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in-possession MJC America, Ltd.

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:) Case No. **2:13-bk-39097-SK**
)
) Chapter 11
)
MJC AMERICA, LTD.,) **STIPULATION FOR ORDER**
) **AUTHORIZING INTERIM CONTINUED**
) **USE OF CASH COLLATERAL**
)
) [NO HEARING REQUIRED]
)
Debtor.)
_____)

This stipulation (“Stipulation”) is made by and between MJC America, Ltd., debtor and debtor in possession (“MJC” or “Debtor”) and East West Bank (“EWB”), collectively the “Parties,” with respect to the following:

RECITALS

A. On December 10, 2013 (“the Petition Date”), MJC filed a voluntary petition under Chapter 11 of the Bankruptcy Code commencing this case. ¹

B. On December 18, 2013, MJC filed a stipulation with EWB for interim use of cash collateral (“Cash Collateral Stipulation”). Docket #21. ²

C. On December 18, 2013, the Court entered an Order Authorizing Debtor To Use Cash

¹ Unless otherwise indicated, all statutory references are to the Bankruptcy Code (11 USC).

² Unless otherwise indicated, capitalized terms have the same definition as in the Cash Collateral Stipulation.

1 Collateral On An Interim Basis And Setting Further Hearing. Docket #22.

2 D. On December 30, 2013, the Court entered an Order Approving Stipulation Between
3 Debtor And East West Bank For Use Of Cash Collateral (“Cash Collateral Order”). Docket #28.

4 E. The Cash Collateral Stipulation provides, among other things, that it expires on April
5 30, 2014, unless superseded by an order of the Court or extended by agreement of the Parties
6 (Section 2).

7 F. The Parties wish to continue the use of Cash Collateral and have reached an
8 agreement whereby EWB will consent to the use of cash collateral pursuant to §363(c)(2)(A) under
9 the following terms and conditions.

10 **STIPULATION**

11 Now, therefore, the Parties, by and through their respective counsel, agree and stipulate as
12 follows:

13 1. The Recitals set forth above are incorporated and each of the Parties represents that
14 the Recitals are true and correct.

15 2. Except as expressly set forth herein, the terms and conditions of the Cash Collateral
16 Stipulation remain in full force and effect.

17 3. This Stipulation for the continued use of Cash Collateral shall expire by its own terms
18 at the close of business on August 31, 2014, unless: (i) earlier terminated or superseded by an order
19 of the Court or the case is dismissed or converted to Chapter 7 or (ii) extended by agreement of the
20 Parties (“Operative Period”).

21 4. Attached to this Stipulation, as Exhibit “A” is a cash flow budget (the “Budget”).

22 a. Debtor is authorized to use Cash Collateral solely to pay the expenses during
23 the Operative Period set forth in the Budget and to the extent actually incurred by Debtor for its
24 business operations and not to exceed the amounts set forth in the Budget by more than five percent
25 (5%) in the aggregate and by more than five percent (5%) for any line item expense category set
26 forth on the Budget. Such Budget may be amended or extended only by written agreement of
27 Debtor and EWB, without further order of the Court.

28

1 b. MJC shall, as necessary or appropriate, request the right to use cash collateral
2 for purposes not set forth in the Budget or in amounts in excess of the Budget. EWB may, in its sole
3 discretion, consent to such use without the need for further Court hearing or order. If EWB does not
4 consent to such use, MJC reserves its right to file a motion under §363(b) seeking permission to use
5 the requested funds.

6 5. MJC shall pay EWB monthly adequate protection payments, in cash, in the amount of
7 \$75,000 each month that MJC is authorized to use Cash Collateral. Each monthly payment shall be
8 paid by the 16th day of each month in which MJC is authorized to use Cash Collateral, commencing on
9 April 16, 2014. EWB shall be allowed, at its sole discretion, to permanently apply such adequate
10 protection payments to any obligations owed by MJC to EWB under the terms of the Credit Facility
11 which is secured by property of the bankruptcy estate.

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13 Dated: April 4, 2014

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By: Sylvia Lew for
David A. Tilem, Attorneys for MJC
America, Ltd.

