2010
TIME: 3:00 p.m.
PLACE: Courtroom 5D
411 W. Fourth Street
Santa Ana, CA 92701

1 Crystal Cathedral Ministries, a California nonprofit corporation, the debtor and debtor-in-
2 possession herein ("Debtor"), the debtor and debtor-in-possession, hereby moves ("Motion") the
3 Court, on an emergency basis, for an order granting the following relief:

- 4 A) Authorizing the Debtor to use any and all "cash collateral," as that term is
5 defined in 11 U.S.C. § 363(a), now on hand or hereafter collected, in
6 accordance with the budget ("Budget") attached as Exhibit "1" to the
7 Declaration of Gwyn J. Myers ("Declaration") attached hereto.
- 8 B) Authorizing the Debtor to make expenditures in amounts not to exceed
9 115% of the aggregate amounts contained in the Budget. Any
10 expenditures in excess of that amount will require the written approval of
11 Farmers & Merchants Bank of Long Beach ("Bank") or the Out of Court
12 Committee of Unsecured Creditors ("Committee"), or further order of the
13 Court after appropriate notice. Any Budget savings may be carried over
14 and use by the Debtor in subsequent periods.
- 15 C) Authorizing, but not requiring, the Debtor to retain its existing cash
16 accounts for a period of ten (10) days after October 18, 2010 (the "Petition
17 Date").
- 18 D) Finding that the interests of the Bank and the Committee (collectively, the
19 "Secured Creditors") in the Cash Collateral are adequately protected.
- 20 E) Granting to each of the secured Creditors a replacement lien in the
21 Debtor's post-petition cash and accounts receivable and the proceeds
22 thereof, to the same extent, validity, and priority as any lien held by each
23 respective Secured Creditor as of the petition date, to the extent cash
24 collateral is actually used by the Debtor.
- 25 F) Such further relief as the Court deems just and proper.

26 This Motion is made on the basis of the Declaration attached hereto, the within points
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1 and authorities, and on such other evidence as the Court elects to consider prior to or at the
2 hearing on this matter.

3 **IF YOU DO NOT OPPOSE THE RELIEF REQUESTED BY THE MOTION, YOU NEED**
4 **TAKE NO FURTHER ACTION. HOWEVER, IF YOU OPPOSE THE MOTION,**
5 **OPPOSITION MUST BE FILED AND SERVED AT THE TIME OF THE HEARING ON**
6 **THE MOTION.**

7 DATED: October 19, 2010

WINTHROP COUCHOT
PROFESSIONAL CORPORATION

9
10 By: /s/ Marc J. Winthrop
11 Marc J. Winthrop
Kavita Gupta
12 [Proposed] General Insolvency Counsel for Debtor
and Debtor-in-Possession
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MEMORANDUM OF POINTS AND AUTHORITIES

I.

SUMMARY OF MOTION AND NEED FOR EMERGENCY RELIEF

The Debtor operates a ministry at the Crystal Cathedral Church in Garden Grove, California (the "Church"). It has approximately 190 full-time and part-time employees who support the many facets of the ministry.

Substantially all of the assets of the Debtor are subject to a lien in favor of the Secured Creditors whose liens secure debts with an outstanding aggregate principal balance of approximately \$43.5 million. *The Committee has consented to the Debtor's use of cash collateral.* In addition, as more fully discussed below, the Bank's lien only fully extends to a small amount of cash (approximately \$22,000 per month) which constitutes less than 1% of the total cash receipts during the 13 week budget period.

As more fully explained herein, the Debtor seeks the immediate use of all cash and cash equivalents on hand, and hereafter generated from its operations to the extent that the same constitutes "cash collateral" pursuant to 11 U.S.C. § 363(a) ("Cash Collateral"). The cash authorization in the Budget reflects what management believes is necessary to fund the ordinary course needs of the Debtor for a period of thirty days, or until the final hearing on this Motion.

This Motion is filed on an emergency basis due to the nature of the Debtor's business. A disruption in the Debtor's services to its congregation and other constituencies will result in irreparable reputational damage, reduction of donations, revenues and asset values. Therefore, the Debtor requires the immediate use of all cash and cash equivalents on hand and hereafter generated, whether the same constitutes Cash Collateral, or not.

II.

STATEMENT OF FACTS

A. The Debtor.

The Reverend Dr. Robert H. Schuller and his wife, Arvella, founded the Debtor in 1955. At that time, it consisted of a single church, known as Garden Grove Community Church, which held its services in space rented from the Orange Drive-In Theatre. The church moved to its

1 current location in Garden Grove, California in 1961, occupying a new sanctuary designed by
2 architect Richard Neutra. The campus has grown to include buildings designed by noted architects
3 such as Philip Johnson and Richard Meier.

