



1 Scott F. Gautier (State Bar No. 211742)
sgautier@pwkllp.com
2 Lorie A. Ball (State Bar No. 210703)
lball@pwkllp.com
3 Thor D. McLaughlin (State Bar No. 257864)
tmclaughlin@pwkllp.com
4 PEITZMAN, WEG & KEMPINSKY LLP
10100 Santa Monica Boulevard, Suite 1450
5 Los Angeles, CA 90067
Telephone: (310) 552-3100
6 Facsimile: (310) 552-3101

7 Proposed Attorneys for Debtors and Debtors-in-Possession

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **SAN FERNANDO VALLEY DIVISION**

11 In re:

12 ECOLY INTERNATIONAL, INC., a California
13 corporation, SEXY HAIR CONCEPTS, LLC, a
14 California limited liability company, and LUXE
BEAUTY MIDCO CORPORATION, a Delaware
corporation,

15 Debtors and Debtors-in-Possession.

Case No.: 1:10-bk-25919-GM

(Jointly Administered with Case Nos.:
1:10-bk-25922-GM, 1:10-bk-25921-GM)

Chapter 11

**SECOND INTERIM ORDER
AUTHORIZING THE DEBTORS TO:
(A) USE CASH COLLATERAL PENDING A
FINAL HEARING AND (B) GRANT
ADEQUATE PROTECTION AND PROVIDE
SECURITY AND OTHER RELIEF TO
BANK OF MONTREAL, AS AGENT, AND
THE LENDERS**

18 **Check One or More as Appropriate:**

- 20 Affects All Debtors:
- 21 Affects Ecoly International Inc. only:
- 22 Affects Sexy Hair Concepts, LLC only:
- Affects Luxe Beauty Midco Corporation only:

Hearing:

Date: January 13, 2011
Time: 9:00 a.m.
Place: Courtroom 303
21041 Burbank Blvd.
Woodland Hills, CA

23 This matter came before this Court on a continuance of the motion (the "Motion") of Sexy Hair
24 Concepts, LLC (the "Operating Debtor"), Ecoly International, Inc. and Luxe Beauty Midco Corporation
25 (collectively, the "Debtors") requesting that this Court enter an order authorizing, on an interim basis, (a)
26 the Operating Debtor to use certain Cash Collateral¹ pending a Final Hearing and (b) the Debtors to grant

27 _____
28 ¹ Terms not otherwise defined herein are used as defined in the First Interim Order (as defined herein).

1 adequate protection and provide security and other relief to Bank of Montreal (“BMO”), in its capacity as
2 administrative agent (the “Prepetition Agent”) for the lenders party to the Credit Agreement (the
3 “Prepetition Lenders”).

4 Having examined the Motion, the Statement And Limited Objection Of the Official Committee of
5 Creditors (the “Committee”) Regarding the Operating Debtor’s Request For Further Interim Use of Cash
6 Collateral, and the replies thereto filed by the Debtor and BMO, in its capacity as administrative agent;
7 being fully advised of the facts and circumstances surrounding the Motion; and having considered the
8 evidence provided with the Motion, any arguments and representations made on the record of the hearing
9 conducted at the hearing hereon, the **COURT HEREBY GRANTS THE MOTION AND ORDERS**

