UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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Order Filed on March 23, 2026
by Clerk
U.S. Bankruptcy Court
District of New Jersey

In re: Precious Gems Academy, Inc. Debtor.	Chapter 11 Case No. 26-11503/MBK Honorable Michael B. Kaplan, USBJ Hearing Date: March 19, 2026 9:00 a.m.

FINAL ORDER AUTHORIZING THE USE OF CASH COLLATERAL, GRANTING ADEQUATE PROTECTION AND GRANTING RELATED RELIEF

The relief set forth on the following pages, numbered two (2) through ten (10) is hereby **ORDERED**.

DATED: March 23, 2026

Honorable Michael B. Kaplan
United States Bankruptcy Judge

THIS MATTER having come before the Court on the Motion of the Debtor-in-Possession, Precious Gems Academy, Inc. (the "Debtor"), pursuant to 11 U.S.C. §§ 105(a), 361, 362, 363, and 364, Rules 2002, 4001, 6003, and 9014 of the Federal Rules of Bankruptcy Procedure, and D.N.J. LBR 4001-4, for an interim order ("Interim Order") and a subsequent Final Order (the "Final Order"): (a) authorizing the Debtor to use the cash collateral of PNC Bank, National Association ("PNC Bank"), and to the extent applicable the other creditors listed herein in Section C; (b) granting adequate protection to PNC Bank with respect to such use of cash collateral and any diminution of value of PNC Bank's interests in the prepetition collateral described in the Motion; (c) prescribing the form and manner of notice setting the time for the Final Hearing; and (d) granting appropriate related relief (the "Motion"). Notice of the Motion has been served by the Debtor upon (1) the United States Trustee; (2) the Debtor's prepetition secured creditors; and (3) those parties requesting notice pursuant to Bankruptcy Rule 2002; and the Court having originally considered the Motion on February 13, 2026 as part of the Debtor's first-day motions; and the Court having entered in Interim Order Authorizing the Use of Cash Collateral, Granting Adequate Protection, Granting Related Relief, and Scheduling Final Hearing on February 13, 2026 allowing the use of cash collateral through March 19, 2026; and the Court having scheduled a final hearing for March 19, 2026 regarding the Debtor's request for the entry of a final Order allowing use of cash collateral; 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 Interim Hearing on the Debtor's use of cash collateral has been served consistent with the notice and hearing provisions of 11 U.S.C. § 102(1) and Fed. R. Bankr. P. 4001(b) as evidenced by Certification of Service appearing on the docket in this case on February 12, 2026 (See Doc. 15) and February 25, 2026 (See Doc. 30). The Notice provided is appropriate in the particular circumstances and sufficient for all purposes under the Bankruptcy Code and the applicable Bankruptcy Rules in respect to the relief requested.

B. **Objections to Entry of a Final Order.** In accordance with the Interim Order, any objection to the entry of a Final Order authorizing use of cash collateral was required to be filed on or before 5:00 pm on March 12, 2026. One timely limited objection was filed by Gillman Capone, LLC on behalf of Debtor's landlord, Vin Realty, LLC and that objection has been resolved and withdrawn (See ECF Doc. No. 43).

C. **Chapter 11 Filed.** The Debtor filed its petition under Chapter 11 of the Bankruptcy Code on February 10, 2026 (the "Petition Date") and presently operates as a debtor-in-possession in accordance with the Bankruptcy Code. No trustee or official committee of unsecured creditors has been appointed in this Chapter 11 case.

D. **Prepetition Debt.** The Debtor's outstanding pre-petition secured debt is listed as follows:

i. Debt to PNC Bank in the amount of $60,723.44, secured by a security interest, as set forth in that certain Small Business Line of Credit Agreement with an effective date of July 19, 2022, and contractual and common law setoff rights with respect to $84,935.00 in funds (the "PNC Collateral") held in the Debtor's account at PNC Bank (the "PNC Account") as of the Petition Date.

ii. A loan to the US Small Business Administration in the amount of $200,000.00, secured by a UCC filed 5/13/25.

iii. An MCA loan to LAG Holdings, LLC in the amount of $70,000.00, secured by a UCC filed on 5/1/25.

iv. Employee Retention Credit to Innovation Refunds in the amount of $50,656.11, secured by a UCC filed on 12/21/23.

v. UCC filed by CT Corporation System on 9/26/25.

vi. UCCs filed by Corporation Service Company on 1/10/24 and 9/23/25.

E. **Cash Collateral.** "Cash Collateral" as defined by § 363(a) of the Bankruptcy Code includes, but is not limited to, cash of the Debtor held in a depository institution on the Petition Date, including the PNC Collateral, all accounts receivable of the Debtor, and post-petition proceeds, products, offspring, rents or profits of the PNC Collateral and other creditors' cash collateral.