4 The Debtor produces The Hour of Power, which is shown throughout the world and is
5 North America's longest running televised church service. Its message of "possibility thinking" is
6 also supported through its many facets, including, *inter alia*: (1) Pastors Sheila Schuller Coleman
7 and Dante Gebel delivery of messages of hope each Sunday. Dr. Schuller, who is 84, is the
8 featured speaker once per month; (2) providing meals for the homeless every Monday;
9 (3) conducting weekly youth groups; and (4) hosting a number of weekly self-help programs. The
10 Debtor has approximately 190 full-time and part-time employees who support its many facets.

11 **B. Events Precipitating the Chapter 11 Filing.**

12 Over the last few years, the Debtor's leadership has gone through several changes as the
13 ministry has endeavored to transition from its founders to the next generation who will carry the
14 mission of the ministry forward. Robert A. Schuller became Senior Pastor in 2006. He ultimately
15 resigned and Dr. Sheila Schuller Coleman became the Senior Pastor in July of 2009. The period of
16 unsettled leadership caused some in the congregation and viewing audience to leave the ministry,
17 resulting in reduced revenue for an organization that exists primarily on donations. However, the
18 greatest impact on the Debtor's revenues came from the severe downturn in the national economy,
19 which has had a drastic impact on donations to the Debtor and to charitable giving in general.
20 Donations were down approximately 24% in 2009 alone.

21 Since Dr. Coleman has taken over as Senior Pastor, she has managed to restore confidence
22 and enthusiasm in the ministry, which has halted the decline and produced a gradual increase in
23 both attendees and viewers. Even though the Debtor drastically cut expenses, the decline in
24 donations and other revenue was so severe that the benefits of these reductions could not be
25 recognized quickly enough and the Debtor's level of debt, both secured and unsecured, increased.
26 Ultimately, the Debtor decided to address the growing amount of debt by convening a general
27 meeting of creditors under the auspices of Credit Managers Association of California. The meeting
28 was well attended and resulted in a voluntary 90-day moratorium on debt collection activities,

1 which was almost universally observed. Due to the need to have reliable financial information on
2 which to base an out of court repayment plan, the Unofficial Creditors Committee (“Committee”)
3 granted the Debtor a 90 day extension of the moratorium. Negotiations were well underway
4 between the Debtor and Committee when creditors sought and obtained writs of attachment and a
5 number of other lawsuits were filed against the Debtor. The negotiations between the Debtor and
6 the Committee stalled due to concern over the cash flow projections and financial reports. Given
7 these circumstances, the Committee decided to allow the moratorium to expire on October 9, 2010
8 and made a demand for payment. Cumulatively, these circumstances then forced the Debtor to file
9 the present Chapter 11 proceeding on October 18, 2010 in order to obtain a breathing spell within
10 which to address the claims of all creditors on a fair, equitable and uniform basis.

11 The Debtor has worked very hard to reduce overhead and expenses and to identify and
12 evaluate opportunities to improve profitability. In particular, it has worked diligently to develop a
13 repayment plan for its creditors. The Debtor will continue these efforts during this Chapter 11
14 case, including its ongoing negotiations with the Committee with the view towards promptly filing
15 a plan of reorganization and the pursuit of a speedy exit from Chapter 11.

16 **C. Operating Data.**

17 The Budget attached to the Declaration as Exhibit “1” projects the Debtor’s cash needs
18 over the next thirteen weeks. This projection was developed by the Debtor’s management based
19 upon current operating data and management’s best estimate of future cash needs. The operating
20 results detailed in the Budget establish that the Debtor generates positive earnings before interest,
21 taxes, depreciation and amortization (“EBITDA”). Accordingly, the Secured Creditors’ cash
22 collateral pool will not be depleted through continued operations. To the contrary, this asset pool
23 will either remain stable or increase through post-petition operations.

24 **D. The Debtor’s Debt Structure.**

25 As of the Petition Date, the Bank and the Committee assert that they have claims in the
26 aggregate approximate principal amount of \$36 million and \$7.5 million, respectively. The
27 Bank’s debt is purportedly secured by a lien pursuant to a deed of trust recorded against the
28 Debtor’s real property. The Bank’s claim to cash collateral is limited to rents, issues and profits.

