

1 MARC J. WINTHROP – State Bar No. 63218  
2 mwinthrop@winthropcouchot.com  
3 KAVITA GUPTA – State Bar No. 138505  
4 kgupta@winthropcouchot.com  
5 **WINTHROP COUCHOT**  
6 **PROFESSIONAL CORPORATION**  
7 660 Newport Center Drive, Suite 400  
8 Newport Beach, CA 92660  
9 Telephone: (949) 720-4100  
10 Facsimile: (949) 720-4111

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

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

**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 ELECTRON,**  
**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  
27  
28

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

10 By: /s/ Marc J. Winthrop

11 Marc J. Winthrop

12 Kavita Gupta

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

15

16

17

18

19

20

21

22

23

24

25

26

27

28

## **MEMORANDUM OF POINTS AND AUTHORITIES**

I.

## **SUMMARY OF MOTION AND NEED FOR EMERGENCY RELIEF**

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

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

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

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

II.

**STATEMENT OF FACTS**

**A. The Debtor.**

26 The Reverend Dr. Robert H. Schuller and his wife, Arvelle, founded the Debtor in 1955.  
27 At that time, it consisted of a single church, known as Garden Grove Community Church, which  
28 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.<sup>1</sup>

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       <sup>1</sup> 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 (9<sup>th</sup> 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.

26 //

27

28

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).

1 As illustrated in Exhibit “1” to the Declaration, the cash collateral pool in which the  
2 Secured Creditors hold an interest will not decline through the usage proposed by the Debtor. To  
3 the contrary, the overall value of the estate will increase through this usage, leaving the Secured  
4 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**

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

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

23 Restaurant revenues are primarily the fruit of Debtors' labor; however, they do  
24 contain some component of proceeds of inventory. Thus, the cash generated from  
25 the sale of the inventory is Bank Group's cash collateral. In the alternative,  
26 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.

27 Debtor is authorized to utilize Bank Group's cash collateral. As adequate  
28 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.

4 299 B.R. at 409.

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

14 **VI.**

15 **CONCLUSION**

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

18 DATED: October 19, 2010

19 **WINTHROP COUCHOT**  
20 **PROFESSIONAL CORPORATION**

21 By: /s/ Marc J. Winthrop

22 Marc J. Winthrop

23 Kavita Gupta

24 [Proposed] Insolvency Counsel for Debtor  
25 and Debtor-in-Possession

26

27

28

**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.

10       3.       The Reverend Dr. Robert H. Schuller and his wife, Arvela, founded the Debtor in  
11 1955. At that time, it consisted of a single church, known as Garden Grove Community Church,  
12 which held its services in space rented from the Orange Drive-In Theatre. The church moved to its  
13 current location in Garden Grove, California in 1961, occupying a new sanctuary designed by  
14 architect Richard Neutra. The campus has grown to include buildings designed by noted architects  
15 such as Philip Johnson and Richard Meier.

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

23       5.     Over the last few years, the Debtor's leadership has gone through several changes  
24 as the ministry has endeavored to transition from its founders to the next generation who will carry  
25 the mission of the ministry forward. Robert A. Schuller became Senior Pastor in 2006. He  
26 ultimately resigned and Dr. Sheila Schuller Coleman became the Senior Pastor in July of 2009.  
27 The period of unsettled leadership caused some in the congregation and viewing audience to leave  
28 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.<sup>2</sup>

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,

27 <sup>2</sup> 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

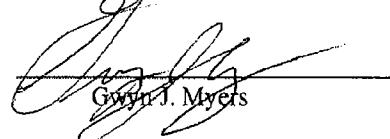
001/001

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 19<sup>th</sup> day of October 2010 at Garden Grove, California.

21   
22 Gwyn J. Myers  
23  
24  
25  
26  
27  
28

## **EXHIBIT “1”**

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

10/22/2010	10/25/2010	11/05/2010	11/12/2010	11/19/2010	11/26/2010	12/03/2010	12/10/2010	12/17/2010	12/24/2010	12/31/2010	1/14/2011		
Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	TOTAL
688.297	593.623	496.046	403.673	334.654	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	450.399	450.399	500.399	469.905	503.282	650.909	663.093	1,060.909	780.737	356.237	7,187,415.000
421.874	404.374	472.899	450.399	450.399	500.399	469.905	503.282	650.909	663.093	1,060.909	780.737	356.237	7,187,415.000

Summary of Cash Collateral																	
	Cash	A/R	Inventory	Total Cash Collateral	693,628	496,046	403,673	334,654	392,903	251,962	239,834	239,394	517,003	673,228	1,282,011	1,357,661	1,374,252
Cash	693,628	496,046	403,673	334,654	392,903	251,962	239,834	239,394	517,003	673,228	1,282,011	1,357,661	1,374,252				
A/R	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000	1,348,000
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	1,135,000	1,135,000	1,135,000	1,135,000
Total Cash Collateral	3,576,628	3,479,046	3,386,573	3,317,654	3,375,903	3,234,962	3,222,834	3,222,394	3,500,003	3,656,228	4,245,011	4,340,681	4,357,252				

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

3 **PROOF OF SERVICE OF DOCUMENT**

4 I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My  
5 business address is: 660 Newport Center Drive., 4th Fl., Newport Beach, CA 92660.