F. **Necessity and Best Interest.** Debtor does not have unencumbered cash or other easily liquidated assets sufficient with which to continue its business operations as debtor-in-possession. The Debtor requires immediate authority to continue its business operations without interruption while in Chapter 11. The Debtor's use of cash collateral is necessary to avoid immediate and irreparable harm to its estate. The terms of the Debtor's use of the cash collateral pursuant to the Interim Order entered on February 13, 2026 and this Final Order are fair and reasonable, reflect the Debtor's exercise of prudent business judgment, and constitute reasonably equivalent and fair consideration.

This Court having previously determined there is a reasonable likelihood that the Debtor would prevail upon the merits at the Final Hearing of the Motion as required by 11 U.S.C. § 363(c); and for good cause shown, it is

ORDERED as follows:

1. **Use of Cash Collateral.** The Motion is granted on a final basis in accordance with the terms of this Final Order. The Debtor is authorized to use cash collateral, on a continued final basis, in accordance with the Budget attached as Exhibit A, and as limited herein.

2. **PNC Collateral.** The Debtor's use of the PNC Collateral shall be permitted subject to (i) the Debtor maintaining a minimum cash balance of at least $30,000.00 in the Debtor-in-Possession Account on the 20th day of each month; (ii) the Debtor maintaining a minimum cash balance of at least $7,500.00 in the Debtor-in-Possession Account on each and every day of the month; and (iii) the Debtor paying current all statutory fees due, if any, pursuant to 28 U.S.C. § 1930(a)(6). If the Debtor does not maintain the minimum balances or pay all statutory fees due (if any), then PNC is hereby authorized to immediately reestablish an administrative hold on the PNC Collateral of up to the total amount of $30,000.00 plus the amount of the unpaid statutory fees without further order of the Court, unless otherwise agreed between the Debtor and PNC Bank or ordered by this Court. PNC Bank's setoff rights with respect to the PNC Collateral remain subject to the automatic stay pursuant to 11 U.S.C. § 362(a) and PNC Bank shall not exercise any setoff rights with respect to the PNC Collateral without approval from this Court.

3. **Post-Petition Revenues.** All post-petition revenues collected by the Debtor shall be deposited into the PNC Account, subject to the Court authorizing the Debtor to use the PNC Account post-petition. Any new debtor-in-possession account required in this case shall be opened and maintained at PNC Bank or as otherwise set forth in the Final Cash Management Order.

4. **Adequate Protection and Rights.** As adequate protection for use of the PNC Collateral, PNC Bank is hereby granted:

   a. **Adequate Protection Payments.** Adequate protection payments of $1,200.00 per month payable on or before the twentieth (20th) day of each month.

   b. **Continuing Security Interest and Setoff Rights in PNC Account.** A perfected replacement security interest in and setoff rights with respect to the post-petition funds deposited in the PNC Account to the extent that the PNC Collateral is used by the Debtor, to the extent and with the same priority in the prepetition PNC Collateral, subject to statutory fees due, if any, pursuant to 28 U.S.C. § 1930(a)(6).

   c. **Replacement Lien and Post-Petition Lien**. To the extent of any diminution of the prepetition PNC Collateral (as replenished by post-petition deposits to the PNC Account), a perfected replacement security interest and lien in all post-petition assets of the Debtor, including without limitation, deposit accounts and accounts receivable, under 11 U.S.C. § 361(2), subject to statutory fees due, if any, pursuant to 28 U.S.C. § 1930(a)(6).

   d. **Deemed Perfected.** The replacement liens and security interests granted herein are automatically deemed perfected upon entry of this Final Order without the necessity of PNC Bank taking possession, filing financing statements, mortgage or other documents.

5. **No Modification of Creditor's Adequate Protection.** Nothing contained herein shall be construed as to (a) limit PNC Bank to the relief granted herein; (b) bar PNC Bank from seeking other and further relief for cause shown on appropriate notice to the Debtor and

other parties-in-interest entitled to notice of same; or (c) require that PNC Bank make any further loans or advances to the Debtor, or limit the Debtor or a trustee's ability to contest any further relief requested by PNC Bank. This Final Order may be modified for cause shown by the Debtor, PNC Bank, or any other party-in-interest on due notice. However, no such modification shall deprive PNC Bank of its interest in the Debtor's property (prepetition and post-petition).

6. **Challenge Period.** Any stipulation or determination by the Debtor that the liens and setoff rights identified in this Final Order securing the Debtor's indebtedness to PNC Bank in an amount not less than $60,723.44, are valid and properly perfected shall be binding on any party-in-interest, including any statutory committee, or successor-in-interest to the Debtor, unless (a) such party, with requisite standing, duly files an adversary proceeding challenging the scope, validity, perfection and/or amount of the liens ("Challenge") by a date that is sixty (60) days from entry of this Final Order or such longer period as may be obtained for cause shown prior to the expiration of such period from this Final Order (the "Challenge Period") and (b) such Challenge is fully and finally adjudicated whereby the party obtains a final, non-appealable order in favor of such party-in interest sustaining any such Challenge ("Successful Challenge"); provided further, that any chapter 7 or chapter 11 Trustee appointed prior to the expiration of the Challenge Period, will have the longer of (x) the remaining Challenge Period and (y) forty-five (45) days from the date of such Trustee's appointment to commence a Challenge, (z) such other time as ordered by the Court solely with respect to any such Trustee, commencing on the occurrence of either of the events discussed in the foregoing clauses (x) and (y).