18 Dated: April 2, 2014

BUCHALTER NEMER

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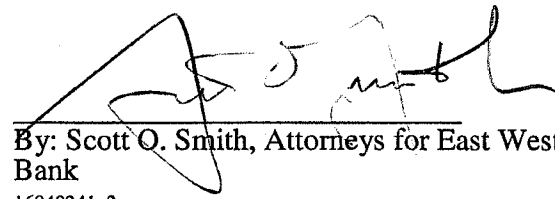

By: Scott O. Smith, Attorneys for East West
Bank
16040241v2

Exhibit "A"

Exhibit "A"

	April	May	June	July	August	TOTAL
Revenue						
Total Sales -AC, Heaters, Compressors	\$1,000,000	\$1,200,000	\$1,200,000	\$1,000,000	\$500,000	\$4,900,000
Total Fee Income	\$156,932	\$132,300	\$163,465	\$41,597	\$3,298	\$497,592
Total Revenue	\$1,156,932	\$1,332,300	\$1,363,465	\$1,041,597	\$503,298	\$5,397,592
Cost of Sales						
Total COGS- AC, Heaters, Compressor	\$700,000	\$840,000	\$840,000	\$700,000	\$350,000	\$3,430,000
Gross Profit	\$456,932	\$492,300	\$523,465	\$341,597	\$153,298	\$1,967,592
Cash Collection from Customers						
Accounts Receivable Collection	\$1,100,000	\$1,400,000	\$1,500,000	\$1,400,000	\$900,000	\$6,300,000
	\$1,100,000	\$1,400,000	\$1,500,000	\$1,400,000	\$900,000	\$6,300,000
Operating Expenses to Creditors						
Accounts Payable:						
Supplier- Inventory (GreeUSA Sales LTD)						\$0
Supplier- Inventory (GreeHK)						\$0
Supplier- Inventory (MJC Supply LLC)						\$0
Supplier- Inventory (Ningbo Bole Electric)						\$0
Supplier- Inventory (Shanghai Trading)						\$0
Supplier- Inventory (SVI)						\$0
Supplier- Inventory (Zhejiang Aoli Electric)						\$0
QVC-Judgment						\$0
Sales Tax Payable	\$4,520	\$2,468	\$5,802	\$3,909	\$6,599	\$23,298
Loan From Affiliated						\$0
Levy from Shareholders						\$0
Line of Credit - EV Bank (included interest)	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$375,000
AX Credit Card Liabilities						\$0
Secured Auto and Equipment Loans						\$0
Expenses:						
Auto Expenses - Company Truck and Employee	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000
Auto Expenses - Insiders	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$6,000
Bank Charge	\$309	\$309	\$309	\$309	\$309	\$1,545
Certification Fee (Testing)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
COGS - For Purchasing made in 2014	\$500,000	\$630,000	\$670,000	\$670,000	\$150,000	\$2,620,000
Commissions & Fees Expense	\$70,000	\$84,000	\$84,000	\$70,000	\$35,000	\$343,000
Computer Expense	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$5,150
Convention/Meeting	\$0	\$0	\$0	\$0	\$0	\$0
Court Quarterly Fee	\$9,750	\$0	\$0	\$9,750	\$0	\$19,500
Credit Card Fee	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$15,000
Credit Report Fee	\$1,653	\$1,653	\$1,653	\$1,653	\$1,653	\$8,265
Disposal Expense	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
E-Commerce Fee	\$1,500	\$1,960	\$1,102	\$1,128	\$1,009	\$6,699
Freight Expenses	\$30,000	\$40,000	\$45,000	\$45,000	\$30,000	\$190,000
Freight-In & Duty	\$50,000	\$70,000	\$60,000	\$40,000	\$30,000	\$250,000
Gift Expenses	\$515	\$515	\$515	\$515	\$515	\$2,575
Health Insurance (Employee Benefit)	\$24,720	\$24,720	\$24,720	\$24,720	\$24,720	\$123,600
Health Insurance (Insiders Portion)	\$6,180	\$6,180	\$6,180	\$6,180	\$6,180	\$30,900
Insurance Expenses	\$29,026	\$33,036	\$29,026	\$29,026	\$33,043	\$153,155
Interest Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Legal and Professional Expense	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$180,000
License Expense	\$2,000	\$0	\$0	\$0	\$0	\$2,000
Maintenance Expense	\$206	\$206	\$206	\$206	\$206	\$1,030
Meals and Entertainment Exp	\$0	\$0	\$0	\$0	\$0	\$0
Office Expenses	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$10,000
Payroll outsourcing expense	\$500	\$500	\$500	\$500	\$500	\$2,500
Postage Expense	\$309	\$309	\$309	\$309	\$309	\$1,545
Prepayment to Vendors	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$10,000
Printing Expenses	\$3,266	\$996	\$500	\$1,063	\$500	\$6,325
Public Warehousing	\$2,060	\$2,060	\$2,060	\$2,060	\$2,060	\$10,300
Refund to Customers under AR	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Reimbursed Expenses - Epic	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
Reimbursed Expenses - Jay	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$7,500
Reimbursed Expenses - Jimmy	\$0	\$0	\$0	\$0	\$0	\$0
Rent or Lease Expense	\$55,620	\$55,620	\$55,620	\$55,620	\$55,620	\$278,100
Repair Expense	\$700	\$700	\$700	\$700	\$700	\$3,500
Salaries & Payroll Tax Expenses other	\$133,900	\$133,900	\$133,900	\$133,900	\$133,900	\$669,500
Insiders Salaries	\$39,140	\$39,140	\$39,140	\$39,140	\$39,140	\$195,700
Security Expenses	\$309	\$309	\$309	\$309	\$309	\$1,545
Supplies Expense	\$10,000	\$10,000	\$10,000	\$8,000	\$3,000	\$41,000
Tax - Property	\$0	\$2,649	\$0	\$0	\$0	\$2,649
Telephone Expense	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$35,000
Trade Shows Expense	\$24,500	\$12,129	\$2,000	\$2,000	\$2,000	\$42,629
Travel Expense	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Utilities Expense	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000
Warranty Expenses	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$15,000
Cash Payment before misc expense	\$1,186,413	\$1,339,089	\$1,359,281	\$1,331,726	\$743,002	\$5,914,510
Misc Expenses (5%)	\$59,321	\$66,954	\$67,964	\$66,586	\$37,150	\$297,976
Total Cash Outflow	\$1,245,733	\$1,406,043	\$1,427,245	\$1,398,313	\$780,152	\$6,212,486
Net Cash Flow	-\$145,733	-\$6,043	\$72,755	\$1,687	\$119,848	\$87,515
Beginning Cash Balance	\$551,300	\$405,567	\$399,524	\$472,279	\$473,966	
Ending Cash Balance	\$405,567	\$399,524	\$472,279	\$473,966	\$593,815	

