

[illegible]

The court has considered **MOTION FOR AUTHORITY TO USE CASH COLLATERAL ON AN INTERIM AND FINAL BASIS**, docket number (*specify*) 4

1. The Motion was: ☐ Opposed ☐ Unopposed ☒ Settled by stipulation
2. Appearances are stated in the court record.
3. The Motion affects the following collateral (Collateral):
 - a. The Collateral
 - ☐ Real Property
 - Street address:
 - Unit/suite no.:
 - City, state, zip code:
 - Legal description or document recording number (*include county of recording*):
 - ☐ Equipment (*manufacturer, type, and characteristics*):
 - Serial number(s):

Location:

☐ Vehicle (year, manufacturer, type and model):

Vehicle identification number:

Location of vehicle:

☐ Rents or accounts receivable (type, identifying information, and location):

☒ Cash on hand generated from the Collateral (type, identifying information, and location):

☐ Other personal property (type, identifying information, and location):

b. Value of Collateral \$ Uncertain at present. Value of all assets in Schedule B to the Debtor's petition is \$688,009.62

4. Based upon the findings and conclusions made at the hearing, IT IS ORDERED THAT:

5. The Motion is granted under: ☐ 11 U.S.C. § 363(c)(2)(A) ☒ 11 U.S.C. § 363(c)(2)(B)

AND IT IS FURTHER ORDERED THAT:

a. ☒ THIS IS AN INTERIM ORDER, a continued, final hearing on the further use of Cash Collateral shall be held in the same court on date: July 28, 2026, time: 1:00 p.m.

b. ☒ Any further opposition to the further use of Cash Collateral is to be filed with the court and served upon the Debtor, the United States trustee, the creditor's committee (if any), its counsel, and (if no creditors committee), the 20 largest unsecured creditors by date: July 17, 2026. If no opposition is filed, any opposition may be deemed waived. Any reply is due by July 21, 2026. July 2, 2026 is the deadline for Debtor to serve notice of the continued hearing and the dates set forth herein, and file a proof of service thereof.

☒ See attached for any other provisions.

Any applicable stay, including under Bankruptcy Rules 4001 and 6004, is hereby waived. This Interim Order shall take effect immediately.

6. ☒ ~~The Motion is Denied~~

The Motion is granted as set forth herein.

☐ ~~Granted in part:~~

☐ ~~Denied in part:~~

Date: July 2, 2026

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Neil W. Bason
United States Bankruptcy Judge

**United States Bankruptcy Court
Central District of California
Los Angeles
Neil Bason, Presiding
Courtroom 1545 Calendar**

Wednesday, July 1, 2026

Hearing Room 1545

1:00 PM

2:26-16466 Eclude Inc

Chapter 11

#1.00 Status Conference re: Chapter 11 Case

Docket 1

Tentative Ruling:

Tentative Ruling for 7/1/26:

Appearances required.

If you are making an appearance, you may do so (1) in person in the courtroom, unless the Court has been closed (check the Court's website for public notices), (2) via ZoomGov video, or (3) via ZoomGov telephone. For ZoomGov instructions for all matters on calendar, please see page 1 of the posted Tentative Rulings.

(1) Current issues

(a) Notice, and necessity to provide limited relief "to avoid immediate and irreparable harm"

(i) The tentative ruling is that, although there was only very limited notice, that notice is sufficient under the circumstances

The following matters ("First Day Motions") are on for hearing today on an expedited basis, pursuant to this Court's orders shortening time (dkt. 13-15). This Court has reviewed the notice of hearings (dkt. 20), the declaration of Antony Castro in support of the First Day Motions (dkt. 12), the proof of service of the First Day Motions, orders shortening time, and notice of hearing (dkt. 23), and the underlying "first-day" motion papers.

The tentative ruling, subject to any opposition at the hearing, or any future request for reconsideration by any entity that alleges a lack of sufficient notice and opportunity to be heard, is that Debtor has served the persons who are required to be served and has provided sufficient notice under the circumstances. See Rule 4001(a)(2), (b)(2), and Rule 6003(a) (Fed. R. Bankr. P.). In addition, the tentative ruling is that Debtor has provided sufficient evidence that the requested relief, to the limited extent provided below, is needed "to avoid immediate and irreparable harm" within the meaning of those rules.

