



SO ORDERED.

SIGNED this 31st day of October, 2016.

Catharine R Aron

UNITED STATES BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION

IN RE:)	
)	
SAM BASS ILLUSTRATION)	Case No. 16-51021
& DESIGN, INC.,)	
)	
Debtor.)	
)	

**SECOND INTERIM ORDER AUTHORIZING DEBTOR’S USE OF CASH
COLLATERAL PURSUANT TO 11 U.S.C. § 363**

THIS MATTER came on for hearing on October 19, 2016, upon the Motion of Sam Bass Illustration & Design, Inc. (the “Debtor”) for authority to use cash collateral on an interim emergency basis. Appearing at the hearing were proposed counsel for the Debtor, Kristen S. Nardone, Nathan Strup on behalf of the Internal Revenue Service, and Robert E. Price, Jr. for the U.S. Bankruptcy Administrator. The Court, after considering the arguments from counsel and the Bankruptcy Administrator’s office, finds that good and sufficient cause exists to grant the motion on an interim basis. The Court makes the following findings of fact and conclusions of law.

1. The Debtor filed its voluntary Chapter 11 bankruptcy petition on October 3, 2016. The Debtor is continuing as debtor-in-possession.
2. This Court has jurisdiction of this matter pursuant to 28 U.S.C. §§ 157 and 1334, and 11 U.S.C. §§ 1107 and 1008. This is a core proceeding under 28 U.S.C. § 157.
3. The Debtor is a corporation that operates an illustration and design company focusing primarily on the sport of NASCAR.
4. The Internal Revenue Service (“IRS”) and North Carolina Department of Revenue (“NCDOR”) are duly scheduled creditors of Sam Bass Illustration & Design, Inc. and are parties-in-interest in this bankruptcy case.

5. The Debtor contends that the creditors with an interest in cash collateral are the IRS and NCDOR.
6. The Debtor contends that the IRS and NCDOR are entitled to adequate protection relative to their interests, as is to be determined, in the cash collateral. Each entity will receive monthly payments of \$277.37 for adequate protection payments on or before the last day of the month in which the payment is due with the first payment being due on or before October 31, 2016.
7. The Debtor is entitled to use the cash collateral for its ordinary and reasonable operating expenses, which shall include payment of reasonable and necessary operating expenses in line with the budget presented at the hearing subject to limitations as issued by the Court.
8. The limitations imposed by the Court include that the Order is effective through December 19, 2016. The Debtor is authorized to payments subject to the attached budget, subject to a variance of no more than 5%.
9. The Debtor asserts that the terms, conditions, and limitations of this Order are reasonably tailored to protect the interests of all creditors of the bankruptcy estate.
10. The authorized use of the cash collateral as set forth herein is necessary to avoid immediate and irreparable harm to the estate pending further hearing.
11. The requirements of the Bankruptcy Rules and the Bankruptcy Code, including without limitation Bankruptcy Rule 4001(d), have been satisfied for the Debtor's use of the secured creditor's cash collateral.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED as follows:

1. Authority to Use Cash Collateral. Subject to further Orders of this Court, by entry of the Order, Debtor is authorized through and including December 19, 2016, to use Cash Collateral in the ordinary course of business provided such use is limited to the payment of necessary and reasonable operating expenses, as set forth in the budget attached hereto as "Exhibit A" and further limited by the Court.
2. Prohibition Against Unauthorized Use. Except as specifically authorized hereunder, the Debtor and its principals, shall not expend Cash Collateral pending further hearing and Order of this Court. Unless otherwise authorized by Order of the Court, Debtor shall not use cash collateral for payment of any prepetition indebtedness or obligation of, or prepetition claims against the Debtor.
3. Preservation of Rights. This Order is without prejudice to the rights of any party, including a subsequently appointed Trustee.

