

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<p>In re:</p> <p>DEVAL CORPORATION,</p> <p style="text-align: center;">Debtor.</p>	<p>:</p> <p>:</p> <p>:</p> <p>:</p> <p>:</p> <p>:</p> <p>:</p> <p>:</p>	<p>CHAPTER 11</p> <p>Case No. 16-17922 (AMC)</p>
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**DEBTOR’ S EMERGENCY MOTION FOR AUTHORITY TO USE
CASH COLLATERAL PURSUANT TO 11 U.S.C. §363**

DeVal Corporation (the “Debtor”), by and through its proposed counsel, Smith Kane Holman, LLC, hereby moves for authority to use its cash collateral pursuant to 11 U.S.C. §363, and in support hereof, state as follows:

1. The Debtor filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code, 11 U.S.C. §101 et seq. (the “Bankruptcy Code”) on November 11, 2016 (the “Petition Date”) and has continued in possession of its property and operating its business as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code..

2. The Debtor, which was formed in 1954, is a high technology manufacturer and remanufacturer of aircraft and weapon support equipment for the United States Navy, the United States Marines and the United States Air Force.

3. The Debtor currently employs 30 full time employees, all of whom work out of the Debtor’s owned facility at 7341 Tulip Street, Philadelphia, PA 19136.

4. Starting in 2011, the Debtor engaged in a lengthy and protracted process to sell its business to a third party.

5. The fallout from the eventual failure of the Debtor’s attempts to sell its business,

along with a legal battle with one of the Debtor's then shareholders, created a severe financial strain on the Debtor.

6. Making matters worse, the failed third party purchaser of the Debtor's business obtained a large judgment against the Debtor, which that party was attempting to enforce by executing on certain of the Debtor's assets.

7. The confluence of these events left the Debtor with no choice but to file the within bankruptcy case.

8. Prior to the Petition Date, the Debtor borrowed funds from Branch Banking and Trust Company ("BB&T").

9. As security for the Debtor's obligations to BB&T, the Debtor granted to BB&T a security interest in and to all of its accounts and inventory and all proceeds and products thereof, equipment and general intangibles, (collectively, the "Collateral"). To the extent that BB&T holds a valid, perfected and non-avoidable security interest, BB&T's security interest in the Collateral or in the proceeds thereof constitute the cash collateral of BB&T (the "Cash Collateral").

10. As of the Petition Date, BB&T has asserted a claim in excess of \$1,674,000

11. Prior to the Petition Date, the Debtor also borrowed funds from PDI Deval Acquisition, LLC ("PDI").

12. As security for the Debtor's obligations to PDI, the Debtor granted to PDI a security interest in its Collateral. To the extent that PDI holds a valid, perfected and non-avoidable security interest, PDI's security interest in the Collateral or in the proceeds thereof constitute Cash Collateral.

13. As of the Petition Date, PDI has asserted a claim in excess of \$980,000.

14. A search of the Pennsylvania Department of State records indicates that there are no other creditors who assert an interest in the Debtor's Cash Collateral.

15. The Debtor needs immediate authority to use Cash Collateral to continue operations, to pay for goods and services, and to meet other ongoing obligations of the Debtor's business, including the Debtor's upcoming payroll of November 17, 2016 and its weekly payroll thereafter.

16. The Court may authorize the use of cash collateral under 11 U.S.C. §§363(c)(2)(B) and 363(e) if the Court determines that the secured party's interest in its collateral is adequately protected. A determination of adequate protection focuses on the nature of the collateral, the likelihood that it will deteriorate during the bankruptcy and the Debtor's prospects for a successful reorganization within a reasonable period of time.

17. The Debtor believes that the going concern value of the Debtor's business exceeds its liquidation value, that the value of the Cash Collateral will not decrease during this proceeding, and that even if the going concern value of the Debtor decreases during this proceeding, it will still exceed the liquidation value.

18. BB&T's and PDI's (collectively, the "Creditors") interest in Cash Collateral will be protected as follows: to the extent that the Creditors have a valid, perfected and a non-avoidable lien in the Cash Collateral and the Debtor's use of the Cash Collateral diminishes such interest, the Debtor will grant such Creditors replacement liens on post-petition accounts and proceeds thereof to secure such diminution.

The Debtor believes that the public interest is served by permitting use of Cash Collateral. If the use of Cash Collateral is denied, the Debtor will, in all probability, be forced to close, forcing its employees to lose their jobs and severely impairing the prospect of payment of

its creditors' claims.

14. It is in the best interests of the reorganization of the Debtor, its creditors, its employees and its equity interest holders, to authorize the use of Cash Collateral immediately so that the Debtor may continue its operations, meet its payroll obligations and purchasing needs on a current basis, provide employment for employees, and to propose a successful plan of reorganization.

WHEREFORE, the Debtor prays for an immediate order authorizing the interim use of Cash Collateral to continue its operations, pay for goods and services and meet its ongoing obligations, including its November 17th payroll obligations and its weekly payroll thereafter, for a finding that the interests of the Creditors in the Cash Collateral are adequately protected pending a final hearing, for a prompt final hearing on use of Cash Collateral and the subsequent entry of an order permitting the Debtor to use Cash Collateral until such time as the Debtor's plan of reorganization is confirmed, and for such other and further relief as the Court deems just and proper under the circumstances.

SMITH KANE HOLMAN, LLC

Date: November 14, 2016

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