1 The Committee's debt is purportedly secured by a UCC-1 Financing Statement that was recorded
2 on or about June 10, 2010. The Committee's lien is held by Credit Managers Association as a
3 stakeholder for all unsecured creditors. Other creditors, including, *inter alia*, Grant & BCG,
4 Morgan Stanley, GE Capital Public Finance, Inc., and National City Commercial Capital
5 Corporation, collectively assert secured claims in the aggregate approximate amount of \$4.5
6 million against certain real property, certificates of deposit, and equipment, among other non-cash
7 collateral assets, of the Debtor.¹

8 **E. Adequate Protection Facts.** The Debtor is generating positive EBITDA.
9 Moreover, the Debtor's recent operating results and future projections indicate that this trend will
10 continue and improve over the next year, providing ample adequate protection to the Secured
11 Creditors' interests. Moreover, as additional adequate protection will include the following
12 provision in the cash collateral order:

13 a. The Secured Creditors will receive a replacement lien against post-
14 petition cash, accounts, receivable and inventory, and the proceeds of each of the
15 foregoing, to the same extent and priority as any duly perfected and unavoidable
16 liens in cash collateral held by such secured creditor as of the Petition Date,
17 limited to the amount of any cash collateral of such secured creditor as of the
18 Petition Date, to the extent that any cash collateral of such secured creditor is
19 actually used by the Debtor. However, the lien will not reach new assets
20 generated from third party donations or "services," such as collections from
21 schools, bookstores or cemetery, except to the extent of the value of the inventory
22 used in the generation of these services; and

23 b. The Debtor will provide to the Secured Creditors all interim
24 statements and operating reports required to be submitted to the Office of the
25 United States Trustee, and monthly cash flow reports, broken down by the
26

27 ¹ The Debtor is in the process of investigating the extent, validity, priority and perfection of the security interests of
28 these creditors. Accordingly, the Debtor reserves all rights with respect thereto, and nothing contained herein or filing
in connection with this Motion should be construed as an admission with respect to the extent, validity, priority and
perfection of any creditor's security interest.

1 expense line items contained in the Budget, within 15 days after the end of each
2 monthly period after the Petition Date.

3 The foregoing provisions, coupled with the value that will be preserved and generated
4 through the Debtor's continued operations, will provide the Secured Creditors all the protection
5 required under Section 363.

6 **III.**

7 **RELIEF IS JUSTIFIED ON AN EMERGENCY BASIS**

8 In section 363(c)(3), Congress recognized that preliminary hearings on cash collateral
9 would frequently be held on an emergency basis by stating therein that such hearing "shall be
10 scheduled in accordance with the needs of the debtor". 11 U.S.C. § 363(c)(3). The courts have
11 also recognized that emergency relief on the use of cash collateral is necessary after a case is filed.
12 In re Center Wholesale, Inc., 759 F.2d 1440, 1444 (9th Cir. 1985) ("We realize that 'in certain
13 circumstances the entire reorganization effort may be thwarted if emergency relief is withheld' and
14 that reorganization under the Bankruptcy Code 'is a perilous process, seldom more so than at the
15 outset of the proceedings when the debtor is often without sufficient cash flow to fund essential
16 business operations.' ... It is for this very reason that Congress specified that hearings concerning
17 the use of cash collateral 'shall be scheduled in accordance with the needs of the debtor.' "); In re
18 Sullivan Ford Sales, 2 B.R. 350, 355 (Bankr.D.Me.1980).

19 As the Declaration establishes, unless the Debtor obtains immediate authorization to use
20 Cash Collateral to pay all ordinary and necessary obligations, its operations will be adversely
21 impacted. If use of cash collateral is not granted immediately, operations will be interrupted and
22 donations will most certainly decline, reducing the value of the estate's assets and impairing the
23 rights of creditors. In contrast, if immediate relief is granted as prayed herein, asset values will be
24 preserved. Under these circumstances, granting relief on an emergency basis is both necessary and
25 appropriate.

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IV.

**THE USE OF THE CASH COLLATERAL FOR OPERATIONS
SHOULD BE AUTHORIZED IN ACCORDANCE WITH THE BUDGET**

To obtain court authorization to use cash collateral, a debtor must establish that the “interest” of creditors holding liens on the subject collateral will remain “adequately protected.” 11 U.S.C. § 363(e). Pursuant to United States v. Timbers of Inwood Forest, 484 U.S. 365, 108 S. Ct 626 (1988), the “interest in property” entitled to adequate protection under 11 U.S.C. §363(e) is no more or less than the “value of the collateral” that is subject to the secured creditor’s lien. Under this holding, a debtor is merely required to show that the secured creditor’s collateral will not decline in value under the debtor’s proposed usage of cash collateral. Timbers, 108 S. Ct at 633; In re Ledgemere Land Corp., 116 B.R. 338, 343 (Bankr. D.Mass. 1990) (So long as the receivables being collected and used by the debtor are being replaced by sufficient new receivables in which the creditor is granted a security interest, the creditor is adequately protected); In re Johnson, 90 B.R. 973, 978 (Bankr. D. Minn. 1988) (Since value of the collateral has not declined, the bank is not impaired and is not entitled to receive adequate protection payments); In re Century Inv. Fund VII, Ltd. Partnership, 96 B.R. 884, 887 (Bankr. E.D. Wis. 1989) (Where value appears to be stable, creditor is not entitled to adequate protection payments); In re Kessler, 86 B.R. 134, 136 (Bankr. C.D. Ill. 1988) (under Timbers, the sellers are not entitled to adequate protection payments, as there was no showing the 80-acre tract was depreciating in value); In re Anderson, 88 B.R. 877, 889 (Bankr. N.D. Ind. 1988) (Secured creditor required to show a necessity for adequate protection by showing a decline in asset value from the petition date); In re McCombs Properties VI, Ltd., 88 B.R. 261 (Bankr. C.D.Cal. 1988); In re Elmore, 94 B.R. 670 (Bankr. C.D. Cal. 1988). Alternatively, a debtor can make an adequate protection showing even where the collateral is declining in value, as long as the creditor’s interest therein is protected by a reasonable equity cushion. See, In re Mellor, 734 F. 2d 1396 (9th Cir. 1984); In re Harrington & Richardson, Inc., 48 B.R. 431 (Bankr. D.Mass. 1985); In re McCombs Properties Vi, Ltd., 88 B.R. 261 (Bankr. C.D.Cal. 1988).

