Hearing Date: November 16, 2016
Time: 11:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	Chapter 11
WANK ADAMS SLAVIN ASSOCIATES LLP a/k/a WASA STUDIO,	Case No. 15-11952 (MEW)
Debtor.	

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ORDER AUTHORIZING THE DEBTOR TO OBTAIN POST-PETITION FINANCING ON A SUPERPRIORITY BASIS PURSUANT TO 11 U.S.C. § 364

Upon the motion dated October 14, 2016 (the "**Motion**")[1] of Wank Adams Slavin Associates LLP a/k/a WASA Studio, the above-captioned debtor and debtor in possession (the "**Debtor**"), by its attorneys, Rosen & Associates, P.C., pursuant to section 364(c), (d) and (e) of title 11 of the United States Code (the "**Bankruptcy Code**"), Rule 4001 of the Federal Rules of Bankruptcy Procedure, and Rule 4001-2 of the Local Bankruptcy Rules, seeking entry of an order authorizing it to obtain post-petition financing on a superpriority basis in accordance with the terms of that certain Debtor in Possession Loan and Security Agreement dated October 12, 2016 (the "**Loan Agreement**") by and between the Debtor, as borrower, and Harry Spring (the "**Lender**"),[2] as lender, a copy of which is annexed to the Motion as Exhibit "A" thereto, and for such other and further relief as to the Court may seem just and proper; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 1334 and 157; and consideration of the Motion and the relief requested therein being a core

[1] Capitalized terms used herein that are not otherwise defined herein shall have the meanings ascribed to them in the Motion.
[2] Harry Spring is the sole remaining partner of the Debtor.

proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing from the certificate of service filed with the Court that due and sufficient notice of the Motion has been given; and the Court by notice of motion dated October 14, 2016 having convened a hearing (the "**Hearing**") for November 16, 2016; and Jack Esterson and Pamela Jerome having filed an objection to the Motion (the "**Objection**"); and the Debtor having filed a response to the Objection and in further support of the Motion; and the Hearing having been held on November 16, 2016; and after hearing Rosen & Associates, P.C., attorneys for the Debtor, Nancy L. Kourland, Esq., of counsel, in support of the Motion; and after hearing Dorf & Nelson LLP, attorneys for Jack Esterson and Pamela Jerome, Laura-Michelle Horgan, Esq., of counsel, in opposition to the Motion; and the Court having been notified that the Objection was withdrawn; and after due deliberation and sufficient cause appearing therefor, the Court hereby finds, determines, and orders as follows:

FINDINGS OF FACT:

The declaration and offer of proof submitted to the Court are sufficient to establish the following facts for purposes of this Order:

A. Good cause has been shown for the entry of this Order. The Debtor lacks funds to pay the legal fees it will incur, and expenses it will have to reimburse, in connection with the provision of legal services by Lewis Brisbois Bisgaard & Smith LLP ("**LLBS**") for the prosecution of the Counterclaims the Debtor is asserting in the Arbitration commenced by XIN Development Management East, LLC ("**XIN**"). The Debtor requires the assistance of experienced counsel to effectively prosecute its Counterclaims, which successful prosecution will bring extensive value into the Debtor's estate for the benefit of its creditors. In the absence of post-petition financing, the Debtor will be hampered in its efforts to prosecute the

Counterclaims, thereby harming its estate by depriving the Debtor of an opportunity to increase the value of its estate.

B. Given the Debtor's current financial condition, it cannot obtain unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. Financing on a post-petition basis is not otherwise available without the Debtor granting to the Lender (i) a superpriority administrative expense claim, pursuant to 11 U.S.C. § 364(c)(1), which shall prime the existing adequate protection superpriority administrative claim held by the Debtor's sole secured creditor (the "**HS Consulting Adequate Protection Claim**"), Harry Spring Consulting LLC ("**HS Consulting**"),[3] but be subject to fees payable to the office of the United States Trustee and the administrative expenses of a trustee in a superseding case under chapter 7 of the Bankruptcy Code (collectively, the "**Trustee Fees and Chapter 7 Expenses**"); (b) a senior lien on all encumbered assets of the Debtor (the "**Encumbered Collateral**"), pursuant to 11 U.S.C. § 364(d)(1), which lien shall prime HS Consulting's current lien on such collateral, but shall be subject to Statutory Liens; and (c) a senior lien on all unencumbered assets, if any, of the Debtor, but excluding avoidance actions arising under chapter 5 of the Bankruptcy Code (the "**Unencumbered Collateral**," and together with the Encumbered Collateral, the "**Collateral**"), pursuant to 11 U.S.C. § 364(c)(2). No other source of financing is available on terms more favorable than the terms of the Loan Agreement.

C. The Loan Agreement has been negotiated in good faith, and any loans made to the Debtor pursuant to this Order or the Loan Agreement shall be deemed to have been made in good faith, as required by, and within the meaning of, section 364(e) of the Bankruptcy Code.

[3] The Lender is the sole member of HS Consulting.