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: **206 North Jackson Street, Suite 201, Glendale, CA 91206**

A true and correct copy of the foregoing document entitled (*specify*) **STIPULATION FOR ORDER AUTHORIZING INTERIM CONTINUED USE OF CASH COLLATERAL** will be served or was served (**a**) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (**b**) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **4/4/14**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Paul A Beck pab@pablaw.org
- Brian T Harvey bharvey@buchalter.com, IFS_filing@buchalter.com;rreeder@buchalter.com
- Raffi Khatchadourian raffi@hemar-rousso.com
- Dare Law dare.law@usdoj.gov
- Adam A Lewis alewis@mofa.com
- Scott O Smith ssmith@buchalter.com
- Alan K Steinbrecher asteinbrecher@steinbrecherspan.com, latwood@steinbrecherspan.com
- David A Tilem davidtilem@tilemlaw.com, malissamurguia@tilemlaw.com;dianachau@tilemlaw.com;joanfidelson@tilemlaw.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- James D Wood jdwood@jdwoodlaw.com

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) **4/4/14**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Honorable Sandra Klein, U.S. Bankruptcy Court, 255 E. Temple Street, Suite 1582, Los Angeles, CA 90012

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

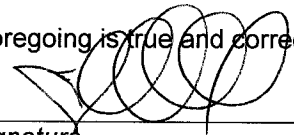
4/4/14

Diana Chau

Date

Printed Name

Signature



This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.