

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

Chapter 11

Case No.: 26-41343-jmm

TRI-STATE ENVIRONMENTAL
RESTORATION, INC.

Debtor.

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**INTERIM ORDER AUTHORIZING USE OF CASH
COLLATERAL BY DEBTOR PURSUANT TO 11 U.S.C. SECTION 363**

UPON the motion dated March 23, 2026 (the “Motion”) of the above-captioned debtor and debtor-in-possession (the “Debtor”) seeking authority to, inter alia, use cash collateral of the U.S. Small Business Administration (the “Secured Lender”), pursuant to 11 U.S.C. Sections 363(c)(2) and 361 and Federal Rules of Bankruptcy Procedure 4001 [ECF No. 13]; and an emergency hearing having been held on March 30, 2026, April 14, 2026 and June 12, 2026 (the “Interim Hearings”); and there being no objections to the relief having been withdrawn, overruled or resolved, and upon the record of the Interim Hearings; and all of the pleadings heretofore filed in this proceeding; and after due deliberation and good and sufficient cause appearing it is hereby found and determined as follows:

A. On or March 23, 2026 (the “Petition Date”) the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the “Code”), and has continued in possession of its property and the management of its business pursuant to 11 U.S.C. §§1107 and 1108 of the Code.

B. As of the date hereof, the United States Trustee has not appointed an Official Creditors’ Committee as provided for in Section 1102 of the Code. No trustee or examiner has been appointed in this proceeding.

C. The Debtor is a corporation that specializes in fire and water remediation.

D. The Debtor acknowledges, on behalf of itself and its estate, that the Debtor entered into (i) a certain Loan Agreements, the first dated on or about June 14, 2020 and the second thereafter with the United States Small Business Administration (the “SBA” or “Secured Lender”) to which the Debtor borrowed the original principal amount of, upon information and belief, \$1,200,000.00, said Loan Agreement was secured against the debtor’s property by UCC filing with the New York State Department of State on June 20, 2020, and a second UCC filing on December 8, 2025.

E. The use of the Debtor’s assets including bank accounts which potentially constitutes collateral of the Secured Lender (the “Cash Collateral” or “Collateral”) is essential to the continued preservation and maximization of the Debtor’s estate.

F. The Debtor asserts that continued use of the Cash Collateral on an interim basis pending a final hearing is necessary to prevent immediate and irreparable harm to the Debtor’s estate in that without authorization to use the Cash Collateral, the Debtor’s ability to meet its current necessary and integral business obligations will be impossible.

G. The Debtor asserts that the value of Debtor’s estate will be maximized by the continuation of Debtor as an on-going business, and the use of the Cash Collateral is essential to such operation.

H. The Court entered and Order on April 23, 2026 authorizing emergency use of cash collateral through and including June 12, 2026 [ECF No. 21].

BASED UPON THE FOREGOING, it is hereby ORDERED as follows:

1. Pending a final hearing on the Motion that shall be held on August 5, 2026 at 11:00 a.m. (the “Interim Hearing”), the Motion is granted on an emergency basis on the terms set forth

herein. Effective as of March 23, 2026 and continuing through and including August 7, 2026 (the “Preliminary Period”), the Debtor is authorized to use the Cash Collateral on an emergency basis subject to the terms of this Order and in accordance with the budget attached hereto as Exhibit A (the “Budget”). At the Interim Hearing, the Court will consider the Debtor’s request to use Cash Collateral after the Preliminary Period. Any objection to the continued use of cash collateral must be filed with the Court on or before July 30, 2026.