As illustrated in Exhibit "1" to the Declaration, the cash collateral pool in which the Secured Creditors hold an interest will not decline through the usage proposed by the Debtor. To the contrary, the overall value of the estate will increase through this usage, leaving the Secured Creditors' interests adequately protected.

V.

**THE DONATIONS AND A PART OF THE REVENUES GENERATED FROM THE
BOOKSTORE, SCHOOLS, CEMETERY AND OTHER SERVICE RELATED
OPERATIONS DO NOT CONSTITUTE CASH COLLATERAL**

This is not a typical case. It does not involve a business with sales, accounts receivables and inventory. Virtually all of the Debtor's revenues are generated from two primary sources: donations and services. Neither third party donations to the Debtor nor post-petition revenues generated from *services* are cash collateral. Accordingly, the Debtor has the right to use these funds without restriction in the ordinary course of business. *See In re Skagit Pacific Corporation*, 316 B.R. 330, 336 (9th Cir. BAP 2004) ("Thus, any portion of the DOT Account Receivable attributable to the Debtor's services as part of the manufacturing or production of the modules would not be considered proceeds under § 552(b). And what is produced by the debtor's added value by its labor (or the value added by others' labor) throughout the process of the reorganization effort will likewise not be subject to a creditor's pre-petition interest."); *In re Cafeteria Operators, L.P.*, 299 B.R. 400 (Bankr. N.D. Tex. 2003).

In the *Cafeteria Operators*' case, which was cited with approval by the Ninth Circuit Appellate Panel in the *Skagit* case, the court explained how this dichotomy applied to the post-petition revenues generated by a restaurant:

Restaurant revenues are primarily the fruit of Debtors' labor; however, they do contain some component of proceeds of inventory. Thus, the cash generated from the sale of the inventory is Bank Group's cash collateral. In the alternative, pursuant to § 552(b), the equities of the case warrant limiting the Bank Group's interest in Debtors' post-petition cash to the value of the Debtors' inventory subject to Bank Group's lien that is converted to cash upon its sale.

Debtor is authorized to utilize Bank Group's cash collateral. As adequate protection, Bank Group is granted replacement liens on inventory acquired post-

1 petition and, on a going forward basis, in any other assets of Debtor, as needed to
2 restore and maintain the Bank Group's secured position in inventory as of the
3 Petition Date.

299 B.R. at 409.

4 In essence, the *Cafeteria Operator's* case provides that the revenues generated from the
5 operation of a restaurant facility are only cash collateral to the extent of the cost of the food used in
6 the service, which in that case constituted just one third of the total cost involved in the operation
7 of the facility. The remainder of the revenues was attributable to services and consequently was not
8 cash collateral. The Debtor is raising this issue at the outset to ensure that the Secured Creditors'
9 liens do not reach collections attributable to the schools, cemetery, bookstore and other services
10 provided by the Debtor post-petition, except to the extent of the inventory used in such processes,
11 since this source of unencumbered collateral will be of particular importance to the unsecured
12 creditors.

13 **VI.**

14 **CONCLUSION**

15 For the foregoing reasons, the Debtor would respectfully request that the Court grant the
16 relief prayed for herein.

17 DATED: October 19, 2010

**WINTHROP COUCHOT
PROFESSIONAL CORPORATION**

19 By: /s/ Marc J. Winthrop
20 Marc J. Winthrop
21 Kavita Gupta
22 [Proposed] Insolvency Counsel for Debtor
and Debtor-in-Possession
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DECLARATION OF GWYN J. MYERS

I, Gwyn J. Myers, hereby declare as follows:

1. I am the Chief Restructuring Officer of Crystal Cathedral Ministries, a California nonprofit corporation, a California limited liability company, the debtor and debtor-in-possession in the above Chapter 11 proceeding ("Debtor"), and have been responsible for overseeing the day-to-day operations and financial performance of the Debtor. Consequently, I have been involved in supervising all aspects of the Debtor's financial and business affairs since April 2010.