10 **THAT:**

- 11 1. The Debtors are hereby authorized to use cash collateral and provide adequate protection on
12 the terms set forth in the Interim Order Authorizing The Debtors To: (A) Use Cash Collateral
13 Pending A Final Hearing And (B) Grant Adequate Protection and Provide Security And Other
14 Relief To Bank of Montreal, As Agent, And the Lenders entered by the Court on January 5,
15 2011 [docket no. 33] (the “First Interim Order”) as amended by this Order.
- 16 2. The First Interim Order shall be amended by replacing the date of “January 13, 2011” set
17 forth in paragraph 5(a) thereof with the date of “February 3, 2011.”
- 18 3. From the date hereof through and including February 3, 2011, all references to the “Budget”
19 in the First Interim Order shall be references to the Revised Interim Budget attached hereto as
20 Exhibit “A.”
- 21 4. The First Interim Order shall be amended by inserting the phrase “plus up to an additional
22 15% per line item, but no more than a 10% variance from the budgeted items in the
23 aggregate” at the end of paragraph 1 thereof.
- 24 5. The First Interim Order shall be amended by deleting Definition 43 of Exhibit A and inserting
25 in its place the following: “43. **Replacement Liens.** Priority Liens in the types of collateral
26 that constitute Prepetition Collateral to the extent the Prepetition Lenders had valid,
27 enforceable and perfected Prepetition Liens in such collateral granted to the Prepetition Agent
28 (for the benefit of the Prepetition Lenders) pursuant to this Order, subject only to the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Permitted Priority Liens. For the avoidance of doubt, Replacement Liens do not include liens on any actions, claims and recoveries under chapter 5 of the Code.”

6. The First Interim Order shall otherwise remain in full force and effect.

###

DATED: January 18, 2011


United States Bankruptcy Judge

DRAFT - SUBJECT TO CHANGE

Sexy Hair Concepts, LLC Projected Cash Collateral Budget

	Actual	Projected	Projected	Projected	Projected	
Week Ending Date	1/7/2011	1/14/2011	1/21/2011	1/28/2011	2/4/2011	Total
# of Days	7	7	7	7	7	
SALES						
Net Sales	\$ 1,058	\$ 1,058	\$ 1,058	\$ 1,635	\$ 1,186	\$ 5,996
OPERATING CASH ACTIVITY						
<u>Receipts</u>						
Trade Receipts	1,133	638	635	745	567	3,719
Asset Sales	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Receipts	1,133	638	635	745	567	3,719
<u>Operating Disbursements</u>						
AP Disbursements	797	1,209	926	764	752	4,448
Payroll	125	125	140	140	140	670
Other	-	-	-	-	-	-
Total Operating Disbursements	922	1,334	1,066	904	892	5,118
OPERATING CASH FLOW	\$ 211	\$ (696)	\$ (430)	\$ (159)	\$ (325)	\$ (1,399)
<u>Non-Operating Disbursements</u>						
DIP / Unused Line Interest	-	-	-	-	-	-
Secured Lender Interest	-	-	-	-	-	-
Lender DIP Fee	-	-	-	-	-	-
503(b)9 Payments	-	-	-	-	-	-
Total Professional Fees / Noticing Agent Fees	-	-	-	-	-	-
US Trustee	-	-	-	-	7	7
Total Non-Operating Disbursements	-	-	-	-	7	7
Total Disbursements	922	1,334	1,066	904	899	5,125
NET CASH FLOW	\$ 211	\$ (696)	\$ (430)	\$ (159)	\$ (331)	\$ (1,406)
<u>DIP Activity (enter both as positive numbers)</u>						
Draws	-	-	-	-	-	-
Payments	-	-	-	-	-	-
BEGINNING CASH	2,329	2,540	1,844	1,414	1,255	2,329
ENDING CASH	2,540	1,844	1,414	1,255	923	923

Exhibit A
Revised Interim Budget

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

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:

PEITZMAN, WEG & KEMPINSKY LLP
10100 Santa Monica Blvd., Suite 1450
Los Angeles, CA 90067

A true and correct copy of the foregoing document described as **SECOND INTERIM ORDER AUTHORIZING THE DEBTORS TO: (A) USE CASH COLLATERAL PENDING A FINAL HEARING AND (B) GRANT ADEQUATE PROTECTION AND PROVIDE SECURITY AND OTHER RELIEF TO BANK OF MONTREAL, AS AGENT, AND THE LENDERS** 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 indicated below:

I. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”)** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) (“LBR”), the foregoing document will be served by the court via NEF and hyperlink to the document. On _____, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Service information continued on attached page

II. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL**(indicate method for each person or entity served):

On **January 13, 2011**, I served the following person(s) and/or entity(ies) at the last known address(es) 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/or with an overnight mail service 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.