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(ii) Alternatively, even if notice was inadequate, limited relief can be granted so as to provide adequate protection of interests in the bankruptcy estate

Even if one or more persons who were required to receive notice cannot appear at this hearing due to the lateness of notice, the tentative ruling is that sufficient notice has been provided for this Court to act, pursuant to 11 U.S.C. 102(1)(B)(ii). There is insufficient time before the acts authorized below must be taken. *Id.*

Alternatively, even if sufficient notice has not been provided, the tentative ruling is that this Court has, to a very limited extent, the ability to grant some relief so as to preserve Debtor's going concern value for the benefit of all parties in interest. The source of that very limited authority is as follows.

This Court is authorized and required, on request of (A) "an entity that has an interest" in property of the estate, "at any time" and "with or without a hearing," (B) to "prohibit or condition" the use of any property of the bankruptcy estate on whatever terms are necessary to provide "adequate protection" of any interest in such property. 11 U.S.C. 363(e) (emphasis added). The tentative ruling is that these provisions are applicable based on the following two step analysis.

First, the tentative ruling is that Debtor qualifies as an entity that has an interest in property of the estate. Debtor has an interest not only "wearing its hat" as a debtor but also, "wearing its hat" as a debtor in possession acting as a trustee for the benefit of all parties in interest, in the *res* that is the bankruptcy estate.

Second, the tentative ruling is that Debtor is requesting that this Court "prohibit or condition" the "use" of property of the estate so as to provide "adequate protection" because a "use" of cash includes not only the choice to pay an employee, for example (or pay other expenses of the "first day" motions), but also the choice not to pay that employee (or other first day motion expenses) and instead use that cash to earn interest in a bank account. Prohibiting the latter use, and imposing the condition that payments be made to preserve the status quo including preservation of Debtor's going concern value (*e.g.*, by paying employees so that they do not quit), is a form of adequate protection of all creditors that is appropriate in the emergency circumstances presented (as are the other uses of property of the estate that are tentatively authorized below).

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(iii) Most relief will be granted only on an interim basis, with supplemental papers required from Debtor and a further opportunity for any opposition and reply

The tentative rulings set forth below provide that certain of the motions will be granted only on an interim basis. For each such motion, the tentative ruling is to set final hearings on **7/21/26 at 1:00 p.m.**, with a **deadline of 7/2/26** for Debtor to file a proof of service of notice of those final hearings, a **deadline of 7/14/26** for any opposition papers, and a **deadline of 7/17/26** for Debtor's reply papers.

(b) Utilities Motion (dkt. 6), Castro Declaration (dkt. 7)

This Court questions whether a \$-0- deposit satisfies 11 U.S.C. 366 (although this Court recognizes the possibility of a one week deposit, and expresses no opinion whether that would be sufficient). Nevertheless (despite the tentative ruling that \$-0- might not comply with the statute), the tentative ruling is that any utility can elect to waive, or can forfeit, any requirement for a greater deposit, and that the continued hearing on this motion, with an opportunity to object, is sufficient.

With the foregoing caveat, and subject to any opposition at or before the hearing, the tentative ruling is to grant the Utilities Motion on an interim basis and to set a final hearing at the date and time set forth in part "(1)(a)(iii)" of this tentative ruling, above.

(c) Prepetition Wage and Benefits Motion (dkt. 6), Castro Declaration (dkt. 7)

Subject to any opposition at or before the hearing, the tentative ruling is to grant the Prepetition Wage and Benefits Motion on a final basis for the reasons stated in that motion and also based on 11 U.S.C. 507(a)(5).

(d) Cash Collateral Motion (dkt. 4), Castro Declaration (dkt. 7)

Debtor's weekly budget (Ex. D to motion, dkt. 4) does not appear to include income taxes. This Court presumes that this is because Debtor has sufficient "net operating loss carryforwards" or other grounds to anticipate \$-0- income tax. This Court also presumes that the line item for "Payroll Expenses" includes payroll taxes. This Court also presumes that the "Merchant Service Fees" and all other line items do not include any payments

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on account of prepetition debts. This Court also presumes that the line item for "Insurance [Table 1] [sic - this Court did not see any Table 1]" includes all necessary and appropriate insurance, and conversely does not include any inappropriate insurance (e.g., lavish life insurance payable to insiders). Debtor is directed to confirm these presumptions, or provide explanations if they cannot be confirmed, at the hearing.

Subject to adequately addressing the foregoing issues, and any opposition at or before the hearing, the tentative ruling is to grant the Cash Collateral Motion on an interim basis as set forth in Calendar No. 2 (7/1/26 at 1:00 p.m.) and to set a final hearing at the date and time set forth in part "(1)(a)(iii)" of this tentative ruling, above.