7. **Carve Out.** There shall be a priming carve-out lien from all security interests which shall be allocated pari passu among the secured creditors for (i) statutory fees, if any, of the United States Trustee pursuant to 28 U.S.C. § 1930(a) and any unpaid fees due and owing to the Clerk of Court, which shall not be limited by any budget; (ii) allowed fees and expenses of a subchapter V trustee in an amount not to exceed $5,000; (iii) the fees and commissions of a hypothetical Chapter 7 trustee under Bankruptcy Code section 726(b) in an amount not to exceed $5,000.

8. **Final Order and No Modification of Secured Creditor's Adequate Protection.** This is a final order. Nothing contained herein shall be deemed or construed to (a) limit PNC to the relief granted herein; (b) bar PNC 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 PNC to make any further advances to the Debtor. This Order may be modified for cause shown by the Debtor, PNC or any other party-in-interest on due notice.

9. Unless otherwise agreed in writing by PNC, Debtor's authority to use Cash Collateral as permitted by this Order shall terminate upon the occurrence of one or more of the following events (each a "Terminating Event"):

   a. The entry of an order converting this case to a case under Chapter 7 of the Bankruptcy Code or appointing a Chapter 7 trustee or examiner;

   b. The entry of an order dismissing or suspending this case;

   c. Denial of the Confirmation of any Plan of Reorganization filed by the Debtor; or

   d. A default or breach of this Order which is not cured as provided in this Order.

10. This Order shall not operate to modify, alter, impair, effect, abrogate, amend, restrict or nullify any rights of PNC with respect to any person or entity other than the Debtor (and as to the Debtor only as set forth herein) nor to release, alter, impair, affect or abrogate any debts, claims, demand, actions and causes of action in law and equity, whether known or unknown, that PNC may have as to any person or entity other than the Debtor (and as to the Debtor only as set forth herein).

11. Nothing contained herein shall be deemed to constitute an admission by PNC that its interest in the pre-petition collateral or the post-petition collateral is adequately protected within the meaning of Section 361 of the Bankruptcy Code now or at some future time. PNC shall retain all rights available to it pursuant to the Bankruptcy Code or any other applicable law, including its right to seek relief from the Automatic Stay imposed pursuant to Section 362 of the Bankruptcy Code.

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 United States Trustee, (2) the Internal Revenue Service, (3) the New Jersey Division of Taxation, (4) PNC BANK, (5) the U.S. Small Business Administration, (6) the subchapter V trustee; (7) the U.S. Attorney's Office; (8) any statutory committee, or if no such committee has been appointed, the Debtor's twenty (20) largest unsecured creditors; (9) known secured creditors; (10) known merchant lenders, and (11) all parties requesting notice pursuant to Bankruptcy Rule 2002. The Debtor shall immediately file with the Clerk a Certificate of Service of said mailing.

IT IS FURTHER ORDERED, that this Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

EXHIBIT A

Precious Gems Academy Inc. 26-11503 (MBK)
Projected Cash Flow

	26-Feb	26-Mar	26-Apr
INCOME			
CACFP	2,500.00	2,500.00	2,500.00
DONATIONS/ FUNDRAISING	1,000.00	1,000.00	1,000.00
FRSD STATE INCOME	66,300.00	66,300.00	66,300.00
TUITION	65,500.00	65,500.00	65,500.00
TOTAL INCOME	135,300.00	135,300.00	135,300.00
EXPENSES			
ADVERTISING& MARKETING	100.00	100.00	100.00
BANK FEES	1,000.00	1,000.00	1,000.00
CACFP (FOOD PROGRAM)	5,500.00	5,500.00	5,500.00
CAR & TRUCK	1,350.00	1,350.00	1,350.00
CLASS SUPPLIES	350.00	350.00	350.00
FACILITY EXP	3,000.00	3,000.00	3,000.00
FRSD PRESCHOOL			
HEALTH INSURANCE	7,500.00	7,500.00	7,500.00
INSURANCE	1,602.00	2,886.00	1,602.00
MISC. EXPENSE	850.00	850.00	850.00
PAYROLL EXPENSES	2,500.00	2,500.00	2,500.00
PAYROLL WAGES	92,000.00	92,000.00	92,000.00
PROGRAM EXP	1,700.00	1,700.00	1,700.00
RENT	12,000.00	12,000.00	12,000.00
UTILITIES EXP	3,500.00	3,200.00	3,200.00
TOTAL EXPENSES	132,952.00	133,936.00	132,652.00
NET OPERATING INCOME	2,348.00	1,364.00	2,648.00
PNC Adequate Protection Payment	1,200.00	1,200.00	1,200.00
BEGINNING CASH	-	1,148.00	1,312.00
ENDING CASH	$ 1,148.00	$ 1,312.00	$ 2,760.00