

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re:

**BKY No.: 16-43471
Chapter 11**

Synico Staffing, LLC.,

**NOTICE OF EXPEDITED HEARING
AND MOTION FOR APPROVAL
TO USE CASH COLLATERAL
AND FOR ADEQUATE PROTECTION**

Debtor.

**TO: THE DEBTOR, THE UNITED STATES TRUSTEE, AND OTHER PARTIES IN
INTEREST AS SPECIFIED IN LOCAL RULE 9013.3.**

1. Synico Staffing, LLC (hereinafter referred to as "Debtor"), the Debtor-In-Possession in the above-referenced proceeding, moves the Court for expedited relief and gives notice of hearing.

2. The Court will hold an expedited hearing on the Debtor's Motion at 8:30 a.m. on Thursday, December 1, 2016, before the Honorable William J. Fisher, in Courtroom No. 2B, United States Courthouse, 316 North Robert Street, St. Paul, MN 55101, or as soon thereafter as counsel can be heard. A final hearing on the Debtor's Motion for Use of Cash Collateral and for Adequate Protection ("Motion") is set for 11:00 a.m. on Wednesday, January 4, 2017, before the Honorable William J. Fisher, in Courtroom No. 2B, United States Courthouse, 316 North Robert Street, St. Paul, MN 55101.

3. Any response to the Expedited Hearing and Motion shall be filed and served not later than 2 hours prior to the hearing time set for December 1, 2016, the hearing date. Any response to the January 4, 2017 Final Hearing on the Debtor's Motion shall be filed and served not later than Friday, December 30, 2016, which is five days prior to the hearing date. **THE COURT MAY ALSO GRANT THE DEBTOR'S MOTIONS, INCLUDING FINAL**

APPROVAL OF ANY ADEQUATE PROTECTION AGREEMENTS WITHOUT A FURTHER HEARING UNLESS AN APPROPRIATE OBJECTION IS INTERPOSED IN ACCORDANCE WITH THE RULES.

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§157 and 1334, Bankruptcy Rule 5005 and Local Rule 1070-1. This is a core proceeding. The case is now pending in this Court, having been filed on November 28, 2016.

5. This Motion arises under 11 U.S.C. §§363 and 361, together with Bankruptcy Rule 4001(c) and Local Rule 4001-2. The Debtor seeks an expedited Hearing on its Motion to use cash collateral and to provide adequate protection.

6. The Debtor operates a staffing business. The Debtor has been in business for several years.

7. The Debtor's pre-bankruptcy assets consist of cash, Accounts Receivable and minimal office equipment. The Debtor has no inventory. The financial documents attached to the Debtor's verified Rule 4001-2 Statement describe the Debtor's assets and liabilities. The Debtor's pre-bankruptcy assets are, upon information and belief, security interest and claims asserted Peoples Bank Midwest and CHDT Company.

8. The Debtor's verified Rule 4001-2 Statement is attached to this Motion or will be filed prior to the hearing and marked as **Exhibit A**. The Statement includes a Balance Sheet and Profit and Loss Statement for the Debtor. The Statement also includes the Debtor's essential expenses in the month of December which include payrolls, insurance, utilities, and rent.

9. Cause exists to hear this matter on an expedited basis. The Debtor will suffer irreversible and irreparable harm if it is not able to use cash collateral. The expenditures

the Debtor proposes to make between the preliminary hearing on the Debtor's Motion and the Final Hearing are described in detail on the attached verified Rule 4001-2 Statement. If the Debtor is unable to pay these expenses, it will not be able to conduct its business. The Debtor's cash collateral since the filing date will stay the same and not decrease demonstrating further adequate protection.

10. Pursuant to applicable rules, the Debtor reserves the right to call Robert Marsh, President of the Debtor in support of this Motion.

11. On an interim basis and pending the final hearing on the Debtor's Motion, the Debtor proposes to grant replacement liens to Peoples Bank Midwest and CHDT Company.

12. By making this Motion, the Debtor is not seeking to cross collateralize any pre-petition debt with post-petition collateral. The Debtor is not admitting the validity, perfection or amount of any pre-petition secured claim or waiving any right with respect thereto. The relief sought does not grant a lien on the Debtor's avoidance claims or bankruptcy causes of action as enumerated under the Bankruptcy Code. This Motion does not propose to secure pre-petition debt with post-petition loans or otherwise attempt to roll a pre-petition obligation into a post-petition obligation. This Motion does not deal with or carve out fees of any professionals. This Motion does not propose to prime any debt of the Debtor nor does this Motion provide automatic summary relief from the automatic stay to any creditor. The Debtor is simply proposing to use cash collateral to pay essential operating expenses and grant replacement liens in the Debtor's assets to the two creditors referenced herein which replacement liens would have the same priority, dignity and effect as the pre-petition liens held by said creditors, all pending the final hearing on the Debtor's Motion.

WHEREFORE, the Debtor, through its undersigned attorney, respectfully moves the Court for an Order granting the Debtor's Motion for expedited relief and granting the Debtor's Motion authorizing it to use cash collateral and authorizing the Debtor to grant replacement liens to Peoples Bank Midwest and CHDT Company which replacement liens will have the same priority, dignity and effect as the pre-petition liens held by said creditors, and for such other and further relief as the Court may deem just and equitable.