2. The final hearing that shall be held on August 5, 2026. Mandatory Registration said hearing is required through eCourt Appearances Generally, parties may appear in person, by phone, or by videoconference for hearings to be heard by Judge Mazer-Marino. For more information, see <https://www.nyeb.uscourts.gov/content/judge-jil-mazer-marino>. Regardless of whether a hearing is by phone, videoconference, or in person, all hearing participants must register with eCourt Appearances in advance of every appearance. eCourt Appearances registration is required by attorneys and non-attorneys. CM/ECF accounts are not necessary for eCourt Appearances. Attorneys with an CM/ECF account may find the program under the “Utilities” menu after logging on to CM/ECF. To register for eCourt Appearances and for more information on eCourt Appearances, including a tutorial, see <https://www.nyeb.uscourts.gov/registering-remote-hearing-appearance-using-ecourt-appearances>. Once registered, eCourt Appearances will email the telephone number, video link, and/or courtroom address for your hearing. You may register for hearings weeks in advance, but the telephone number and video link will not be sent to you until 48 hours before the hearing date. Those registering with eCourt Appearances for hearings less than 48 hours in advance should allow up to 15 minutes after registration to receive the email with the hearing information. Those unable to access eCourt Appearances must email Judge Mazer-Marino Courtroom Deputy at: jmm_hearings@nyeb.uscourts.gov at least two (2)

business days prior to the hearing. Your email must include your name, the case number(s), who you represent (if you are an attorney), hearing date, and phone number.

3. This Court has jurisdiction over these proceedings and the parties and property affected hereby pursuant to 28 U.S.C. §1334 and this is a “core” proceeding pursuant to 28 U.S.C. §157. Venue is proper in this Court pursuant to 28 U.S.C. §1408. Notice of relief sought herein was adequate and appropriate in the current circumstances of this Chapter 11 case as contemplated by 11 U.S.C. §102(1)(A) and Fed. R. Bankr. P. 4001(b)(2).

4. In addition to the existing rights and interests of Secured Lender in the Collateral and for the purpose of adequately protecting the Secured Lender from Collateral Diminution, the Secured Lender is hereby granted replacement liens (“Replacement Liens”), only to the extent that said liens were or are deemed valid, perfected and enforceable as of the Petition Date in the continuing order of priority of their pre-petition liens without determination herein as to the nature, extent and validity of said prepetition liens and claims and to the extent Collateral Diminution occurs during the Chapter 11 case, subject to: (i) United States Trustee fees pursuant to 28 U.S.C. Section 1930, together with interest, if any, pursuant to 31 U.S.C. Section 3717 and any Clerk’s filing fees; and (ii) the fees and commissions of a hypothetical Chapter 7 trustee in an amount not to exceed \$10,000; and (iii) professional fees of duly retained professionals in this Chapter 11 case as may be awarded pursuant to Sections 330 or 331 of the Code or pursuant to any monthly fee order entered in the Debtor’s Chapter 11 case. Notwithstanding the foregoing, the Replacement Liens granted hereby shall not attach to the proceeds recovered from causes of action belonging to the estate under Sections 542 through 553 of the Code. The Replacement Liens shall be enforceable against the Debtor, its estate and any successor thereto, including without limitation, any trustee or other estate representative appointed in the Case, or any case under chapter 7 of the

Bankruptcy Code upon the conversion of the Case, or in any other proceedings superseding or related to any of the foregoing. Upon and subject to entry of a final order, Replacement Liens shall not be subject to sections 506(c), 510, 549, or 550 of the Code.

5. The SBA shall have replacement liens for the pre-petition liens with the following carveouts: (a) United States Trustee fees payable under 28 U.S.C. §1930 and 31 U.S.C. §3717; (b) professional fees of duly retained professionals in this Chapter 11 case as may be awarded pursuant to Sections 330 or 331 of the Code or pursuant to any fee order entered in the Debtor's Chapter 11 case; (c) the fees and expenses of a hypothetical Chapter 7 trustee to the extent of \$10,000; and (d) the recovery of funds or proceeds from the successful prosecution of avoidance actions pursuant to section 502(d), 544, 545, 548, 549, 550 or 553 of the Bankruptcy Code.

6. The Debtor shall make monthly adequate protection payments to SBA in the amount of \$1,404.00, with payments due monthly starting on April 1, 2026, and monthly thereafter on or before the 1st of the month. Any payments SBA is required to receive pursuant to this Order shall be made payable to United States Small Business Administration and directed to district counsel to SBA at 26 Federal Plaza, Room 3100, New York, New York 10278.

