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IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:

Chapter 11

Phoenix Payment Systems, Inc.,

Case No. 14-11848 (MFW)

Debtor.

Re: Docket Nos. 149, 358 & 454

ORDER APPROVING STIPULATION AUTHORIZING AND CONSENTING TO (I) USE OF CASH COLLATERAL PURSUANT TO REVISED BUDGET, AND (II) GRANT OF ADDITIONAL ADEQUATE PROTECTION TO THE BANCORP BANK

The above-captioned debtor (the "Debtor") and The Bancorp Bank (the "Bank") having entered into the *Stipulation Authorizing and Consenting to (I) Use of Cash Collateral Pursuant to Revised Budget, and (II) Grant of Additional Adequate Protection to The Bancorp Bank* (the "Stipulation"), a copy of which is attached hereto as **Exhibit 1**; and the Court having reviewed the Stipulation, and having determined that good cause has been demonstrated for approving the Stipulation;

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

- 1. The Stipulation attached hereto as **Exhibit 1** is approved.
- 2. This Court shall retain jurisdiction to resolve all matters relating to the interpretation and implementation of this Order.

Dated: December <u>Ja</u>, 2014 Wilmington, Delaware

> THE HONORABLE MARY F. WALRATH UNITED STATES BANKRUPTCY JUDGE

## Exhibit 1

## IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: : Chapter 11

Phoenix Payment Systems, Inc., : Case No. 14-11848 (MFW)

Debtor. : Re: Docket Nos. 149 & 358

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## STIPULATION AUTHORIZING AND CONSENTING TO (I) USE OF CASH COLLATERAL PURSUANT TO REVISED BUDGET, AND (II) GRANT OF ADDITIONAL ADEQUATE PROTECTION TO THE BANCORP BANK

The above-captioned debtor, Phoenix Payment Systems, Inc. (the "Debtor"), and The Bancorp Bank (the "Bank"), by and through their undersigned counsel, hereby stipulate as follows:

WHEREAS, on September 3, 2014, the Court entered the Final Order (I) Authorizing the Debtor (A) to Obtain Postpetition Financing on a Senior Secured [Basis] and Granting Priming Liens and (B) to Utilize Cash Collateral; (II) Granting Adequate Protection to the DIP Lender; And (III) Granting Related Relief [D.I. 149] (the "Final DIP Order");<sup>2</sup>

WHEREAS, pursuant to the Final DIP Order, the Debtor (i) was authorized to use Cash Collateral pursuant to sections 361, 362 and 363 of the Bankruptcy Code, and other collateral in which the Bank has an interest (together with the Cash Collateral, the "**Prepetition Collateral**") and (ii) agreed to provide adequate protection with respect to any diminution in the value of the Bank's interests in the Prepetition Collateral resulting from the use of the Cash Collateral and the use, sale or lease of the Prepetition Collateral (other than the Cash Collateral) or imposition of

<sup>&</sup>lt;sup>2</sup> Capitalized terms used but not defined herein shall have the meanings given to them in the Final DIP Order.

the automatic stay pursuant to section 362 of the Bankruptcy Code, all as more fully set forth in the Final DIP Order;

WHEREAS, on November 10, 2014, the Court entered its Order Approving Stipulation and Consenting to Continued (I) Use of Cash Collateral, and (II) Grant of Adequate Protection to The Bancorp Bank [D.I. 358] (the "Cash Collateral Order");

WHEREAS, pursuant to the Cash Collateral Order, the Court approved a stipulation (the "Cash Collateral Stipulation") that authorized the Debtor to continue (i) to use the Bank's Cash Collateral subject to the terms of a budget that was attached to the Cash Collateral Order as Exhibit 2 thereto (the "Budget"); (ii) the grant of adequate protection to the Bank that was provided for in the Final DIP Order; and (iii) certain other terms of the Final DIP Order, in each case, after the Termination Date that was provided for in the Final DIP order;

WHEREAS, pursuant to Paragraph 17 of the Final DIP Order and Paragraph 2 of the Cash Collateral Stipulation, the Bank is authorized to request further or different adequate protection from the Debtor;

WHEREAS, the Bank has requested, and the Debtor has agreed to provide, the Bank with additional adequate protection in the form of the Debtor (i) making a cash payment in the amount \$131,287.58, as reflected on the revised Budget attached hereto as **Exhibit A** (the "**Revised Budget**"), to replenish the reserve fund (the "**Bank HELOC Reserve**") held by the Bank on account of the Debtor's guaranty of Raymond Moyer's home equity line of credit (the "**Equity Line**") and (ii) allowing the Bank to draw down on the Bank HELOC Reserve to satisfy the monthly principal and interest payments due on the Equity Line from and after September 1, 2014; and

WHEREAS, the Debtor and the Bank have agreed on the Revised Budget and the Bank

has consented to the Debtor using the Bank's Cash Collateral pursuant to the Revised Budget.