Date: November 28, 2016.

/s/ Steven B. Nosek

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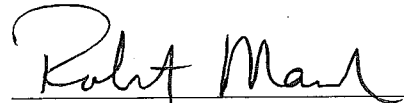
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ATTORNEY FOR DEBTOR

VERIFICATION

I, Robert Marsh, President of the Debtor named in the foregoing pleading, declare under penalty of perjury that the foregoing pleading is true and correct according to the best of my knowledge, information and belief.

Dated: 11-28-, 2016.


Robert Marsh, President

UNITED STATES BANKRUPTCY COURT

DISTRICT OF MINNESOTA

Synico Staffing, LLC

BKY Case No.: 16-43471

Debtor.

Chapter 11

Memorandum of Law

Synico Staffing, LLC (“Debtor”) submits this Memorandum of Law in support of its Motion for an Order Authorizing Use of Cash Collateral (“Motion”).

I. STATEMENT OF FACTS

The Debtor relies on the verified statement of facts and Local Rule 4001-2 statement contained in the Motion and incorporates the same herewith.

II. STATEMENT OF LAW AND DISCUSSION

Section 363(c)(2) of the Bankruptcy Code provides that a debtor in possession may use cash collateral only with the secured creditor's consent or if the court, after notice and a hearing, so orders. Section 363(e) of the Bankruptcy Code provides that the court must provide the secured creditor with adequate protection of its interest upon request of the creditor. The Eighth Circuit Court of Appeals has discussed the issue of adequate protection in the following terms:

In any given case, the bankruptcy court must necessarily (1) establish the value of the secured creditor's interest, (2) identify the risks to the secured creditor's value resulting from the debtor's request for use of cash collateral, and (3) determine whether the debtor's adequate protection proposal protects values as nearly as possible against risks to that value consistent with the concept of indubitable equivalence.

In re Martin, 761 F.2d 472, 476-77 (8th Cir. 1985).

Based on the facts alleged in the Motion, the Secured Creditors’ interests in the collateral are adequately protected by the Debtor’s offer. The Debtor has estimated the liquidation value of

its assets. The Debtor's cash collateral since the filing date will stay the same and not decrease demonstrating further adequate protection.

Usually, in a Chapter 11, the risk to a secured creditor's interests in cash collateral is that the Debtor will use all of the collateral and not generate sufficient post-petition collateral to replace the used collateral. That is not a concern here, as the collateral will not decrease during the pendency of this case.

The Debtor has set forth how the value of its assets will remain the same and not decrease between the Filing Date and the dates through which the Debtor seeks use of cash collateral. The Debtor has further set forth its necessary budget. Pursuant to the Debtor's budget, the collateral position of the Secured Creditors does not adversely change in a material way during the period of the proposed use of cash collateral.

The Debtor's offer to the Secured Creditors as adequate protection of their interests is the Offer of Adequate Protection described in the Motion. Based on the facts and circumstances of this case the Offer of Adequate Protection adequately protects the Secured Creditors from any risks to their collateral from the Debtor's use of same.

The Court should grant the motion of the Debtor authorizing the use of cash collateral. The Debtor has immediate need to use cash collateral in which the Secured Creditors have an interest. The Debtor's use of cash collateral during the pendency of this case poses a nominal risk to the interests of the Secured Creditors. The Secured Creditors will be adequately protected by the granting of a post-petition lien with the same status, dignity and priority as existed in the cash collateral prior to the filing of the Debtor's petition, by the carrying of insurance for the full replacement value of the collateral, by continuing to operate and to generate replacement

collateral and by any other form of protection contained in the offer of adequate protection described in the Motion.

The Debtor requests an order authorizing use of cash collateral so that the Debtor may meet the ordinary expenses of operating the Debtor's business in accordance with the budget and cash flow projections attached to the Debtor's Declaration.

III. CONCLUSION

For the foregoing reasons, the Court should approve the Debtor's the use of cash collateral on an interim and final basis as provided in the Motion.

Dated: November 28, 2016.

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ATTORNEYS FOR DEBTOR

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re:

**BKY No.: 16-43471
Chapter 11 Case**

Synico Staffing, LLC,

INTERIM ORDER

Debtor.

The Motion of Synico Staffing, LLC ("Debtor") for an Order granting interim use of cash collateral and to grant adequate protection hearing came on for expedited hearing before the undersigned on the 1st day of December, 2016. Appearances were noted.

IT IS HEREBY ORDERED:

1. The Debtor's Motion for expedited hearing is granted.
2. The Debtor is authorized to use cash collateral on an interim basis in the amount of \$_____; and
3. The Debtor is authorized to grant replacement liens Peoples Bank Midwest and CHDT Company on all assets of the Debtor-In-Possession to the extent of use of cash collateral, which replacement liens shall have the same priority, dignity and effect as the pre-petition liens held by said creditors. Assets excluded from the replacement liens are the Debtor's bankruptcy causes of action; and
4. No additional steps need to be taken to perfect the replacement liens authorized herein; and
5. A further hearing on the motion for an order authorizing the use of cash collateral shall be held on Wednesday, January 4, 2017 at 11:00 a.m.

Dated:

**William J. Fisher
United States Bankruptcy Judge**