



Honorable Laurel E. Davis
United States Bankruptcy Judge



Entered on Docket
October 12, 2016

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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

REGIS GALERIE, INC., a Nevada
corporation,

Debtor.

BK-16-14899 - LED

Chapter 11

**SUPPLEMENTAL ORDER
AUTHORIZING USE OF CASH
COLLATERAL**

Hearing Date: October 6, 2016
Hearing Time: 9:30 a.m.

Upon consideration of the motion [Docket No. 24] (the "Motion") of Regis Galerie, Inc., a Nevada corporation, debtor and debtor in possession (the "Debtor"), pursuant to Sections 105(a), 361 and 363 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy

Rules”), and Local Rule 4001 of the Local Rules for the United States Bankruptcy Court for the District of Nevada (the “Local Rules”), for the immediate entry of an interim order (the “Interim Cash Collateral Order”) and, after further notice and a hearing, the entry of a final order authorizing the Debtor to (a) use the cash collateral (as defined in section 363(a) of the Bankruptcy Code) in which Wells Fargo Bank, N.A. (“Wells Fargo”) and/or American Express Bank, FSB (“American Express”) may hold an interest (the “Cash Collateral”); and (b) provide and grant replacement and security interests and other adequate protection and relief to Wells Fargo and/or American Express; notice of the Motion and its initial presentation having been given to the 20 largest unsecured creditors of the Debtor, the United States Trustee, Wells Fargo and American Express and other parties in interest; the Court having conducted a preliminary hearing to consider the relief requested in the Motion on September 16, 2016; the Court having entered an Interim Cash Collateral Order on September 16, 2016, which, *inter alia*, scheduled a final hearing (the “Final Hearing”) on the Motion for October 6, 2016 at 9:30 a.m., a deadline for filing objections of September 30, 2016, and a deadline for filing replies of October 5, 2016; the Debtor having served a copy of the Interim Cash Collateral Order, and thereby providing notice of the Final Hearing and the foregoing deadlines, to the 20 largest unsecured creditors of the Debtor, the United States Trustee, Wells Fargo and American Express and other parties in interest [Docket No. 45]; Wells Fargo having filed a Notice of Non-Consent To Use of Cash Collateral and Demand For Adequate Protection [Docket No. 49] and an Objection to Debtor’s Emergency Motion For Interim and Final Use of Cash Collateral [Docket No. 54]; Grand Canal Shoppes II, LLC having filed a Response to Debtor’s Motion For Use of Cash Collateral [Docket No. 53]; the Debtor having filed a supplemental budget (the “Budget”) [Docket No. 57]; the Debtor having filed a reply [Docket No. 59]; the Court having been advised that the Debtor has agreed and stipulates, to the following: (1) prior to the Petition Date, the Debtor borrowed monies from Wells Fargo under four facilities (collectively, the “Wells Fargo Loans”):¹ (a) an SBA Loan in the original principal amount of \$1,201,000;

¹ In addition to the Wells Fargo Loans, Wells Fargo and its affiliates reserve all rights to assert other claims against the Debtor.

(b) a revolving line of credit in the amount of \$500,000; (c) a term loan in the original principal amount of \$170,000; and (d) a term loan in the original principal amount of \$205,000, (2) the balances due on the Wells Fargo Loans, as of the Petition Date, were \$1,136,859.66, \$484,345.44, \$15,285.47 and \$72,523.91, respectively, totaling \$1,709,014.48, and (3) the Wells Fargo Loans are secured by a first priority security interest on the Debtor's assets; the Court having conducted the Final Hearing on October 6, 2016; and upon consideration of the Declaration of Issac Dweck in Support of First Day Motions, and the entire record of the Final Hearing, including any evidence presented or statements of counsel at the Final Hearing; and good and sufficient cause appearing therefore;

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The Debtor filed for relief under Chapter 11 of the Bankruptcy Code on September 5, 2016 (the "Petition Date") and continues to manage its business and property as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No official statutory creditors' committee has been appointed in this case.

B. The notice given by the Debtor of the Motion and the Final Hearing constitutes due and sufficient notice of the Motion and of the Final Hearing as required by the Bankruptcy Rules and the Local Rules.