NOW, THEREFORE, the parties hereto, by and through their respective counsel, hereby

agree as follows:

1. Additional Adequate Protection. As additional adequate protection to the Bank,

(i) the Debtor shall make a cash payment in the amount of \$131,287.58 to replenish the Bank

HELOC Reserve on account of the Equity Line and (ii) the Bank shall be permitted to draw

down on the Bank HELOC Reseve to satisfy the monthly principal and interest payments due on

the Equity Line from and after September 1, 2014.

2. Use of Cash Collateral. Subject to the terms of the Final DIP Order, as modified

by the Cash Collateral Order, the Debtor is authorized to use the Bank's Cash Collateral pursuant

to the terms of the Revised Budget. While the parties agree that the Debtor is not required to

adhere to each line item amount set forth in the Revised Budget, the Debtor shall not use the

Bank's Cash Collateral in excess of the total amount of disbursements set forth in the Revised

Budget absent the Bank's consent.

3. Final DIP Order in Effect. Except as is expressly set forth herein, the terms of the

Final DIP Order, as modified by the Cash Collateral Order, shall remain in full force and effect.

[Remainder of Page Intentionally Left Blank]

4. *Execution*. This *stipulation* may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Dated: December 19, 2014

RICHARDS, LAYTON & FINGER, P.A.

By: /s/ Zachary I. Shapiro

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Dated: December 19, 2014

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Counsel to the Bank

## Exhibit A

PPSI Inc. (fka Phoenix Payment Systems, Inc.) DIP Budget #3

Week Ending	12/19/14	2 12/26/14	3	4	5 1/16/15	6 1/23/15	7 1/30/15	<b>8</b> 2/6/15	9 2/13/15	10 2/20/15	11 2/27/15	1 thur 11 Total
Beginning Cash Outstanding checks carryforward Receipts	31,754,617 1,153,956	30,273,198	30,238,122	29,889,372	29,447,943	29,429,193	29,231,256	29,210,006	29,164,827	28,894,077	28,867,327	31,754,617 1,153,956
Cash receipts from Old EPX Customers Reimbursement from (Payment to) NAB Other		644,707										644,707
Total Collections		644,707		•	- Composition of the Composition			•	•	***	***************************************	644,707
Operational Costs Payroll Current 401(t)												•
Employee Benefits MediBank (Flex) Concord/Buvaass/Fisery	i	•	ı	1	•	ı		•	•	•	•	1 1 4
S900	(16,000)	•		•		(69,187)		•	,	(0000)	•	(91 187)
Direct Debits: CapitaMns/Tele Referral Fees Current	•	•	•	(225)	•		•	(225)		-		(450)
Compliance (PCI, SSAE, Mobile App)	ı	•		1		(115,000)		(20,000)		•	•	(135.000)
Capital/Support/IT	•	1	•	1		•	•			•	•	
Financial Audit Laxes Business Insurance				. 204)			ı	, ,	ı	,	ı	•
Legal Fees Current	•		(7.500)	(10,000)			(7.500)	(40,204)			, 600	(2,40
Operating Expenses	(5,000)	1		•	(2,000)		(2221)	(pagial)	(5,000)		(000:1)	(42,500)
Rent +s-r	•		•		•	•	ı	•		•	•	
Tayes	• 1	•	•			•	•	ı	•	1	•	•
Utilities & Phone	•										- 000	
Replenish Bancorp HELOC Reserve	(132,000)						1	•	•		(10,000)	(10,000)
Miscellaneous	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(13,75
l otal Disbursements	(154,250)	(1,250)	(8,750)	(12,679)	(6,250)	(185,437)	(8,750)	(32,679)	(6,250)	(7,250)	(18,750)	(442,29
Restructuring & Non Recurring Costs Restructuring Professionals Pass Thru Expenses FBO NAB Other	(173,213)	(678,533)	(340,000)	(428,750)	(12,500)	(12,500)	(12,500)	(12,500)	(264,500)	(19,500)	(12,500)	(1,966,996)
Total Non-Operating Disbursements	(173,213)	(678,533)	(340,000)	(428,750)	(12,500)	(12,500)	(12,500)	(12,500)	(264,500)	(19,500)	(12,500)	(1,966,996)
Total Disbursements	(327,463)	(679,783)	(348,750)	(441,429)	(18,750)	(197,937)	(21,250)	(45,179)	(270,750)	(26,750)	(31,250)	(2,409,291)
Checks mailed but not deared	•	•	•	•		1	•	•	,		•	
Cash Rollforward Beginning Balance Less: Outstanding Checks Beginning of Week	31,754,617 (1,153,956)	30,273,198	30,238,122	29,889,372	29,447,943	29,429,193	29,231,256	29,210,006	29,164,827	28,894,077	28,867,327	31,754,617
Plus: Deposits Less: Disbursements Plus: Octobarding Charles End of Mode	(327,463)	644,707 (679,783)	(348,750)	(441,429)	(18,750)	(197,937)	. (21,250)	_ (45,179)		(26,750)	- (31,250)	(2,409,291) 644,707 (2,409,291)
Ending Balance	007 020 00		•			•						