

**IN THE UNITED STATES BANKRUPTCY COURT FOR THE
MIDDLE DISTRICT OF TENNESSEE, COOKEVILLE DIVISION**

IN RE:)	
)	
S&S SCREW MACHINE COMPANY, LLC)	Case No. 2:16-bk-06829
)	Chapter 11
Debtor.)	Judge Mashburn

REGIONS BANK,)	
)	Preliminary stay relief motion.
Movant,)	Set for hearing Nov. 10, 2016,
)	At 9:30 a.m. at the L. Clure
v.)	Morton Federal Building and
)	Post Office, 9 Broad Street,
S&S SCREW MACHINE COMPANY, LLC)	Cookeville, TN 38501
)	
Respondent.)	

**AMENDED MOTION BY REGIONS BANK TO PROHIBIT OR CONDITION THE USE
OF CASH COLLATERAL BY THE DEBTOR AND FOR ADEQUATE PROTECTION
AND/OR FOR RELIEF FROM THE AUTOMATIC STAYS**

COMES REGIONS BANK (hereinafter “Bank”), by and through counsel, pursuant to 11 USC §§361, 362, and 363, and hereby files this Motion to Prohibit or Condition the Use of Cash Collateral by the Debtor, for Adequate Protection and/or for relief from the Automatic Stays, and would say unto the Court as follows:

1. That the Bank is a secured creditor and party-in-interest of the Debtor by reason of the execution and delivery by the Debtor to the Bank of the following:
 - (a) Promissory Note dated November 15, 2013, in the original amount of \$2,367,520.00, a Commercial Security Agreement dated November 15, 2013, and a Business Loan Agreement dated November 15, 2016, copies of which are attached hereto as Exhibit A;
 - (b) Promissory Note dated June 15, 2016, in the original amount of \$2,367,520.00, and a Commercial Security Agreement dated June 15, 2016, copies of which are attached hereto as Exhibit B;

(c) Promissory Note dated December 13, 2014 , in the original amount of \$600,000.00, and a Commercial Security Agreement dated December 13, 2014, copies of which are attached hereto as Exhibit C;

(d) Promissory Note dated December 13, 2015, in the original amount of \$280,000.00 and a Commercial Security Agreement dated December 15, 2015, copies of which are attached hereto as Exhibit D; and

(e) A Commercial Card Credit Agreement dated November 15, 2013, a copy of which is attached hereto as Exhibit E.

(hereinafter collectively the “Notes”)

2. That the Debtor filed its Petition for relief in this proceeding under Chapter 11 of the United States Bankruptcy Code on September 24, 2016 (hereinafter the “Filing Date”) and the Debtor has continued to operate as a Debtor In Possession since the Filing Date.

3. That the principal balance due and owing by the Debtor to the Bank on the Notes as of September 23, 2016, was as follows; (a) \$1,609,898.59 on the Note attached hereto as part of Exhibit A; (b) \$994,005.00 on the Note attached hereto as part of Exhibit B; (c) \$505,537.32 on the Note attached hereto as part of Exhibit C; (d) \$246,146.72 on the Note attached hereto as part of Exhibit D; and (e) \$5,995.00 on the Note attached hereto as part of Exhibit E, plus accrued and interest as it continues to accrue and attorney’s fees and expenses in accordance with 11 USC §506. The total of the principal amount of the debts owing by the Debtor to the Bank as of September 23, 2016, was \$3,355,587.63, plus accrued interest and interest as it continues to accrue and attorney’s fees and expenses in accordance with 11 USC §506.

4. That the Bank claims a security interest in all of the Debtor’s Accounts, Bank Accounts, Inventory, Equipment, Fixtures and General Intangibles, and all accessions, attachments, replacements, additions thereto and proceeds therefrom, as more particularly set forth in the Commercial Security Agreements attached hereto as part of Exhibits A, B, C and D

(hereinafter the “Collateral”). The Bank has properly and timely perfected its security interest in the Collateral as set forth in the UCC-11 Search on the Debtor attached hereto as Exhibit F.

5. That, according to the Debtor’s records, just prior to the Petition date on September 21, 2016, the Debtor had \$434,900.00 in Accounts and \$1,191,243.00 in Inventory. On June 30, 2016, according to the Debtor’s records, the Debtor had \$1,160,187.33 in Accounts and \$2,002,013.38 in Inventory. The Bank’s appraiser reviewed the Debtor’s Equipment and Inventory on September 23, 2016, but has yet to provide to the Bank a valuation of the Debtor’s Equipment and Inventory other than an oral auction estimate of the Debtor’s Equipment in the range of \$400,000.00 to \$475,000.00. The Inventory of the Debtor has yet to be fully valued by the Appraiser. Upon receipt of this Appraiser’s valuation, the Bank will supplement this Motion with a copy of the Appraiser’s valuation.

6. That the Debtor is significantly in arrears in payment to the Bank on the Notes and the Bank would allege and aver that the Debtor is significantly in arrears on all of its other obligations, including taxes.

7. That the Bank objects to any use of the Collateral, to the extent such collateral is “cash collateral” as defined by the United States Bankruptcy Code, by the Debtor without the Court granting to the Bank a first priority replacement lien upon all assets of the Debtor, including, but not limited to the Collateral and all other personal property of the Debtor, and any proceeds therefrom, in favor of the Bank, whether such assets were in existence prior to the commencement of this case or have been acquired or created by the Debtor after commencement of this case.

8. That the Bank would further allege and aver that the Debtor has used and continues to use the Collateral in the Debtor’s business and thereby has continued to reduce the

value of said Collateral which is subject to the Bank's security interest. The Bank would also allege and aver that the Debtor continues to use and depreciate the value of the Collateral in the course of its business.

