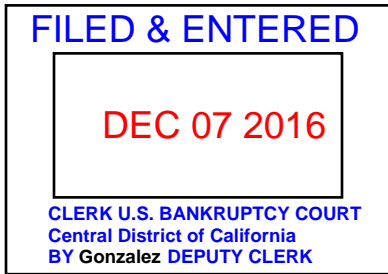


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8 UNITED STATES BANKRUPTCY COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10 SAN FERNANDO VALLEY DIVISION

11 In re ) **CASE NO: 1:16-bk-12518 MT**  
12 )  
13 ) **CHAPTER 11**  
14 Ireland Needlecraft, Inc. d/b/a H&S )  
Bicycles, ) **ORDER GRANTING DEBTOR'S**  
15 ) **MOTION TO USE CASH**  
16 ) **COLLATERAL ON A FINAL BASIS**  
17 Debtor. )  
18 ) Date: November 3, 2016  
19 ) Time: 9:30 a.m.  
20 ) Place: Courtroom 302  
21 )

22 A hearing was held on November 3, 2016, at 9:30 a.m. in the U.S. Bankruptcy  
23 Court for the Central District of California, Courtroom 302, San Fernando Valley  
24 Division, the Honorable Maureen Tighe, U.S. Bankruptcy Judge presiding, on the  
25 Debtor's "Motion to Use Cash Collateral on an Interim and Final Basis" ("Motion")<sup>1</sup>.

26 Steven R. Fox appeared for the Debtor-in-Possession. Kate Bunker  
27 appeared for the U.S. Trustee. Other appearances were as noted in the Court's  
28 record.

<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

1 The Court has considered the Motion and statements of counsel at the  
2 hearing. Notice of the hearing was appropriate under the circumstances. The  
3 Debtor provided a proposed budget which is found in the Motion at Exhibit "A."

4 Based on the evidence provided, the parties asserting interests in monies  
5 appear to be Cycling Sports Group, Inc. ("CSG") and Giant Bicycles, Inc.  
6 (collectively the "Secured Creditors"). It was announced to the Court that CSG and  
7 the Debtor had reached a global agreement concerning various issues including the  
8 use of cash collateral and that, as part of this global agreement, the parties will be  
9 bringing a separate motion by which CSG will provide a line of credit to the Debtor to  
10 obtain additional bicycles. Finding the terms announced to be fair and reasonable,  
11 the Court incorporates below terms relating to the resolution of these issues relating  
12 to cash collateral.

13 The Court finds that granting the motion, including spending monies under the  
14 revised budget, constitutes adequate protection to secured creditors and granting  
15 the relief requested is necessary to avoid immediate and irreparable injury to the  
16 estate.

17 **IT IS HEREBY ORDERED THAT:**

18 1. The Motion is granted. During the term of this Order and subject to its terms  
19 and conditions, the Debtor is authorized to use cash collateral on an interim basis subject  
20 to the terms of the budget and subject to the conditions below.

21 2. The Debtor is authorized to use Cash Collateral for the period November 5,  
22 2016, by and through plan confirmation in the ordinary course of business.

23 3. As further adequate protection, the Secured Creditors are granted  
24 replacement liens in all post-petition assets of the Debtor, other than avoidance power  
25 actions and recoveries. Except as set forth in Paragraph 4 below, the replacement  
26 liens granted to the Secured Creditors here shall have the same extent, validity, and  
27 priority (and shall be subject to the same defenses) as the Secured Parties'  
28 respective liens and security interests in prepetition collateral.

1           4.       Additionally, as further adequate protection for CSG against the diminution in  
2 value of CSG's prepetition collateral, the Court hereby orders that:

3           a.       As to those bicycles which the Debtor acquired from CSG prepetition  
4 and for which the Debtor has not already paid CSG the wholesale cost (the  
5 "Unpaid Prepetition CSG Bicycles") and upon the sale or transfer of such  
6 bicycles, the Debtor shall remit to CSG 70% of the wholesale price from each  
7 Unpaid Prepetition CSG Bicycle. On the 5<sup>th</sup> and 20<sup>th</sup> of each month, the  
8 Debtor shall provide a report to CSG identifying the Unpaid Prepetition CSG  
9 Bicycles sold since the last report and remit payment to CSG at that time by  
10 check or by other means the Debtor and CSG may mutually agree to employ.

11           b.       In addition to the adequate protection lien described in paragraph 6,  
12 above, CSG shall receive a first-priority replacement lien on any and all CSG  
13 bicycles acquired by the Debtor after the Petition Date.

14           c.       The Debtor shall return to CSG all boxed Model Year 2016 and 2017  
15 bicycles and such additional bicycles as will be specified on a list that the  
16 parties will separately submit to the Court (the "Redeemed CSG Bicycles").  
17 CSG shall provide a dollar for dollar credit for all returned bicycle product at  
18 the Debtor's wholesale cost. CSG shall provide such credit in writing to the  
19 Debtor no later than seven (7) days after the Redeemed CSG Bicycles have  
20 been received by CSG.

21           d.       CSG holds a valid, perfected, first-priority security interest in all of the  
22 bicycles that CSG sold to the Debtor prior to the Petition Date, and will  
23 acknowledge the remaining amount of CSG's claim after the Redeemed CSG  
24 Bicycles have been returned to CSG.

25           e.       CSG shall have the right to collect contractual interest and to  
26 reasonable attorneys' fees up to the value of its prepetition collateral (and  
27 subject to Court approval). In the event the Debtor disputes the  
28

