




Order Filed on December 28, 2016
by Clerk
U.S. Bankruptcy Court
District of New Jersey

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY	
DEMBO, BROWN & BURNS LLP Michael E. Brown, Esquire 1300 Route 73, Suite 205 Mount Laurel, New Jersey 08054 Attorneys for Secured Creditor, Key Star Capital Fund, L.P.	
In re:	Case No. 16-24206-ABA
LINCOLN MEDICAL SUPPLY COMPANY, LLC,	Chapter 11
Debtor(s).	Honorable Andrew B. Altenburg, U.S.B.J.

**FINAL ORDER AUTHORIZING
DEBTOR'S USE OF CASH COLLATERAL**

The relief set forth on the following pages, numbered two (2) through eight (8), is hereby
ORDERED.

DATED: December 28, 2016



Honorable Andrew B. Altenburg, Jr.
United States Bankruptcy Court

Debtor: Lincoln Medical Supply Company, LLC
Case No.: 16-24206-ABA
Caption of Order: Final Order Authorizing Debtor's Use of Cash Collateral

This matter is before the Court on the motion of Lincoln Medical Supply Company, LLC Chapter 11 debtor and debtor-in-possession (the "Debtor"), for authority to use the cash collateral of Key Star Capital Fund, L.P. ("Key Star" and/or "Secured Creditor") pursuant to Bankruptcy Rule 4001(b) and 11 U.S.C. Section 363(c)(2)(B). Notice of the application together with notice of the preliminary hearing thereon has been given and served by Debtor to (1) the United States Trustee and (2) counsel to Key Star. In further consideration of the motion, and after due deliberation and good and sufficient cause appearing for the entry of the within order, it is hereby found:

A. Notice and Hearing. Notice of the motion and order shortening time pursuant to D.N.J. LBR 9013-1(e) and Federal Rule of Bankruptcy Procedure 9006(c) for the preliminary hearing on Debtor's use of cash collateral have been served in accordance with Section 102(1) of the Bankruptcy Code and Federal Rule Procedure 4001(b), or if by Consent, under Federal Rule of Bankruptcy Procedure 4001(d), which notice is appropriate in the particular circumstances and is sufficient for all purposes under the Bankruptcy Code and the applicable Bankruptcy Rules in respect to the relief requested.

B. Chapter 11 Filed. Debtor filed its petition under Chapter 11 of the Bankruptcy Code on July 25, 2016 (the "Petition Date"), and is presently operating as a debtor-in-possession in accordance with sections 1107 and 1108 of the Bankruptcy Code.

C. Pre-Petition Debt and Resolution of Dispute. Key Star, a secured creditor, asserted a secured claim against the Debtor in the amount of \$1,351,512.59 as of the Petition Date (the "Pre-Petition Debt"). The Debtor and Key Star acknowledge and agree for purposes of

Debtor: Lincoln Medical Supply Company, LLC
Case No.: 16-24206-ABA
Caption of Order: Final Order Authorizing Debtor's Use of Cash Collateral

resolving any dispute between the parties that Key Star shall be allowed a secured claim in the amount of \$600,000.00 (the "Secured Claim") and an Unsecured Claim in the amount of \$751,512.29 (the "Unsecured Claim"). The Debtor further acknowledges and agrees to repay the Secured Claim to Key Star in monthly payments of \$5,933.15 per month inclusive of interest payable at the rate of 3.5% per annum with the first payment becoming due and payable on January 1, 2017 and continuing each month thereafter through November 1, 2021. The principal and interest payment amount is based on a 120 month amortization. The Debtor further acknowledges and agrees that the remaining balance of the Secured Claim shall become immediately due and payable on December 1, 2021. Key Star further acknowledges and agrees that any payment received by Key Star from the Debtor pursuant to a confirmed Plan of Reorganization with respect to the Unsecured Claim as defined herein shall be applied by Key Star to the Secured Claim.¹

D. Pre-Petition Collateral. The Court held that Key Star has liens on certain assets of the Debtor as of the commencement of the case including, but not limited to, the Debtor's accounts, inventory, and other collateral which is or may result in cash collateral.

E. Cash Collateral. "Cash Collateral" as defined by Section 363(a) of the Bankruptcy Code includes post-petition proceeds, products, offspring, rents, or profits of property and the fees, charges, accounts, or other payments for the use or occupancy of rooms

¹ Key Star and the Debtor agree that any other aspect of the parties' agreement with regard to any non-debtor entity and/or non-debtor property shall be set forth in a separate agreement executed by the parties and filed with the Superior Court of New Jersey.

Page 4

Debtor: Lincoln Medical Supply Company, LLC
Case No.: 16-24206-ABA
Caption of Order: Final Order Authorizing Debtor's Use of Cash Collateral

and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in Section 522(b) and as the term "proceeds" is described in UCC Section 9-306.

F. Necessity and Best Interest. The Debtor does not have sufficient unencumbered cash or other assets with which to continue to operate its business in Chapter 11. The Debtor requires immediate authority to use cash collateral as defined herein in order to continue its business operations without interruption toward the objective of formulating an effective plan of reorganization. Debtor's use of cash collateral to the extent and on the terms and conditions set forth herein is necessary to avoid immediate and irreparable harm to its estate pending a final hearing.

