

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)

IN RE: * Chapter 11
* Case No: 16-17913
Langermann's of Baltimore, LLC *
Debtor *
* * * * *

MOTION FOR AGREED ORDER (I) TO AUTHORIZE DEBTOR'S
USE OF CASH COLLATERAL AND (II) GRANT
POST PETITION REPLACEMENT LIENS AND ADEQUATE PROTECTION

The debtor and debtor in possession, Langermann's of Baltimore, LLC, respectfully moves this Honorable Court to grant the above relief pursuant to Bankruptcy Code §363, on the grounds and reasons hereinafter stated:

1. The Debtor is Langermann's of Baltimore, LLC (a Maryland Limited Liability Company). The Debtor filed this voluntary Chapter 11 case on June 10, 2016. No trustee or committees have been appointed in this matter. The Debtor is the Debtor in possession.

2. This Court has jurisdiction over this Bankruptcy Case and the Motion pursuant to 28 U.S.C. §157(b) and §1334. The Motion presents a core proceeding as defined in 28 U.S.C. §157(b)(2).

3. The Debtor is in the business of owning, managing and operating a restaurant named Langermann's located at 2400 Boston Street, Baltimore, Maryland 21224 (the "Restaurant").

4. The Debtor continues to operate the Restaurant post-petition as Debtor-in-possession pursuant to Bankruptcy Code §1107 and §1108.

5. Rewards Network is a company that provides incentives and rewards to its

members through its loyalty programs based upon member purchases or "dines" at participating restaurants. Rewards Network pre-purchases future accounts receivable at a discount which are then generated by Rewards Network's "members" when they dine at the participating restaurant with a registered credit card. Rewards Network then pays the members their benefit or reward (e.g., cash back, airline miles, hotel points, etc.) based upon the amount of dining credits redeemed for their dining transaction. At the same time, Rewards Network provides marketing and advertising of its participating restaurants to its member base in order to encourage members to dine at the participating restaurants.

6. On November 1, 2010, the Debtor executed and delivered to Rewards Network a Dining Credits Program Agreement (as amended, replaced, renewed, or supplemented from time to time, the "Agreement"), whereby Rewards Network purchased accounts receivables generated when Rewards Network's members dine at the Restaurant and agreed to provide marketing and other services. A true and correct copy of the Agreement (together with all amendments thereto) is attached as Exhibit "A" to the Motion.

7. In connection with the Agreement, the Debtor executed and delivered to Rewards Network a Security Agreement dated November 1, 2010, pursuant to which the Debtor granted Rewards Network a valid and perfected lien and security interest in all of the Debtor's personal property, tangible and intangible, wherever located, including but not limited to the following (the "Collateral"):

[A]ll . . . equipment, furniture, artwork, inventory, instruments, investment property, documents, general intangibles, deposits, contract rights, tradenames, trademarks, patents, supporting obligations, payment intangibles, chattel paper, commercial tort claims, licenses, liquor licenses, permits, franchise agreements, payments due from credit card and bank card companies or processors, accounts receivable, accounts, leases, deposit accounts, refunds of bonds, monies due or to become due from the State Liquor Authority and/or State Division of Alcoholic Beverage Control and, to the extent not listed above as original collateral, all products and proceeds of all of the Collateral in whatever form . . .

A true and correct copy of the Security Agreement is attached as Exhibit "B" to this Motion.

8. The Collateral includes all accounts receivable, cash on hand, inventory, all proceeds and all other cash collateral of the Debtor, as defined in 11 U.S.C. §363(a), but consists mostly of inventory necessary to keep restaurant operational.

9. To perfect its interest in the Collateral (including all cash collateral), on November 8, 2010, Rewards Network filed a UCC Financing Statement with the Office of the Maryland State Department of Assessments and Taxation at File No. 0000000181407685 (the "UCC Financing Statement"). On October 9, 2015, Rewards Network filed a continuation of the UCC Financing Statement (the "Continuation Statement"). True and correct copies of the UCC Financing Statement and the Continuation Statement are attached as Exhibit "C" to the Motion. The Agreement, the Security Agreement, and the UCC Financing Statement, and any and all amendments or modifications to any of the foregoing, as well as all other documents evidencing, securing or relating to the Agreement, may be referred to collectively hereinafter as the "RN Documents."

10. Accordingly, Rewards Network holds a valid and perfected lien and security interest in all of the Collateral, including all assets and proceeds which are "cash collateral" within the meaning of Bankruptcy Code §363(a). The Rewards Network Collateral that constitutes cash collateral will be referred to herein as the "Cash Collateral." The Cash Collateral also secures repayment of the obligations owing from the Debtor to Rewards Network.

11. Pursuant to the Agreement, upon a default, the Debtor owes a liquidated sum (based on the then outstanding dining credits under the Agreement) plus a 10% fee to Rewards Network.

12. As of the Petition Date, under the § IX(B) of the Agreement, Rewards Network holds a liquidated secured claim against the Debtor in the amount of at least \$11,440.77 (calculated as dining credits of 20,801.40 x 0.5 x 1.1), plus attorney's fees and costs allowable under Bankruptcy Code §506(b) (the "Indebtedness").

13. The Agreement constitutes an executory contract which may be assumed under Bankruptcy Code §365.

14. The Collateral is subject to wear and tear and is declining in value by the Debtor's continued use post-petition.

15. The Debtor has requested that Rewards Network consent to the Debtor's use of Cash Collateral, and the Debtor has undertaken arm's-length negotiations with Rewards Network, regarding its use of Cash Collateral. Rewards Network is willing to allow the Debtor the use of Cash Collateral pursuant to the terms and conditions of "Agreed Order" submitted herewith, including post-petition performance and payment of post-petition cure amount which together will require an expenditure of \$375.00 - \$550.00 per month. Attached thereto as Exhibit "D" to the Motion is a post-petition "Budget" which demonstrates Debtor's financial ability to comply.

16. Creditors identified as Maryland Department of Housing and Community Development ("MDHCD") and Can Capital, Inc., appear to be second and third in priority respectively with respect to claims of security interest in the cash collateral. The Debtor has requested immediate entry of this Order pursuant to Bankruptcy Rule 4001(b)(2).

17. No memorandum will be filed and movant will rely solely upon this Motion.

WHEREFORE, Debtor requests relief as set forth in the "Agreed Order" filed herewith.

Respectfully submitted,

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