D. HS Consulting has consented to the priming of its lien on and security interest in and to the Encumbered Collateral, and the Court finds that no additional adequate protection is necessary in respect to the priming of such lien.

E. The terms of this Order and the Loan Agreement are fair and reasonable, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

F. Absent granting the relief sought by the Debtor's Motion, the Debtor's estate will be irreparably harmed. Accordingly, the Court concludes that entry of this Order is in the best interest of the Debtor's estate and creditors as its implementation will, among other things, allow for the preservation and maximization of the value of the Debtor's estate and enhance the Debtor's ability to successfully reorganize.

Based upon the foregoing findings and conclusions, upon the Motion and other pleadings filed in this chapter 11 case, and upon the record made before this Court at the Hearing, and good and sufficient cause appearing therefor, it is

NOW, on motion of Rosen & Associates, P.C., attorneys for the Debtor,

ORDERED, that:

1. Notice of the Motion and the Hearing is and was good, adequate, and timely.

2. All objections to the Motion and the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included in such objections, are hereby overruled on the merits and denied.

3. The Motion is granted to the extent set forth herein. The failure to specifically describe or include any particular provision of the Loan Agreement or of any other

documents and instruments to be delivered by the Debtor under or in connection with the Loan Agreement (together with the Loan Agreement, the "**Loan Documents**") in this Order shall not diminish or impair the effectiveness of such provision in the Loan Documents.

4. Any and all loans and advances made to the Debtor pursuant to the terms of the Loan Agreement (collectively, the "**Loan**") and Loan Documents are hereby approved, subject to the terms of this Order. The Debtor is hereby authorized to enter into and execute the Loan Agreement and all other Loan Documents. Following the date of entry of this Order, the Debtor is hereby authorized to borrow money under the Loan Agreement, up to an aggregate principal amount of $50,000, during the Loan Term, which funds shall be used solely for the purpose of paying LBBS's Fees and Expenses (as defined in the Loan Agreement). The Debtor is authorized to comply with and perform the terms and conditions of the Loan Agreement, and is directed to repay amounts borrowed and amounts owing under the Loan Agreement and this Order in accordance therewith and herewith.

5. Subject only to the Trustee Fees and Chapter 7 Expenses, the Loan shall constitute an allowed administrative expense in this case, having priority under section 364(c)(1) of the Bankruptcy Code over all administrative expenses of and unsecured claims against the Debtor and its estate now existing or hereafter arising, of any kind or nature whatsoever, including the HS Consulting Adequate Protection Claim.

6. As security for the repayment of the Loan, the Lender shall have and is hereby granted, effective as of the date of entry of this Order, and without the necessity of the execution by the Debtor of mortgages, security agreements, pledge agreements or any other documents similar thereto: (a) a senior, priming, superpriority security interest on the Encumbered Collateral, pursuant to section 364(d)(1) of the Bankruptcy Code, which shall prime

HS Consulting's current lien on the Encumbered Collateral, but shall be subject to Statutory Liens; and (b) a senior, first priority lien on the Unencumbered Collateral (which does not include avoidance claims arising under chapter 5 of the Bankruptcy Code), pursuant to 11 U.S.C. § 364(c)(2).

7. Upon the entry of this Order, all liens and security interests granted herein, pursuant to the Loan Agreement, shall be valid and perfected security interests in the Collateral. Such liens and security interests and their priority shall remain in effect until the Loan shall have been irrevocably and unconditionally repaid in cash in full.

8. HS Consulting has consented to the priming of its lien on the Encumbered Collateral, and no additional adequate protection with respect thereof is necessary or required.

9. The provisions of this Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (a) confirming any plan of reorganization in this chapter 11 case, (b) converting this chapter 11 case to a case under chapter 7 of the Bankruptcy Code, (c) appointing or electing a chapter 11 trustee or any examiner, or (d) dismissing this chapter 11 case, and the terms and provisions of this Order and the claims and liens granted pursuant to this Order shall continue in full force and effect notwithstanding the entry of such order, and such claims and liens shall maintain their priority as provided by this Order until the Loan is indefeasibly paid in full and discharged.

10. Having been found to be making a loan under the Loan Agreement in good faith, the Lender shall be entitled to the full protections of section 364(e) of the Bankruptcy Code with respect to the Loan and the liens created or authorized by this Order in the event that this Order or any authorization contained herein is stayed, vacated, reversed, or modified on appeal. Any stay, modification, reversal, or vacatur of this Order shall not affect the validity of

any obligation of the Debtor to the Lender incurred pursuant to this Order. Notwithstanding any such stay, modification, reversal, or vacatur, any loan made under the Loan Agreement prior to the effective date of such stay, modification, reversal, or vacatur shall be governed in all respects by the original provisions of this Order, and the Lender shall be entitled to all the rights, privileges, and benefits granted herein.

Dated: New York, New York
November 21, 2016

s/Michael E. Wiles
UNITED STATES BANKRUPTCY JUDGE