7. The Debtor shall pay, timely and in full, all insurance premium payments as they come due, and within five (5) business days of payment provide proof of such payment to the Secured Lender.

8. All the Debtor's income will be deposited into the Debtor's debtor-in-possession bank account(s), or such other accounts to be maintained in accordance with this Court's order, and expenditures remitted therefrom. The Debtor shall timely file complete and accurate monthly operating reports in accordance with the reporting requirements of the Office of the United States Trustee's office.

9. The Debtor shall maintain all necessary insurance, including, without limitation, general liability, disability, and worker's compensation as required by the Secured Lender under the Loan Documents and the Office of the United States Trustee. On request, the Debtor shall provide the Secured Lender with proof of all such coverage, as well as prompt notification of any change in such coverage which may hereinafter occur.

10. Notwithstanding anything to the contrary in this Order, the Debtor's authority to use the Cash Collateral pursuant to this Order shall terminate immediately and automatically (a) upon the fifth (5th) business day following the delivery of written notice by the Secured Lender to the Debtor, its bankruptcy counsel, counsel to any official committee of unsecured creditors or, if no committee has been appointed, then to the Debtor's 20 largest unsecured creditors, and the United States Trustee, of any breach or default by the Debtor of the terms and provision of this Order or under the respective loan documents, unless the Debtor shall have cured such breach or default within such five (5) day period, (b) without notice of any kind upon the expiration of the Preliminary Period or (c) without notice of any kind upon the entry of an order of the Court providing for the dismissal or conversion of the Chapter 11 case to a Chapter 7 case or appointment of a trustee.

11. The provisions of this Order shall remain in full force and effect unless modified or vacated by subsequent order of this Court or with the consent of the Secured Lender and the Debtor. If any or all of the provisions of this Order are hereafter modified, vacated, or stayed by subsequent order of this Court or any other court, such stay, modification or vacation shall not affect the validity and enforceability of any lien, priority or benefit with respect to any indebtedness of the Debtor to Secured Lender.

12. The findings contained in this Order are binding upon the Debtor and all parties in

interest (including but not limited to any statutory committee subsequently appointed in the chapter 11 case), and any application of Collateral under this Order shall be infeasible, unless an adversary proceeding or contested matter challenging the validity, enforceability or priority of the Collateral, the prepetition obligations to the Secured Lender (the “Prepetition Obligations”) or the liens securing the Prepetition Obligations (the “Prepetition Liens”) is properly commenced and a final order is entered in favor of the plaintiff or movant in any such timely and properly filed adversary proceeding or contested matter. If no proceeding or contested matter is timely and properly commenced, the Replacement Liens and the Prepetition Liens shall be deemed legal, valid, binding, perfected, and the Collateral, the Prepetition Obligations, the Replacement Liens, and the Prepetition Liens shall not be subject to avoidance or any other similar challenge by any party in interest seeking to exercise the rights of the Debtor’s estate, including, without limitation, and successor(s) thereto.

13. The entry of this Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair, any of the rights, claims or privileges of the Secured Lender in the Debtor’s bankruptcy proceeding, any subsequent proceedings under the Code or in state court.

14. The automatic stay under section 362(a) of the Code is hereby modified as necessary to effectuate all of the terms and provisions of this Order, including, without limitation, to: (a) permit the Debtor to grant the Replacement Liens; (b) permit the Debtor to perform such acts as the Secured Lender may request, in its sole discretion, to assure the perfection and priority of the liens granted herein; and (c) permit the Debtor to incur all liabilities and obligations to the Secured Lender under this Order.

15. This Order shall be binding upon any subsequently appointed or elected trustee in

a successor case under Chapter 7 of the Code.

16. The Debtor shall serve a copy of this Order on all creditors and parties in interest by first class mail within 3 business days of entry of this Order.

17. The Court shall retain jurisdiction with respect to all matters pertaining to this Order.

Dated: June 18, 2026
Brooklyn, New York





Jil Mazer-Marino
Chief United States Bankruptcy Judge