9. That the Bank would further object to the use by the Debtor of the Collateral without the Debtor making the appropriate adequate protection payments to the Bank to compensate the Bank for the reduction of the value of the Collateral.

10. That, pursuant to 11 USC §§361, 362, and 363, in the event the Court allows the Debtor to use the Collateral, the Bank requests the Court enter an Order to prohibit and/or condition the use of the Collateral and to grant the Bank a first priority replacement lien on all the Debtor's assets for the continuing use of the Collateral, and to require the Debtor to provide necessary adequate protection payments to the Bank for the use of the Collateral, said adequate protection payments to include the appropriate replacement liens and payments to the Bank on a monthly basis in an amount at least equal to the amount set forth in the Notes attached hereto as Exhibits.

11. To the extent any future event reflects that the Bank should be entitled to more adequate protection than may be originally provided to the Bank, the Bank reserves its rights to seek an allowed administrative expense claim pursuant to 11 USC §§ 503(b)(1), 507(a) and 507(b) to the extent of any inadequate "adequate protection payments" it may receive.

12. That in the alternative, pursuant to 11 USC §362(d)(1), the Bank would allege and aver that it is entitled to relief from the automatic stays FOR CAUSE, including the lack of adequate protection by the Debtor of the interest of the Bank and the Collateral. Furthermore, the Debtor is significantly in arrears on payments to the individual that owns the real property on which the Collateral sits or is generated and, as such, the Bank lacks adequate protection and its

ability to access the Collateral, if necessary, will be impaired by the Debtor's failure to maintain rent payments in a timely manner.

13. And, that in the alternative, pursuant to 11 USC §362(d)(2), the Bank would allege and aver that there is no equity in the Collateral and that the Collateral is not necessary for an effective reorganization of the Estate because it does not appear that the Debtor can reorganize given the amount of the debt owed by the Debtor.

14. That on August 11, 2016, the Internal Revenue Service filed Notice of Federal Tax Lien against "S&S Screw Machine Acquisition, An LLC" in the Register's Office for White County, Tennessee, in the amount of \$1,464,693.92. According to the Debtor's Motion for Interim and Final Orders Authorizing the Use of Cash Collateral and Granting Adequate Protection filed with this Court [Doc. No. 7], the Internal Revenue Service claims that the Debtor owes it \$2,209,089.76. Regions Bank asserts that its lien on the Collateral was first perfected pre-petition as shown the Exhibits attached hereto and that Regions Bank has a first place security interest in the Collateral. Furthermore, should the Court allow the Debtor to use the Collateral moving forward, to such extent the Collateral is cash collateral, Regions Bank is entitled to a first place replacement lien in such cash collateral that is superior to any interest of the Internal Revenue service in the Collateral and/or cash collateral.

WHEREFORE, PREMISES CONSIDERED, the Bank prays that the Court grant it a hearing at the earliest possible date and that the appropriate Order be entered condition or prohibit the Debtor's use the Collateral by granting to the Bank a first priority replacement lien on all assets of the Debtor, whether existing or created at the time of filing of the Petition or after the filing of Petition, to provide for adequate protection payments to the Bank for the Debtor's

continuing use of the Collateral, or relief from the automatic stays pursuant to 11 USC §§362(d)(1) or (d)(2), and for such other and further relief as to which the Bank may show entitlement.

Respectfully submitted this the 28th day of September, 2016.

Regions Bank

By: /s/ Walter N. Winchester
Walter N. Winchester, BPR #014530
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CERTIFICATE OF SERVICE

The undersigned hereby certifies on this the 28th day of September, 2016, true and exact copies of the foregoing Motion for Adequate Protection, to Prohibit or Condition the Use of Cash Collateral, and/or for Relief from the Automatic Stays, together with a proposed Order and copies of the above-referenced Exhibits, have been served electronically upon the following parties in interest or their counsel:

U.S. Trustee;
Phillip G. Young, Attorney for Debtor;

and by United States mail to the following:

S&S Screw Machine Company, LLC (Debtor)	AFEEA Staffing 21 N. Spring Street Sparta, TN 38583	The Big Ass Fan Company P.O. Box 1108 Lexington, KY 40588
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Cablecraft Motion Controls, LLC 2110 Summit Street New Haven, IN 46774	Caney Fork Electric Co-op P.O. Box 359 Sparta, TN 38583	DGI Supply a DoAll Company 1410 Donelson Pike, Suite A11 Nashville, TN 37217
Express Services, Inc. 490 N. Spring Street Sparta, TN 38583	Fastenal Company 1308 E. Spring Street Cookeville, TN 38501	FedEx Freight Department CH P.O. Box 10306 Palatine, IL 60055
Internal Revenue Service P.O. Box 7346 Philadelphia, PA 19101-7346	James A. Whiteside 3350 Bennett Road Cookeville, TN 38506	Joseph T. Ryerson & Son 4400 Peachtree Industrial Blvd. Norcross, GA 30071
Kaizer Aluminum Fabricated Products 4300 S. Highway 75 Sherman, TX 75090	Metro Industrial Sparta 163 Moses Drive Sparta, TN 38583	MSC Industrial Supply 5505 N. Cumberland Ave Suite 307 Chicago, IL 60656
Production Pattern & Foundry 10 PPF Way Carson City, NV 89706	Quality Liaison Services 131 Maple Row Blvd Suite E500 Hendersonville, TN 37075	Queen City Steel Treating 2980 Spring Grove Road Cincinnati, OH 45225
Rachel R. Welch 4948 Ben Jarrod Road Baxter, TN 38554	Richard J. Newsome 1500 McMinnville Hwy McMinnville, TN 38583	

with sufficient postage thereupon to carry same to its destination, this the 28th day of September, 2016.

Winchester, Sellers, Foster & Steele, P.C.

By: /s/ Walter N. Winchester