G. Purposes. The Debtor is authorized to use cash collateral to meet the ordinary cash needs of the Debtor (and for such other purposes as may be approved in writing by the Secured Creditor) for the payment of actual expenses of Debtor to (a) maintain and preserve its assets (b) continue operation of its business, including but not limited to payroll and payroll taxes, and insurance expenses as reflected in the Cash Collateral Budget and (c) payment of statutory fees pursuant to 28 U.S.C. § 1930(a)(6).

The Court having determined that the Debtor is authorized to use Key Star's cash collateral subject to the terms set forth herein; and for good cause shown, it is

ORDERED as follows:

1. Use of Cash Collateral. The Debtor is authorized *nunc pro tunc* from the Petition Date to use cash collateral for the following purposes:

Debtor: Lincoln Medical Supply Company, LLC
Case No.: 16-24206-ABA
Caption of Order: Final Order Authorizing Debtor's Use of Cash Collateral

- a. Maintenance and preservation of its assets;
- b. the continued operation of its business, including but not limited to payroll, payroll taxes, employee expenses, and insurance costs;
- c. the purchase of replacement inventory; and
- d. the payment of statutory fees pursuant to 28 U.S.C. § 1930(a)(6).

2. Adequate Protection. As adequate protection for use of cash collateral, the Secured Creditor is GRANTED:

a. Replacement Lien. A replacement perfected security interest under Section 361(2) of the Bankruptcy Code to the extent the Secured Creditor's cash collateral is used by Debtor, to the extent and with the same priority in Debtor's post-petition collateral, and proceeds thereof that the Secured Creditor held in Debtor's pre-petition collateral subject to statutory fees pursuant to 28 U.S.C. § 1930(a)(6).

b. Statutory Rights Under Section 507(b). To the extent the adequate protection provided for hereby proves insufficient to protect the Secured Creditor's interest in and to the cash collateral, the Secured Creditor shall have a superpriority administrative expense claim, pursuant to Section 507(b) of the Bankruptcy Code, senior to any and all claims against Debtor under Section 507(a) of the Bankruptcy Code, whether in this proceeding or in any superseding proceeding subject to statutory fees pursuant to 28 U.S.C. § 1930(a)(6).

c. Periodic Accountings. Debtor shall remain current on its reporting as required by prevailing bankruptcy law and provide any reporting as required by the

Debtor: Lincoln Medical Supply Company, LLC
Case No.: 16-24206-ABA
Caption of Order: Final Order Authorizing Debtor's Use of Cash Collateral

relevant Loan Documents securing and/or evidencing the loan to the Secured Creditor.

d. Adequate Protection Payments. Commencing January 1, 2017, the Debtor shall make an adequate protection payment in the amount of \$5,933.15 to Key Star, which Key Star acknowledges and agrees to apply to repayment of the Secured Claim pursuant to the parties' agreement as set forth herein.

e. Default Hearing. In the event the Debtor defaults or violates this Order, the Secured Creditor is entitled to request a hearing within fourteen (14) days (or if immediate and irreparable injury, loss, or damage may occur, an emergency hearing within 48 hours).

f. Deemed Perfected. The replacement lien and security interest granted herein are automatically deemed perfected upon entry of this Order without the necessity of the Secured Creditor's taking possession, filing financing statements, mortgages, or other documents. Although not required, upon request by the Secured Creditor, Debtor shall execute and deliver to the Secured Creditor any and all UCC Financing Statements, UCC Continuation Statements, Certificates of Title or other instruments or documents considered by the Secured Creditor to be necessary in order to perfect the security interests and liens in the Debtor's post-petition collateral and proceeds granted by this Order, and the Secured Creditor is authorized to receive, file, and record the foregoing at the Secured Creditor's own expense, which actions shall not be deemed a violation of the automatic stay.

3. Creditor's Rights of Inspection and Audit. Upon reasonable notice by Key Star,

Debtor: Lincoln Medical Supply Company, LLC
Case No.: 16-24206-ABA
Caption of Order: Final Order Authorizing Debtor's Use of Cash Collateral

the Debtor shall permit such creditor and any of its agents reasonable and free access to the Debtor's records and places of business during normal business hours to verify the existence, condition, and location of collateral in which said creditor holds a security interest and to audit the Debtor's cash receipts and disbursements.

4. Interlocutory Order and No Modification of Creditor's Adequate Protection. This is an interlocutory order. Nothing contained herein shall be deemed or construed to (a) limit the Secured Creditor to the relief granted herein; (b) bar the Secured Creditor from seeking other and further relief (including without limitation relief from the terms of this Order) for cause shown on appropriate notice to the Debtor and other parties-in-interest entitled to notice of same; or (c) require the Secured Creditor to make any further loans or advances to the Debtor. The Order may be modified for cause shown by the Debtor, the Secured Creditor, or any other party-in-interest on due notice. No such modification, however, shall deprive the Secured Creditor of its interests in the Debtor's property (pre-petition and post-petition).

5. Debtor shall timely comply with all of its obligations to the United States Trustees Office including but not limited to making all quarterly payments as required.

NOTICE ORDER

IT IS FURTHER ORDERED that the Debtor serve a copy of this Order and Notice by first class mail within one (1) business day from the date hereof, on (1) the Office of the United States Trustee; (2) counsel for the Bank; and (3) the Debtor's twenty (20) largest unsecured creditors; any other parties claiming an interest in the cash collateral; and any other party that

Page 8

Debtor: Lincoln Medical Supply Company, LLC
Case No.: 16-24206-ABA
Caption of Order: Final Order Authorizing Debtor's Use of Cash Collateral

requested notice. The Debtor shall immediately file with the Clerk a Certificate of Service of said mailing.