2. The facts stated herein are within my personal knowledge, and if called upon to testify to such facts I could and would testify competently thereto.

3. The Reverend Dr. Robert H. Schuller and his wife, Arvella, founded the Debtor in 1955. At that time, it consisted of a single church, known as Garden Grove Community Church, which held its services in space rented from the Orange Drive-In Theatre. The church moved to its current location in Garden Grove, California in 1961, occupying a new sanctuary designed by architect Richard Neutra. The campus has grown to include buildings designed by noted architects such as Philip Johnson and Richard Meier.

4. The Debtor produces The Hour of Power, which is shown throughout the world and is North America's longest running televised church service. Its message of "possibility thinking" is also supported through its many facets, including, *inter alia*: (1) Pastors Sheila Schuller Coleman and Dante Gebel delivery of messages of hope each Sunday. Dr. Schuller, who is 84, is the featured speaker once per month; (2) providing meals for the homeless every Monday; (3) conducting weekly youth groups; and (4) hosting a number of weekly self-help programs. The Debtor has approximately 190 full-time and part-time employees who support its many facets.

5. Over the last few years, the Debtor's leadership has gone through several changes as the ministry has endeavored to transition from its founders to the next generation who will carry the mission of the ministry forward. Robert A. Schuller became Senior Pastor in 2006. He ultimately resigned and Dr. Sheila Schuller Coleman became the Senior Pastor in July of 2009. The period of unsettled leadership caused some in the congregation and viewing audience to leave the ministry, resulting in reduced revenue for an organization that exists primarily on donations.

1 However, the greatest impact on the Debtor's revenues came from the severe downturn in the
2 national economy, which has had a drastic impact on donations to the Debtor and to charitable
3 giving in general. Donations were down approximately 24% in 2009 alone.

4 6. Since Dr. Coleman has taken over as Senior Pastor, she has managed to restore
5 confidence and enthusiasm in the ministry, which has halted the decline and produced a gradual
6 increase in both attendees and viewers. Even though the Debtor drastically cut expenses, the
7 decline in donations and other revenue was so severe that the benefits of these reductions could
8 not be recognized quickly enough and the Debtor's level of debt, both secured and unsecured,
9 increased. Ultimately, the Debtor decided to address the growing amount of debt by convening a
10 general meeting of creditors under the auspices of Credit Managers Association of California. The
11 meeting was well attended and resulted in a voluntary 90-day moratorium on debt collection
12 activities, which was almost universally observed. Due to the need to have reliable financial
13 information on which to base an out of court repayment plan, the Unofficial Creditors Committee
14 ("Committee") granted the Debtor a 90 day extension of the moratorium. Negotiations were well
15 underway between the Debtor and Committee when creditors sought and obtained writs of
16 attachment and a number of other lawsuits were filed against the Debtor. The negotiations
17 between the Debtor and the Committee stalled due to concern over the cash flow projections and
18 financial reports. Given these circumstances, the Committee decided to allow the moratorium to
19 expire on October 9, 2010 and made a demand for payment. Cumulatively, these circumstances
20 then forced the Debtor to file the present Chapter 11 proceeding on October 18, 2010 in order to
21 obtain a breathing spell within which to address the claims of all creditors on a fair, equitable and
22 uniform basis.

23 7. The Debtor has worked very hard to reduce overhead and expenses and to identify
24 and evaluate opportunities to improve profitability. In particular, it has worked diligently to
25 develop a repayment plan for its creditors. The Debtor will continue these efforts during this
26 Chapter 11 case, including its ongoing negotiations with the Committee with the view towards
27 promptly filing a plan of reorganization and the pursuit of a speedy exit from Chapter 11.

28 8. The Budget attached hereto as Exhibit "1" projects the Debtor's cash needs over

1 the next thirteen weeks. This projection was developed by the Debtor's management based upon
2 current operating data and management's best estimate of future cash needs. The operating results
3 detailed in the Budget establish that the Debtor generates positive earnings before interest, taxes,
4 depreciation and amortization ("EBITDA"). Accordingly, the Secured Creditors' cash collateral
5 pool will not be depleted through continued operations. To the contrary, this asset pool will either
6 remain stable or increase through post-petition operations.