6 A true and correct copy of the foregoing document described as: **DEBTOR'S EMERGENCY**  
7 **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  
8 and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

9 **I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant  
10 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  
11 Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

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

15  Service information continued on attached page

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

17 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.

18  Service information continued on attached page

19 **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

20 \_\_\_\_\_ 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  
21 constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after  
22 the document is filed.

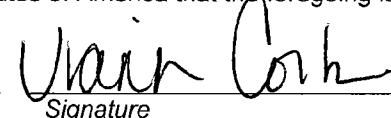
23  Service information continued on attached page

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

26 October 19, 2010

27 Date Viann Corbin

Type Name

28   
Signature

1 SERVICE VIA OVERNIGHT DELIVERY  
2

3 Crystal Cathedral Ministries Attn: Fred Southard, CFO 13280 Chapman Ave. Garden Grove, CA 92840-4414	4 United States Trustee's Office Attn: Frank Cadigan, Esq. 411 West Fourth St., #9041 Santa Ana, CA 92701	5 <b>CCM</b> 6 20Largest, Secured, SpecialNotice 7 Document No. 153450
8 Out of Court Committee 9 Nanette D. Sanders, Esq. 10 Ringstad & Sanders LLP 2030 Main Street, Suite 1200 11 Irvine, CA 92614	12 Credit Managers Association Attn: Charles Klaus 40 East Verdugo Ave. 13 Burbank, CA 91502	14 F&M Bank of Long Beach c/o Michael Leight, Esq. 15 6700 Pacific Coast Hwy, #237 16 Long Beach, CA 90803
17 F&M Bank of Long Beach c/o Lawrence C. Meyerson, Esq. 578 Washington Blvd., #867 18 Marina Del Rey, CA 90292	19	20
21	22	23
24 <b>20 LARGEST</b>	25 <b>20 LARGEST</b>	26 <b>20 LARGEST</b>
27 PNCEF, LLC Attn: Marshall F. Goldberg, Esq. 21700 Oxnard St., #430 18 Woodland Hills, CA 91367-3665	28 Daystar Television Network Attn: Corporate Officer 3901 Highway 121 Bedford, TX 76021	29 KMYQ Tribune Television NW Attn: Corporate Officer File 30697/P.O. Box 60000 San Francisco, CA 94160
30 Promotional Media Inc. Attn: Denise Bodourinkoch 727 N. Main St. 19 Orange, CA 92868	31 Gipson Hoffman & Pancione Attn: Robert E. Gipson 1901 Avenue of the Stars #1100 Los Angeles, CA 90067-6002	32 WKRC-TV Newport Television LLC Attn: Corporate Officer P.O. Box 841646 Dallas, TX 75284-1646
33 Infocision Management Corp. Attn: Corporate Officer 325 Springside Dr. 21 Akron, OH 44333	34 Lutzker & Lutzker, LLP Attn: Arnie Lutzker 1233 20 <sup>th</sup> Street NW Suite 703 22 Washington, DC 20036	35 A-1 Building Maintenance, Inc. Attn: Alan Bennett P.O. Box 80507 23 Rancho Santa Margarita, CA 92688-0507
36 Media Services Agency Attn: John Casoria P.O. Box 11901 24 Santa Ana, CA 92711	37 Classis of California – Canyon Lake Attn: Corporate Officer 12765 Oaks Avenue Chino, CA 91710	38 Advantage Mailing Inc. Attn: Corporate Officer 1600 N. Kraemer Blvd. Anaheim, CA 92806
39	40	41
42	43	44
45	46	47
48	49	50
51	52	53
54	55	56
57	58	59
60	61	62
63	64	65
66	67	68
69	70	71
72	73	74
75	76	77
78	79	80
81	82	83
84	85	86
87	88	89
90	91	92
93	94	95
96	97	98
99	100	101

1	FGS-CA, Inc. Attn: Angela Moghadamnia 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
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	<b>UTILITY</b>	<b>UTILITY</b>	<b>UTILITY</b>
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			