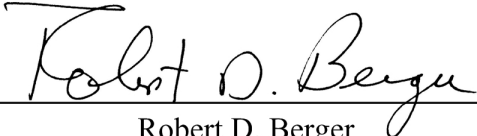




The relief described hereinbelow is SO ORDERED.

SIGNED this 12th day of December, 2016.


Robert D. Berger
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS
AT KANSAS CITY

IN RE:)
)
SOUTHERN TAN, INC.,) CASE No.: 16-22397-RDB
)
) CHAPTER 11
DEBTOR.)

INTERIM ORDER (I) AUTHORIZING USE OF CASH COLLATERAL; (II) GRANTING ADEQUATE PROTECTION; AND (III) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001(b)

(Related Docket No. 2)

On December 8, 2016, the Court conducted a hearing on Debtor’s Motion For Approval of Preliminary Order Pursuant to 11 U.S.C. 363 and Fed. R. Bankr. P. 4001 Concerning the Use of Cash Collateral and providing for adequate protection and related matters (“Motion”). Colin N. Gotham of Evans & Mullinix, P.A. appeared on behalf of the Debtor, Southern Tan, Inc. AUSA Christopher Allman appears on behalf of the Internal Revenue Service. Alice Page appears on behalf of the U.S. Trustee’s Office.

WHEREUPON, having considered the statements of counsel, the file and evidence before it, the Court finds as follows:

1. On December 6, 2016, (“the Petition Date”) Southern Tan, Inc., filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code). Pursuant to §§ 1107 and 1108 of the Bankruptcy Code, the Debtor remains as Debtor-in-Possession.

2. Debtor continues to operate its businesses and manage its property as Debtor-in-Possession.
3. Debtor is indebted to the Internal Revenue Service pursuant to a filed lien, which holds a security interest in and liens upon Debtor's account receivables (collectively "**the Collateral**"). Debtor's cash, inventory, and accounts receivable constitute Cash Collateral as defined in 11 U.S.C. § 363(a).
4. The IRS claims a secured interest in cash collateral (cash, accounts, accounts receivable, inventory and the proceeds thereof) of the Debtor by virtue of Notices of Federal Tax Liens filed on various dates between February 18, 2011 and October 24, 2016.
5. In return for the IRS's consent to the Debtor's use of the cash collateral in which the IRS has a secured interest and as adequate protection to the IRS, the IRS is hereby granted a replacement lien in post-petition cash collateral (including cash, accounts, accounts receivable, inventory and the proceeds thereof) of the Debtor to the same extent that the IRS has a valid lien on pre-petition cash collateral.
6. The Debtor shall, at all times, maintain its cash, accounts, accounts receivable, and inventory in the sum of at least \$40,000.00.
7. The Debtor agrees to pay \$1400.00 to the IRS on or before January 1, 2017, with identical \$1400.00 amounts to be paid to the IRS on or before the first day of each succeeding month, until confirmation of the Debtor's Plan of Reorganization. The monthly payment to the IRS shall be sent to: IRS Insolvency Unit, Attn: Lynda Walker, Mail Stop-5334LSM, 2850 NE Independence Ave., Lee's Summit, MO 64064.
8. The Debtor shall timely file all post-petition tax returns and shall make timely deposits of all post-petition taxes.
9. The Debtor shall serve copies of its monthly operating reports upon counsel for the IRS, Dennis R. Onnen, at 2345 Grand Blvd., Suite 301, Kansas City, Missouri 64108 on the same day they are filed with the U.S. Trustee or the Court.
10. If the Debtor defaults under any of the provisions of paragraphs 6 through 9 above, the IRS may give written notice of default to the Debtor's attorney, Colin N. Gotham, by mail at Evans & Mullinix, P.A., 7225 Renner Road, Suite 200, Shawnee, KS 66217. If the default is not cured within 15 days after notice, the automatic stay shall be terminated as to the IRS without further order of the Court.
11. To the extent the adequate protection provided to the IRS proves to not be adequate to protect the IRS against a post-petition diminution in the value of its collateral arising from the stay of action against such

property under 11 U.S.C. 362, from the use, sale or lease of such property under section 363, or from the granting of a lien under section 364(d), within the meaning of Section 507(b), then the IRS is entitled to have its claim for such diminution in value of its collateral allowed as a super-priority administrative expense pursuant to section 507(b)

12. Debtor has no source of income other than from the operation of its businesses and the collection of its accounts. If Debtor is not permitted to use cash collateral in the ordinary course of its business, it will be unable to pay its operating and business expenses, thus effectively precluding its orderly reorganization in these chapter 11 proceedings and causing imminent and irreparable harm to its Bankruptcy Estate.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Debtor shall be and hereby is granted the use of Cash Collateral on an interim basis on the terms and conditions set forth in this Interim Order.

IT IS FURTHER ORDERED that this Interim Order shall expire unless extended by further order of the Court or upon entry of a final Order approving use of Cash Collateral.

IT IS FURTHER ORDERED that nothing contained in this Interim Order shall act as a waiver, release, or final determination of any parties' claim to or priority of interest in the Cash Collateral.

IT IS FURTHER ORDERED that the provisions of this interim Order shall be binding upon and inure to the benefit of the Internal Revenue Service and Debtor, and their respective successors and assignees (including without limitation any Chapter 11 or Chapter 7 Trustee, examiner or other fiduciary hereafter appointed for Debtor or with respect to any of Debtor's property).

IT IS FURTHER ORDERED that this Interim Order shall become effective and enforceable upon approval and entry as an Order of the Bankruptcy Court. If any provision of this Interim Order is modified, vacated, or stayed by a subsequent Order of the Court, such modification, vacation or stay shall not affect the validity of any obligation or liability incurred pursuant to this Interim Order and prior to the effective date of such modification, vacation or stay.

IT IS FURTHER ORDERED that a final hearing on Debtor's Motion shall be conducted on January 26, 2017 at 1:30 p.m.

IT IS FURTHER ORDERED that Debtor shall, within two (2) business days after entry of this Interim Order, provide notice of entry of this Interim Order and mail copies of this Interim Order to the twenty (20) largest unsecured creditors and any party who has requested notice and does not receive such notice electronically. Any party who has filed an objection but fails to appear at the hearing shall be deemed to have withdrawn its objection.

IT IS SO ORDERED.

###

Submitted by:

EVANS & MULLINIX, P.A.

s/ Colin N. Gotham

Colin N. Gotham, KS#19538, MO#52343

7225 Renner Road, Suite 200

Shawnee, KS 66217

(913) 962-8700; (913) 962-8701 (Fax)

cgotham@emlawkc.com

Attorneys or he Debtor

OFFICE OF UNITED STATES ATTORNEY

s/ Christopher Allman

Christopher Allman, KS # 14225

Assistant United States Attorney

500 State Avenue, Ste. 360

Kansas City KS 66101

(913) 551-6730; (913) 551-6541

Chris.Allman@usdoj.gov

Attorney for Internal Revenue Service

s/ Alice N. Page

ALICE N. PAGE

Trial Attorney

Admitted in New Mexico, #8067

Permitted to appear under 28 U.S.C. § 515(a)

421 Gold SW – Room 112

P. O. Box 608

Albuquerque, NM 87102

Telephone: (505) 248-6550

Facsimile: (505) 248-6558

E-mail: Alice.N.Page@usdoj.gov