7 9. As of the Petition Date, the Bank and the Committee assert that they have claims in
8 the aggregate approximate principal amount of \$36 million and \$7.5 million, respectively. The
9 Bank's debt is purportedly secured by a lien pursuant to a deed of trust recorded against the
10 Debtor's real property. The Bank's claim to cash collateral is limited to rents, issues and profits.
11 The Committee's debt is purportedly secured by a UCC-1 Financing Statement that was recorded
12 on or about June 10, 2010. The Committee's lien is held by Credit Managers Association as a
13 stakeholder for all unsecured creditors. Other creditors, including, *inter alia*, Grant & BCG,
14 Morgan Stanley, GE Capital Public Finance, Inc., and National City Commercial Capital
15 Corporation, collectively assert secured claims in the aggregate approximate amount of \$4.5
16 million against certain real property, certificates of deposit, and equipment, among other non-cash
17 collateral assets, of the Debtor.²

18 10. The Debtor is generating positive EBITDA. Moreover, the Debtor's recent
19 operating results and future projections indicate that this trend will continue and improve over the
20 next year, providing ample adequate protection to the Secured Creditors' interests. Moreover, as
21 additional adequate protection will include the following provision in the cash collateral order:

22 a. The Secured Creditors will receive a replacement lien against post-
23 petition cash, accounts, receivable and inventory, and the proceeds of each of the
24 foregoing, to the same extent and priority as any duly perfected and unavoidable
25 liens in cash collateral held by such secured creditors as of the Petition Date,

26
27 ² The Debtor is in the process of investigating the extent, validity, priority and perfection of the security interests of
28 these creditors. Accordingly, the Debtor reserves all rights with respect thereto, and nothing contained herein or filing
in connection with this Motion should be construed as an admission with respect to the extent, validity, priority and
perfection of any creditor's security interest.

10/19/2010 TUE 18:12 FAX 7149714315

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1 limited to the amount of any cash collateral of such secured creditor as of the
2 Petition Date, to the extent that any cash collateral of such secured creditor is
3 actually used by the Debtor. However, the lien will not reach new assets
4 generated from third party donations or "services," such as collections from
5 schools, bookstores or cemetery, except to the extent of the value of the inventory
6 used in the generation of these services; and

7 b. The Debtor will provide to the Secured Creditors all interim
8 statements and operating reports required to be submitted to the Office of the
9 United States Trustee, and monthly cash flow reports, broken down by the
10 expense line items contained in the Budget, within 15 days after the end of each
11 monthly period after the Petition Date.

12 11. I believe that unless the Debtor obtains immediate authorization to use Cash
13 Collateral to pay all ordinary and necessary obligations, its operations will be adversely impacted.
14 If use of cash collateral is not granted immediately, operations will be interrupted and donations
15 will most certainly decline, reducing the value of the estate's assets and impairing the rights of
16 creditors. In contrast, if immediate relief is granted as prayed herein, asset values will be
17 preserved. Under these circumstances, granting relief on an emergency basis is both necessary and
18 appropriate.

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

20 Executed this 19th day of October 2010 at Garden Grove, California.

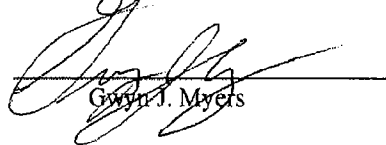
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23 Gwyn J. Myers
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EXHIBIT “1”