Proposed order(s): Unless otherwise ordered, Debtor is directed to lodge proposed order(s) on the matter(s) addressed here via LOU within 7 days after the hearing date (per LBR 9021-1(b)(1)(B)), modified as necessary or appropriate to conform to the tentative rulings set forth above.

(2) Dates/procedures. This case was filed on 6/29/26.

- (a) Bar date: TBD (DO NOT SERVE notice yet - court will prepare an order after the bar date has been established at the upcoming Principal Status Conference).
- (b) Procedures Order: dkt. 29 (proof of service not yet filed, but not due as of the preparation of this tentative ruling).
- (c) Plan/Disclosure Statement: TBD (DO NOT SERVE - except on the U.S. Trustee). See Procedures Order.
- (d) Continued status conference: 7/21/26 at 1:00 p.m., as previously ordered (this will be the Principal Status Conference). Status report due by 7/7/26 (see Procedures Order (dkt. 29)).

Party Information

Debtor(s):

Eclude Inc

Represented By
Steven R Fox

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#2.00 Hrg re: Motion for Authority to Use Cash Collateral on an Interim
and Final Basis

Docket 4

Tentative Ruling:

Subject to any opposition at or before the hearing, grant the Cash Collateral Motion on an interim basis, subject to the conditions set forth below, with a final hearing and associated deadlines as set forth in the tentative ruling for the status conference (Calendar No. 1, 7/1/26 at 1:00 p.m.).

Appearances required.

If you are making an appearance, you may do so (1) in person in the courtroom, unless the Court has been closed (check the Court's website for public notices), (2) via ZoomGov video, or (3) via ZoomGov telephone. For ZoomGov instructions for all matters on calendar, please see page 1 of the posted tentative rulings.

Key documents reviewed: Cash Collateral Motion (dkt. 4), Castro Declaration (dkt. 7 at pdf pp. 7-10) (no opposition on file as of the preparation of this tentative ruling)

Judge Bason's standard conditions for use of cash collateral and/or postpetition financing (by creditors holding prepetition claims)

(1) Written order

(a) Form. Use local form

F2081-2.1.ORDER.CASH.COLLATERAL or the equivalent. Attach a copy of this tentative ruling as an exhibit, thereby adopting it as the written ruling of this Court, subject to any changes ordered at the hearing. Do not repeat the terms set forth in the motion or any stipulation. Incorporate those terms by reference (including the docket number of the document), subject to any modification by this Court.

(b) Timing. Lodge the proposed order within 7 days after the hearing. See LBR 9021-1(b)(1)(B).

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(2) Minimum adequate protection

In addition to the postpetition security interests that are automatically provided pursuant to 11 U.S.C. 552 (e.g., in traceable proceeds and profits), and subject to any more comprehensive protection that may be approved, Debtor shall provide at least the following protection to any creditor with a security interest in the subject property (pursuant to 11 U.S.C. 361-364, as applicable):

(a) Insurance. For all collateral of a type that typically is insured (e.g., real property and improvements), Debtor is directed to maintain insurance in a dollar amount at least equal to Debtor's good faith estimate of the value of such creditor's interest in the collateral, and such insurance shall name such creditor as an additional insured. Debtor is directed to remain current on payments for such insurance.

(b) Taxes. Debtor is directed to remain current on payments on account of postpetition real estate taxes (to the extent that real estate is part of the collateral).

(c) Disclosures/access. Debtor is directed to provide, upon such creditor's reasonable request, periodic accountings of the foregoing insurance and tax obligations and payments, as well as postpetition proceeds, products, offspring, or profits from the collateral, including gross revenues and expenses and a calculation of net revenues. Debtor is directed to provide appropriate documentation of those accountings, and access for purposes of inspection or appraisal.

(3) Grant of, and limitation on, postpetition liens

The tentative ruling is to grant postpetition liens to any creditors holding secured claims by granting replacement liens, but such liens shall be limited to the same validity, priority, and amount as prepetition liens. As used herein, the "validity, priority, and amount" or any similar phrase that may be used by the parties or this Court is deemed to include the following:

(a) Extent. Such liens shall be limited to the *type* of collateral in which the creditor held a security interest as of the petition date. For example, if prepetition liens extended to inventory and accounts receivable but not equipment then postpetition liens are likewise limited (unless otherwise expressly provided by order of this Court). In addition, postpetition liens shall not extend to any avoidance actions or the proceeds thereof, any claim or

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recoveries under 11 U.S.C. 506(c), any "carveout" under 11 U.S.C. 552, or any claim or recoveries under 11 U.S.C. 724(a).