4. Service of Order. Counsel for the Debtor shall serve a copy of this Order electronically or by first class mail (which pursuant to the Bankruptcy Rules, will be deemed sufficient) upon (i) the Bankruptcy Administrator; (ii) the creditors included on the list filed pursuant to Bankruptcy Rule 1007(d); (iii) all known secured creditors; and (iv) any person who has filed with this Court on or before the dated of this Order a request to be served with copies of all pleadings, notices, and other papers filed in this bankruptcy case.
5. Adequate Protection. An adequate protection payments in the amount of \$277.37 may be paid to the IRS and NCDOR on or before the last day of the month, beginning in October 2016. As further adequate protection, the IRS and the NCDOR are granted continuing and replacement post-petition liens in all property and categories of property in which, and of the same priority as said creditor held a similar, unavoidable lien as of the petition date, and the proceeds thereof. The validity and enforceability of the post-petition liens shall not depend on filing or recordation.
6. Monthly Reports. By the 20th of each month, the Debtor shall provide to all creditors and the Bankruptcy Administrator a budget to actual report, reflecting the actual income received and the expenses incurred during the previous month compared to the budget attached hereto.
7. Access to Property. Upon reasonable prior notice of at least 24 hours, the Debtor shall provide to representative, agents and/or employees of the IRS and NCDOR physical access to the property for the purpose of appraising or evaluating its collateral.
8. Default. It shall be a default hereunder for one or more of the following to occur.
 - a. The Debtor shall fail to comply with any of the terms or conditions of this Order;
 - b. The Debtor shall use cash collateral other than as agreed by this Order;
 - c. Appointment of a Trustee or examiner in these proceedings, or conversion of this case to a proceeding under Chapter 7 of the Bankruptcy Code.
 - d. Cancellation or lapse of the Debtor's applicable insurance coverage;
 - e. Cessation of business operations by Debtor; or
 - f. Dismissal of this case.

Upon service upon Debtor's counsel by Creditors or the Bankruptcy Administrator of a written notice of any default (which shall be served upon the Debtor and the Debtor's counsel by facsimile or electronic mail and shall be served upon the Bankruptcy Administrator by electronic

mail), the Debtor shall have a period of five (5) business days to cure such default. If the Debtor fails to cure the default within such cure period, the Debtor's authority to use cash collateral shall be terminated immediately, pending further Order of this Court.

9. Continuing Validity of Post-Petition Liens. If any or all of the provisions of this Order are hereby modified, vacated, or stayed by subsequent Order of this Court, or by any other Court, or the use of cash collateral pursuant hereto is terminated, such stay, modification, vacation, or termination shall not affect the validity and enforceability of any lien or priority authorized herein with respect to the IRS, NCDOR, and Creditors.
10. Further Hearing. This Order is a preliminary Order on use of cash collateral, and further interim hearing (the "Further Hearing") shall be held on December 19, 2016 at 2:00 p.m. at the U.S. Bankruptcy Court for the Middle District of North Carolina, 226 S. Liberty Street, Winston-Salem, NC 27101.

END OF DOCUMENT

SAM BASS ILLUSTRATION & DESIGN, INC.
Case No. 16-51021
PROJECTED BUDGET FOR 10/15/16-12/15/16

Projected Income:

Charlotte Motor Speedway	\$5,800	Check deposited 10/19/16
ISC	\$2,500	Expected 10/24/16
Axalta (first ½ deposit)	\$12,500	Expected before 10/31/16
NASCAR guitars	\$10,000	
Charlotte Motor Speedway – event Related weeknds	\$3,000	
Christmas Show	\$3,000	
Christmas sales	\$10,000	
Sponsor Christmas art	\$2,000	
Individual commissions/guitars	\$3,000	
NBC Sports	\$7,500	
Great Clips	\$7,500	
Selling extra office furniture, equipment, sheet metal	\$2,500	
Diversified marketing results	TBD Est \$5,000	
Total	\$74,300	

Projected Expenses:

Expense	Monthly	Estimate 60 days
Payroll	\$26,332	\$52,664
Lease	\$4000 (begins Dec/Jan)	\$4,000 or \$0
Electricity	\$500 (begins Dec/Jan)	\$500 or \$0
Office phones	\$100	\$200
Cell phones	\$393	\$786
Printer	\$300	\$600
Shipping	\$200	\$400
Health Insurance	\$2,400	\$5,800
Business insurance	\$450	\$900
Office/design supplies	\$500	\$1,000
Adequate protection payments	\$554.74	\$1,109.48
Software upgrade	\$200	\$400
Internet	\$125	\$250
Vendor services	\$1,000	\$2,000
Travel	\$650	\$1,300
Quarterly BK Court fees	\$325	\$650
Total	\$38,029.74 inc lease \$33,529.74 w/o lease	\$72,539.48 inc lease \$68,039.48 w/o lease