Crystal Cathedral Ministries
Projected Cash Flow
13 Weeks Ended 1/14/11

	10/22/2010	10/29/2010	11/5/2010	11/12/2010	11/19/2010	11/26/2010	12/3/2010	12/10/2010	12/17/2010	12/24/2010	12/31/2010	1/7/2011	1/14/2011	TOTAL
Beginning Cash														
Cash Receipts														
Donations and income	688,297	693,628	426,046	403,673	394,654	392,903	251,962	239,834	239,394	517,003	673,228	1,262,011	1,357,661	688,297
421,874	404,374	472,899	450,389	450,399	500,399	469,905	503,282	650,909	663,093	1,060,909	780,737	358,237	7,187,419	0
Total Receipts	421,874	404,374	472,899	450,389	450,399	500,399	469,905	503,282	650,909	663,093	1,060,909	780,737	358,237	7,187,419
Disbursements														
Operating														
Staff Payroll and Payroll Taxes	129,000	225,000	129,000	225,000	129,000	225,000	129,000	225,000	129,000	225,000	129,000	225,000	129,000	2,253,000
Executive Payroll and Payroll Taxes	6,000	50,000	6,000	50,000	6,000	50,000	6,000	50,000	6,000	50,000	6,000	50,000	6,000	342,000
Related Party Fees	0	14,236	2,273	16,436	2,273	14,236	2,273	7,436	11,273	14,236	0	9,709	0	94,381
Airfare	92,800	178,470	91,950	91,950	92,800	198,570	91,950	91,950	91,950	98,920	172,360	31,392	91,950	1,477,560
Rent	32,383	31,362	31,362	991	27,000	62,000	31,362	991	91,950	98,920	172,360	31,392	91,950	129,532
Utilities	26,803	61,938	6,587	45,132	0	6,328	6,328	0	6,328	27,000	62,000	6,328	0	285,984
Insurance - F&C and WC	0	0	88,686	0	0	0	88,686	0	0	0	2,186	86,500	0	108,464
Insurance - other	3,072	0	718	1,572	7,587	0	718	1,272	7,587	0	718	1,572	4,515	29,331
Facilities Maintenance	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	156,000
Fees and Dues	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	84,500
Honorariums	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	6,600	2,200	2,200	2,200	33,000
Offers	12,500	12,000	12,500	12,000	12,500	12,000	11,208	12,000	12,500	12,000	12,500	12,000	12,000	53,047
Postage	20,000	10,000	20,000	10,000	20,000	10,000	20,000	10,000	20,000	20,000	20,000	20,000	20,000	220,000
Printing	14,950	0	0	0	14,950	0	0	0	14,950	0	0	0	14,950	59,800
Professional Fees	0	0	2,500	0	0	15,000	0	0	0	5,000	0	15,000	0	37,500
Legal and Audit Fees	5,923	0	0	8,658	6,928	0	0	8,658	6,928	0	0	8,658	6,928	52,681
Leases	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	123,500
Service Contracts	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	32,500
Campus Events	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	84,500
Supplies	1,412	1,412	5,634	1,412	1,412	5,634	1,412	2,515	1,412	1,412	5,634	1,412	1,412	32,125
Telephone	700	700	700	700	700	700	700	700	700	700	700	700	700	20,000
Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	9,100
Vehicle Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	2,800	0	0	0	2,800	0	0	0	2,800	0	0	0	0	8,400
Loan payments - Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan payments - Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chapter 11														
Adequate protection pmis	5,000	5,000	10,000	52,500	5,000	5,000	5,000	10,000	5,000	5,000	5,000	10,000	5,000	52,500
Security Deposits	24,000	4,000	39,000	4,000	24,000	4,000	4,000	39,000	24,000	4,000	4,000	39,000	4,000	80,000
U.S. Trustee Fees	416,543	601,956	566,272	519,419	392,150	641,340	482,033	503,722	373,300	506,868	472,127	665,087	341,646	217,000
Committee Professional Fees														
Debtor's Professional Fees														
Total Disbursements	416,543	601,956	566,272	519,419	392,150	641,340	482,033	503,722	373,300	506,868	472,127	665,087	341,646	6,501,453
Ending Cash	693,628	496,046	403,673	394,654	392,903	251,962	239,834	239,394	517,003	673,228	1,262,011	1,357,661	1,374,252	1,374,252
Summary of Cash Collateral														
Cash	693,628	496,046	403,673	394,654	392,903	251,962	239,834	239,394	517,003	673,228	1,262,011	1,357,661	1,374,252	
A/R	1,948,000	1,848,000	1,848,000	1,848,000	1,848,000	1,848,000	1,848,000	1,848,000	1,848,000	1,848,000	1,848,000	1,848,000	1,848,000	
Inventory	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	
Total Cash Collateral	3,676,628	3,479,046	3,386,673	3,317,654	3,375,903	3,234,962	3,222,834	3,222,394	3,500,003	3,656,228	4,245,011	4,340,661	4,357,252	

NOTE: When using this form to indicate service of a proposed order, DO NOT list any person or entity in Category I.
Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

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: 660 Newport Center Drive., 4th Fl., Newport Beach, CA 92660.

A true and correct copy of the foregoing document described as: **DEBTOR'S EMERGENCY MOTION FOR ORDER: A) AUTHORIZING USE OF CASH COLLATERAL; AND B) AUTHORIZING THE DEBTOR TO RETAIN, AT ITS ELECTION, EXISTING CASH ACCOUNTS FOR TEN DAYS; MEMORANDUM OF POINTS AND AUTHORITIES; AND DECLARATION OF GWYN J. MYERS 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 October 19, 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:

- Frank Cadigan frank.cadigan@usdoj.gov
- United States Trustee (SA) ustpregion16.sa.ecf@usdoj.gov
- Marc J Winthrop mwinthrop@winthropcouchot.com, pj@winthropcouchot.com

☐ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served):
On October 19, 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.

☒ Service information continued on attached page

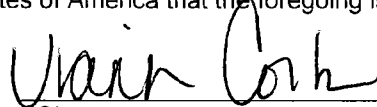
III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____ I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service 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.