(b) Priority. Such liens shall be limited to the same *priority* as the security interest held by the creditor as of the petition date.

(c) Dollar amount. Such liens shall be limited to the dollar amount needed to protect the creditor against diminution in the *value* of the secured claims as of the petition date.

(d) Enforceability. Such liens shall be limited to the extent that the creditor's security interests were duly *perfected* and *valid* as of the petition date, and to the extent that they are *unavoidable*.

(e) Automatic postpetition perfection. Any *automatic* perfection of such liens shall be subject to any applicable limitations regarding the Court's authority, jurisdiction, or due process.

(4) Automatic disapproval of insufficiently disclosed provisions

Any provision of the type listed in FRBP 4001(c)(1)(B) or in local form F4001-2 (e.g., cross-collateralization) or any waiver of the "equities of the case" exception in 11 U.S.C. 552(b)(2) shall be deemed automatically disapproved and excepted from any order granting the motion, notwithstanding any other provision of such order, unless either: (a) such provision is specifically and prominently disclosed in the motion papers in a checklist (such as local form F4001-2), or alternatively (b) such provision is specifically identified in any proposed order granting the motion, using terminology of the type used in FRBP 4001(c)(1)(B) or local form F4001-2 (e.g., any "cross-collateralization" that is not specifically identified as such is deemed to be disapproved).

(5) Disputes

In the event of any disputes regarding the rulings in this order, the parties are directed to meet and confer and, if they cannot resolve their disputes consensually, contact Judge Bason's chambers to arrange a mutually convenient time for either a telephonic or in-person hearing to address such disputes.

Proposed order(s): Unless otherwise ordered, Debtor is directed to lodge proposed order(s) on the matters addressed here via LOU within 7 days after the hearing date (per LBR 9021-1(b)(1)(B)) and attach a

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copy of this tentative ruling, thereby incorporating it as this Court's
actual ruling.

Party Information

Debtor(s):

Eclude Inc

Represented By
Steven R Fox

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#3.00 Hrg re: Motion to Authorize Debtor to Pay Prepetition Priority Employee Wages

Docket 5

Tentative Ruling:

Please see the tentative ruling for the status conference (Calendar No. 1,
7/1/26 at 1:00 p.m.).

Party Information

Debtor(s):

Eclude Inc

Represented By
Steven R Fox

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#4.00 Hrg re: Motion for Interim and Final Orders (I) Approving Proposed Adequate Assurance of Payment for Future Utility Services; (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services; (III) Approving Proposed Procedures for Resolving Adequate Assurance Requests; and (IV) Granting Related Relief

Docket 6

Tentative Ruling:

Please see the tentative ruling for the status conference (Calendar No. 1, 7/1/26 at 1:00 p.m.).

Party Information

Debtor(s):

Eclude Inc

Represented By
Steven R Fox

ATTACHMENT

The Debtor and the U.S. Small Business Administration (“SBA”) announced at the hearing that they were prepared to stipulate to the use of cash collateral on an interim basis on the following terms:

1. The Debtor is authorized to use cash collateral on an interim basis pursuant to the budget attached to the Motion (docket 4).
2. The Debtor shall make an adequate protection payment in the amount of \$1,017 to the SBA on or before July 11, 2027, via the SBA’s electronic payment portal.
3. The SBA may inspect the collateral upon reasonable notice to the Debtor.
4. The SBA consents to the Debtor’s use of cash collateral on an interim basis.
5. The Debtor shall provide to the SBA a budget to actual report with variances and cash flow analysis by Thursday each week for the prior week.
6. The SBA and the Debtor reserve their rights in this matter.

The Court finds that on an interim basis, the terms of this stipulation are fair and appropriate and are approved.

The variance provision (Motion at page 9 lines 12 – 28), the carryforward provision (Motion at page 10, lines 1 to 9) and the application of gross receipts to costs of goods sold and to expenses (Motion, page 10 at lines 10-15) are approved on an interim basis as requested by the Debtor.

A copy of the Court’s tentative is attached to this Order as **Exhibit “A.”**

The provisions in the Court’s tentative at section 2(a) to section 2(c) concerning adequate protection are ordered.

The provisions in the Court’s tentative at section 3(a) to section 3(~~ee~~) concerning the grant of, and the limitation on, post-petition liens are ordered.

The provision in the Court’s tentative at section (4) concerning the automatic disapproval of insufficiently disclosed provisions is ordered.

The provision in the Court’s tentative at section (5) concerning disputes is ordered.