Served by U.S. Mail:

Hon. Geraldine Mund
United States Bankruptcy Court - Central District of California
21041 Burbank Boulevard, Suite 342
Woodland Hills, CA 91367

Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____, I served the following person(s) and/or entity(ies) by personal delivery, 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 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 of America that the foregoing is true and correct.

January 13, 2011
Date

Matthew M. Dryer
Type Name

/s/ Matthew M. Dryer
Signature

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

NOTE TO USERS OF THIS FORM:

- 1) Attach this form to the last page of a proposed Order or Judgment. Do not file as a separate document.
- 2) The title of the judgment or order and all service information must be filled in by the party lodging the order.
- 3) **Category I.** below: The United States trustee and case trustee (if any) will always be in this category.
- 4) **Category II.** below: List **ONLY** addresses for debtor (and attorney), movant (or attorney) and person/entity (or attorney) who filed an opposition to the requested relief. DO NOT list an address if person/entity is listed in category I.

NOTICE OF ENTERED ORDER AND SERVICE LIST

Notice is given by the court that a judgment or order entitled (*specify*) **SECOND INTERIM ORDER AUTHORIZING THE DEBTORS TO: (A) USE CASH COLLATERAL PENDING A FINAL HEARING AND (B) GRANT ADEQUATE PROTECTION AND PROVIDE SECURITY AND OTHER RELIEF TO BANK OF MONTREAL, AS AGENT, AND THE LENDERS** was entered on the date indicated as Entered on the first page of this judgment or order and will be served in the manner indicated below:

I. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”) † Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s), the foregoing document was served on the following person(s) by the court via NEF and hyperlink to the judgment or order. As of **January 13, 2011**, the following person(s) are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email address(es) indicated below.

- Lorie A Ball lball@pwkllp.com
- Philip A Gasteier pag@lnbrb.com
- Scott F Gautier sgautier@pwkllp.com
- Richard H Golubow rgolubow@winthropcouchot.com, pj@winthropcouchot.com
- Mark S Horoupian mhoroupian@sulmeyerlaw.com, kfox@sulmeyerlaw.com
- Rhonda E Klick rklick@wkalaw.com, dcoats@wkalaw.com
- Dennis E Mcgoldrick dmcgoldricklaw@yahoo.com
- Thor D McLaughlin tmclaughlin@pwkllp.com
- Byron Z Moldo bmoldo@ecjlaw.com, lpekru@ecjlaw.com
- David L. Neale dln@lnbrb.com
- Courtney E Pozmantier cpozmantier@ktbslaw.com
- S Margaux Ross margaux.ross@usdoj.gov
- Steven R Skirvin srs@dkclaw.com
- James Stang jstang@pszjlaw.com
- Rocky C Tsai rocky.tsai@ropesgray.com; thad.davis@ropesgray.com; james.wilton@ropesgray.com;
ross.martin@ropesgray.com
- United States Trustee (SV) ustpreion16.wh.ecf@usdoj.gov

Service information continued on attached page

II. SERVED BY THE COURT VIA U.S. MAIL: A copy of this notice and a true copy of this judgment or order was sent by United States Mail, first class, postage prepaid, to the following person(s) and/or entity(ies) at the address(es) indicated below:

Service information continued on attached page

III. TO BE SERVED BY THE LODGING PARTY: Within 72 hours after receipt of a copy of this judgment or order which bears an Entered stamp, the party lodging the judgment or order will serve a complete copy bearing an Entered stamp by U.S. Mail, overnight mail, facsimile transmission or email and file a proof of service of the entered order on the following person(s) and/or entity(ies) at the address(es), facsimile transmission number(s), and/or email address(es) indicated below:

Service information continued on attached page

Service List (All by U.S. Mail)

Jonathan Friedland
2 North LaSalle Street Suite 1300
Chicago, Illinois 60602

Dimitri Karcazes
Goldberg Kohn
55 East Monroe Street, Suite 3300
Chicago, Illinois 60603-5792

Jonathan Shenson
Klee, Tuchin, Bogdanoff & Stern LLP
1999 Avenue of the Stars, 39th Floor
Los Angeles, CA 90067