☐ Service information continued on attached page

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

October 19, 2010
Date

Viann Corbin
Type Name


Signature

SERVICE VIA OVERNIGHT DELIVERY

Crystal Cathedral Ministries
Attn: Fred Southard, CFO
13280 Chapman Ave.
Garden Grove, CA 92840-4414

United States Trustee's Office
Attn: Frank Cadigan, Esq.
411 West Fourth St., #9041
Santa Ana, CA 92701

CCM
20Largest, Secured, Special Notice
Document No. 153450

Out of Court Committee
Nanette D. Sanders, Esq.
Ringstad & Sanders LLP
2030 Main Street, Suite 1200
Irvine, CA 92614

Credit Managers Association
Attn: Charles Klaus
40 East Verdugo Ave.
Burbank, CA 91502

F&M Bank of Long Beach
c/o Michael Leight, Esq.
6700 Pacific Coast Hwy, #237
Long Beach, CA 90803

F&M Bank of Long Beach
c/o Lawrence C. Meyerson, Esq.
578 Washington Blvd., #867
Marina Del Rey, CA 90292

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PNCEF, LLC
Attn: Marshall F. Goldberg, Esq.
21700 Oxnard St., #430
Woodland Hills, CA 91367-3665

Daystar Television Network
Attn: Corporate Officer
3901 Highway 121
Bedford, TX 76021

KMYQ
Tribune Television NW
Attn: Corporate Officer
File 30697/P.O. Box 60000
San Francisco, CA 94160

Promotional Media Inc.
Attn: Denise Bodourinkoch
727 N. Main St.
Orange, CA 92868

Gipson Hoffman & Pancione
Attn: Robert E. Gipson
1901 Avenue of the Stars #1100
Los Angeles, CA 90067-6002

WKRC-TV
Newport Television LLC
Attn: Corporate Officer
P.O. Box 841646
Dallas, TX 75284-1646

Infocision Management Corp.
Attn: Corporate Officer
325 Springside Dr.
Akron, OH 44333

Lutzker & Lutzker, LLP
Attn: Arnie Lutzker
1233 20th Street NW
Suite 703
Washington, DC 20036

A-1 Building Maintenance, Inc.
Attn: Alan Bennett
P.O. Box 80507
Rancho Santa Margarita, CA 92688-0507

Media Services Agency
Attn: John Casoria
P.O. Box 11901
Santa Ana, CA 92711

Classis of California - Canyon Lake
Attn: Corporate Officer
12765 Oaks Avenue
Chino, CA 91710

Advantage Mailing Inc.
Attn: Corporate Officer
1600 N. Kraemer Blvd.
Anaheim, CA 92806

1	FGS-CA, Inc. Attn: Angela Moghadasnia 5401 Jurupa Street Ontario, CA 91761	KMSP Attn: Corporate Officer 4614 Collection Center Dr. Chicago, IL 60693	World Marketing Inc. Attn: Rick Payne 14407 Alondra Blvd. La Mirada, CA 90638
2			
3			
4	Lloyd Daniel Corporation Attn: Chad Scalf 1600 S. Federal Hwy Pompano Beach, FL 33062	WKCF-TV Attn: Corporate Officer P.O. Box 919060 Orlando, CA 32891-9060	Thomas Nelson Publisher Attn: Corporate Officer 2576 Momentum Pl Chicago, IL 60689-0001
5			
6			
7	KWGN-TV Attn: Corporate Officer P.O. Box 677346 Dallas, TX 75267-7346	Scripps Howard Broad dba KNXV Attn: Corporate Officer P.O. Box 116923 Atlanta, GA 30368	
8			
9			
10			
11	UTILITY	UTILITY	UTILITY
12			
13	AT & T Attn: Corporate Officer Payment Center Sacramento, CA 95887-0001	City of Garden Grove Attn: Corporate Officer P.O. Box 3070 Garden Grove, CA 92842-3070	Edison Company Attn: Corporate Officer 1241 S. Grand Avenue Santa Ana, CA 92705
14			
15			
16	AT & T Mobility Attn: Corporate Officer P.O. Box 6463 Carol Stream, IL 60197-6463	Garden Grove Disposal Attn: Corporate Officer P.O. Box 78829 Phoenix, AZ 85062-8829	The Gas Company Attn: Corporate Officer P.O. Box C Monterey Park, CA 91756
17			
18			
19	AT & T Teleconference Attn: Corporate Officer P.O. Box 2840 Omaha, NE 68103-2840	Waste Management of OC Attn: Corporate Officer P.O. Box 78251 Phoenix, AZ 85062-8251	Cox Communication Attn: Corporate Officer P.O. Box 53280 Phoenix, AZ 85072-3280
20			
21			
22	City of Orange Attn: Corporate Officer P.O. Box 30146 Los Angeles, CA 90030-0146	Telepacific Communications Attn: Corporate Officer P.O. Box 526015 Sacramento, CA 95852-6015	Verizon Wireless Attn: Corporate Officer P.O. Box 9622 Mission Hills, CA 91346-9622
23			
24			
25	CR & R Incorporated Attn: Corporate Officer P.O. Box 206 Stanton, CA 90680		
26			
27			
28			