C. The Debtor's use of Cash Collateral is necessary to allow the Debtor to continue to maintain its operations and reorganize the Debtor's assets and liabilities, thereby maximizing creditor recoveries.

D. This Court concludes that entry of this Order is in the best interests of the Debtor's estate and creditors.

E. The Court's consideration of the Motion is a core proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A) and (M).

F. The Debtor has satisfied its burden of adequate protection.

Based upon the foregoing findings and conclusions, **IT IS HEREBY ORDERED** that:

1. The Motion is GRANTED.

1 2. The Debtor is authorized to use Cash Collateral to and through December 4,
2 2016 in accordance with the Budget attached hereto as **Exhibit A**, with an allowed variance for
3 each line item of ten percent (10%), and as otherwise authorized by this Order.

4 3. The Debtor shall submit to counsel for Wells Fargo, Grand Canal Shoppes II,
5 LLC, and the United States Trustee, a report showing the actual results as compared to the
6 amounts set forth on the Budget on a weekly basis ten (10) days after the week is complete.

7 4. To the extent sales are in excess of the amounts set forth in the Budget, the
8 Debtor is authorized to use the funds from such excess sales to: (a) pay commissions to its
9 employees in accordance with the terms of their agreements; (b) pay freight charges associated
10 with such sales; and (c) purchase new inventory in excess of the amounts set forth in the
11 Budget.

12 5. The entry of this Order is without prejudice to the rights of any Creditors
13 Committee that may subsequently be formed in this case.

14 6. The Debtor shall file a supplement setting forth the payments or other benefits
15 provided to the Debtor's officers and directors under the Budget.

16 7. As adequate protection for the Debtor's use of Cash Collateral, Wells Fargo and
17 American Express are hereby granted replacement liens on the Debtor's property acquired
18 post-petition to the extent, and with the same validity and priority, as any pre-petition liens
19 held by Wells Fargo and American Express.

20 8. A continued hearing on the Motion will be held on **November 29, 2016 at 9:30**
21 **a.m.** before the Honorable Laurel E. Davis, United States Bankruptcy Judge, in Courtroom 3,
22 300 N. Las Vegas Blvd., 3rd Floor, Las Vegas, Nevada, 89101

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9. This Order shall be effective immediately upon entry by the Court.

IT IS SO ORDERED.

Prepared and Submitted by:

ARNSTEIN & LEHR LLP

By: /s/ Kevin H. Morse

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Reviewed and approved as to form and content by:

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Counsel for Landlord

Grand Canal Shops II, LLC

OFFICE OF THE UNITED STATES TRUSTEE

By: /s/ Athanasios Agelakopoulos

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LR 9021 CERTIFICATION

In accordance with LR 9021, counsel submitting this document certifies that the order accurately reflects the court's ruling and that (check one):

☐ The court has waived the requirement set forth in LR 9021(b)(1).

☐ No party appeared at the hearing or filed an objection to the motion.

☒ I have delivered a copy of this proposed order to all counsel who appeared at the hearing, and any unrepresented parties who appeared at the hearing, and each has approved or disapproved the order, or failed to respond, as indicated below:

Michael F. Lynch 3613 S. Eastern Ave. Las Vegas, NV 89169 Michael@LynchLawPractice.com Counsel for Wells Fargo Bank, N.A.	APPROVED
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Ivan M. Gold (California Bar No 121486) Three Embarcadero Center, 12th Floor San Francisco, CA 94111-4074 igold@allenmatkins.com Counsel for Landlord Grand Canal Shops II, LLC	APPROVED
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United States Trustee 300 Las Vegas Boulevard South Suite 4300 Las Vegas, NV 89101 Attn: Athanasios Agelakopoulos, Esq.	APPROVED
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☐ I certify that this is a case under Chapter 7 or 13, that I have served a copy of this order with the motion pursuant to LR 9014(g), and that no party has objected to the form or content of the order.

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

ARNSTEIN & LEHR LLP

By: /s/ Kevin H. Morse
Kevin H. Morse (Illinois Bar No. 253066)

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