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Honorable Mike K. Nakagawa
United States Bankruptcy Judge



Entered on Docket
January 31, 2017

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Attorneys for Debtor

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

SUPERIOR LINEN, LLC,

Debtor.

Case No.: 16-15388-mkn
Chapter 11

Date: January 27, 2017
Time: 10:30 a.m.

**ORDER GRANTING IN PART ON AN INTERIM BASIS DEBTOR’S SECOND
MOTION, AS AMENDED BY STIPULATION, FOR AN ORDER:
(I) AUTHORIZING SUPERPRIORITY POST-PETITION FINANCING;
(II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE
EXPENSE CLAIMS; (III) APPROVING LOAN DOCUMENTS RELATING TO
THE FOREGOING; (IV) GRANTING RELIEF FROM THE AUTOMATIC STAY;
AND (V) GRANTING OTHER RELATED RELIEF**

Superior Linen, LLC, a Nevada limited liability company, as debtor and debtor in possession (the “Debtor”), having filed its *Second Motion for an Order: (I) Authorizing Superpriority Post-Petition Financing; (II) Granting Liens and Providing Superpriority*

1 *Administrative Expense Claims; (III) Approving Loan Documents Relating to the Foregoing; (IV)*
2 *Granting Relief From the Automatic Stay; and (V) Granting Other Related Relief* (the “Motion”)
3 [ECF No. 208],¹ thereby seeking approval of the proposed additional debtor-in-possession
4 financing referenced therein; the Court having reviewed and considered the Motion, and the other
5 papers and pleadings on file; the Debtor, RD VII Investments, LLC (“RD VII”), and the Official
6 Committee of Unsecured Creditors having filed their Stipulation regarding the Motion (the
7 “Stipulation”) [ECF No. 227], thereby modifying the terms and imposing certain conditions, which
8 Stipulation is incorporated herein; the Court having held a hearing on the Motion and having heard
9 and considered the arguments of counsel; the Court having stated its findings of fact and
10 conclusions of law on the record on the Motion, which are incorporated herein by reference in
11 accordance with Fed. R. Civ. P. 52, as made applicable by Fed. R. Bankr. P. 7052 and 9014; and
12 after due deliberation and sufficient cause appearing therefor,

13 **IT IS HEREBY ORDERED:**

14 1. The Motion is GRANTED in part on an interim basis as modified pursuant to the
15 Stipulation.

16 2. The Debtor is authorized and approved to obtain additional post-petition financing
17 from RD VII on a superpriority senior secured basis pursuant to section 364(d) of the Bankruptcy
18 Code in the amount of up to \$420,000 on an interim basis pending a final hearing on the Motion
19 to be held on February 2, 2017 at 9:30 a.m. (the “Final Hearing”). This additional financing shall
20 be an increase under the original post-petition financing approved by the Court by order dated
21 December 16, 2016 [ECF No. 150]. The \$330,000 balance of the \$750,000 sought pursuant to the
22 Motion shall be considered at the Final Hearing.

23 3. The Debtor shall immediately transmit the sum of \$55,000 to the Committee’s
24 counsel to fund its agreed professional fee carveout, which funds shall be held in trust by the
25 Committee’s counsel and payment of which is subject to the allowance of its counsel’s fees and
26 costs pursuant to 11 U.S.C. §§ 330 and 331.

27 _____
28 ¹ Unless otherwise indicated, all capitalized terms herein shall have the same meaning as set forth in the Stipulation.

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1 4. The Maturity Date for any and all financing received from RD VII, including under
2 the original financing approved by the Court on by order dated December 16, 2016 [ECF No. 150]
3 as well as pursuant to the Motion and this Order shall be extended to September 30, 2017.

4 5. Notwithstanding anything to the contrary, RD VII reserves the right, in its sole and
5 absolute discretion, with or without cause, and regardless of the existence of non-existence of any
6 event(s) of default, to terminate the loan approved by the Order and prior to funding all or any
7 portion of it upon providing advanced written notice to the Debtor, the Committee, and the Office
8 of the United States Trustee of its exercise of such right.

9 6. As collateral security for the prompt payment in full when due (whether at stated
10 maturity, upon acceleration, on any optional or mandatory prepayment date or otherwise) and
11 performance of the Secured Obligations in the Second DIP Loan, as modified herein, Debtor
12 pledges and RD VII is granted the following rights in the Collateral: (i) a continuing security
13 interest in all of Debtor's right, title and interest in the Collateral and all other assets previously
14 secured by RD VII as of the date the Debtor commenced its Chapter 11 Case, or September 30,
15 2016, together with all post-petition accruals thereon; and (ii) a super priority priming lien claim
16 in the Debtor's bankruptcy case in the amount of any outstanding principal, interest and fees in
17 respect of the Loan having priority over all administrative expenses of the kind specified in
18 sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c) and 726 of the Bankruptcy
19 Code, subject only to the following professional fee carve-out: all allowed unpaid fees and
20 expenses payable under sections 328, 330 and 331 of the Bankruptcy Code to professional persons
21 retained pursuant to orders of the Bankruptcy Court by the Debtor in its Chapter 11 Case, not to
22 exceed \$125,000 to the Debtor's general and special counsel, \$55,000 to the Official Committee
23 of Unsecured Creditors, and \$150,000 to Province, Inc. as the Debtor's financial advisors.

24 7. To the extent the security interest granted herein to RD VII pertains to Collateral as
25 to which a prior security interest was granted by the Debtor, and to the extent the security interest
26 granted herein to RD VII may prejudice any such prior existing security interest or cause the breach
27 of any prior existing security agreement or other agreement (notwithstanding the Loan
28 Agreement), RD VII shall be deemed to have a senior and priming security interest, as approved

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1 by the Bankruptcy Court, in such Collateral with respect to any such prior existing security interest.

2 8. The liens granted herein shall prime RD VII existing pre-petition senior secured
3 claim, as well as the pre-petition junior secured claim of MCDF VII pursuant to 364(d) of the
4 Bankruptcy Code, as well as any and all other liens, but shall be *pari passu* with the existing post-
5 petition financing facility previously approved by the Court. For the avoidance of doubt, RD VII
6 liens shall not attach to, and the collateral for the this portion of the Second DIP Loan shall not
7 include avoidance actions arising under chapter 5 of the Bankruptcy Code.

8 9. RD VII is authorized to file such financing statements and continuation statements
9 in such offices as are or shall be necessary or as it may determine to be appropriate to create,
10 perfect and establish the priority of the liens granted by the First Amendment to DIP Loan
11 Agreement in any and all of the Collateral, to preserve the validity, perfection or priority of the
12 liens granted by thereby in any and all of the Collateral or to enable RD VII to exercise its remedies,
13 rights, powers and privileges under that agreement.

14 10. The Court retains jurisdiction with respect to any matters, claims, rights or disputes
15 arising from or related to the terms or implementation of this Order and the Second DIP Loan.

16 **IT IS SO ORDERED.**

17 PREPARED AND SUBMITTED:

17 APPROVED / ~~DISAPPROVED~~:

18
19 By: /s/ Matthew C. Zirzow
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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 each has approved or disapproved the order, or failed to respond, as indicated above.
- 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.

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