

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

IN RE:

INSIDE SCOOP, INC.

DEBTOR

)
)
)
)
)

CASE NO.

19-06825-JMC-11

DEBTOR'S FIRST DAY MOTION PURSUANT TO 11 U.S.C. §§ 363, 361, AND
105 FOR AUTHORIZATION TO USE CASH COLLATERAL
AND PROVIDE ADEQUATE PROTECTION

Inside Scoop, INC. ("**Inside Scoop, INC.**" or the "**Debtor**"), by the undersigned proposed counsel, hereby files its *First Day Motion Pursuant to 11 U.S.C. §§ 363, 361, and 105, for Authorization to Use Cash Collateral and Provide Adequate Protection* (the "**Motion**") and in support of the Motion states the following:

JURISDICTION AND VENUE

1. On September 13, 2019 (the "**Petition Date**"), the Debtor filed a voluntary petition in this Court for reorganization relief under Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtor seeks to operate its businesses and manage its property as debtor- in-possession under Sections 1107(a) and 1108 of the Bankruptcy Code.
2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this case and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).
3. The Debtor will shortly be filing its application to hire REDMAN LUDWIG P.C., as counsel for the Debtor.

BACKGROUND

DEBTOR'S BUSINESS OPERATIONS

4. The Debtor is an Indiana corporation that does business in Noblesville, Indiana.
5. The Debtor sells candy at retail in seven malls. The primary business operations of the Debtor are located at 1098 South 10th Street Noblesville, IN 46060. It has 40 employees.

ORGANIZATIONAL STRUCTURE

6. The Debtor is an Indiana for-profit corporation and is managed by its owner, Scott Weston.
7. The Debtor sells candy at retail in malls by utilizing inventory purchased from various vendors.

THE CASH COLLATERAL

8. **Inside Scoop, Inc.** is indebted to First Merchants Bank, NA in the approximate amount of \$235,000.00. The loan was secured by all assets of Debtor, and perfected by UCC Statement 200200001335622 first filed with the Indiana Secretary of State on February 13, 2002, and continued since then with a current lapse date of February 12, 2022.
9. The Debtor is unaware of any other creditors claiming a security interest in the Debtor's cash, bank accounts, and accounts receivable (the "**Cash Collateral**").
10. As of the Petition Date, the Debtor's bank accounts, held cash and securities in the amount of approximately \$2,500.00.
11. As of the Petition Date, the Debtor believes its inventory totaled approximately \$212,000.00 (the "**Inventory**").
12. Debtor's total assets which secure the lien of First Merchants Bank, NA. are worth approximately \$224,500.00.

RELIEF REQUESTED

13. By this Motion, the Debtor seeks entry of an order authorizing the Debtor to utilize Cash

Collateral, in accordance with the budget attached hereto as Exhibit A, and seeks authority to provide adequate protection to First Merchants Bank, NA.

BASIS FOR RELIEF REQUESTED

14. The statutory bases for the relief requested herein are Sections 105, 361, 363, and 364 of the Bankruptcy Code.
15. If the Debtor is not permitted to use the Cash Collateral to operate its business and maintain the property securing the Indebtedness, the Debtor will have to cease operations immediately.
16. In order to continue to generate income, the Debtor must continue to operate its business and vehicle and to pay its normal operating expenses.
17. The Debtor believes the costs of continuing to operate its business are less than the income it will generate from such operations over time, thereby creating replacement collateral for the protection of its secured creditors, and posing no threat to its unsecured creditors.
18. The Debtor is without funds, credit or unencumbered assets with which to pay its employees or with which to deal with its trade creditors to secure necessary goods and services, and therefore requires the use of Cash Collateral to meet those operating expense requirements.
19. An immediate, urgent and ongoing need exists for Debtor to use Cash Collateral to meet payroll obligations to continue to operate as a going concern, including, but not limited to, the payment of payroll expenses incurred prior to the Petition Date.
20. In order to maintain the viability of the Debtor's business for the benefit of the estate and its creditors, and to maximize the value of said business, it is essential that the Debtor be granted authority to use Cash Collateral.
21. As adequate protection for the use of Cash Collateral as outlined in Exhibit A, the Debtor proposes the following:
 - a. First Merchants Bank, NA will be granted replacement liens on post-petition

receivables and accounts to the same extent and validity as such liens existed in the pre-petition Cash Collateral;

- b. The Debtor will pay its regular payments pursuant to its loans to the secured debt to First Merchants Bank, NA starting October 1, 2019.
- c. The Debtor will continue to maintain appropriate insurance and pay tax obligations as they come due.

NOTICE AND NO PREVIOUS REQUEST

22. Pursuant to Bankruptcy Rule 4001(d)(1), notice of the relief requested in this Motion has been given to the First Merchants Bank, NA, the Debtor's other secured creditors, the Debtor's twenty (20) largest unsecured creditors, and the Office of the United States Trustee.

23. No previous request for the relief sought herein has been made to this or any other court.

Pursuant to local Bankruptcy Rule B-4001-2, the Debtor certifies as follows:

There is no provision for cross-collateralization of pre-petition debt, there are no professional fee provisions that provide disparate treatment for the professionals retained by a creditors' committee from those now provided for the professionals retained by the Debtor, there is no priming of any existing liens, there are no provisions that calls for payment of fees or costs by the Debtor other than a reasonable attorney's fee for loan documentation and there is no provision that limits, restricts or otherwise affects the terms of a proposed plan of reorganization.

Attached hereto and incorporated herein as the Debtor's budget which indicates amounts of income projected and expenses projected on a monthly basis.

WHEREFORE, based on the foregoing, the Debtor respectfully requests that this Court enter an interim order authorizing the Debtor to use Cash Collateral substantially in accordance with the budget attached hereto, and scheduling a final hearing on the Debtor's request for authority to use Cash Collateral.

Respectfully submitted this 13th day of September, 2019,

A handwritten signature in black ink, appearing to read 'Eric C. Redman', with a long horizontal flourish extending to the right.

/s/ Eric C. Redman

Eric C. Redman, #6330-49

REDMAN LUDWIG, P.C.

151 N. Delaware Street, #1106

Indianapolis, IN 46204

Phone: (317) 685-2426

Facsimile: (317) 636-8686

eredman@redmanludwig.com