

1 THE LAW OFFICE OF
2 **KELLY G. BLACK, PLC**
3 1152 E Greenway St, Ste 4
4 Mesa, AZ 85203-4360
5 P (480) 639-6719
6 F (480) 639-6819
7 Attorneys for Inland Oasis Group, Inc.
8 By: Kelly G. Black, No. 016376, kgb@kellygblacklaw.com

9 **UNITED STATES BANKRUPTCY COURT**
10 **DISTRICT OF ARIZONA**

11 In re:		Chapter 11 Proceedings
12 Inland Oasis Group, Inc.	X	Case No.: 2:17-bk-13376-MCW
13 Debtor		Motion for Order Authorizing the Use of Cash Collateral
		Expedited Hearing Requested

14 Inland Oasis Group, Inc. asks the Court to enter its order on an interim basis,
15 substantially in the form attached to this motion as Exhibit A (the "Interim Order"), and subject
16 to further amendment or modification based on negotiations with affected secured creditors, and
17 after a final hearing on this motion (the "Final Hearing"), a final order (the "Final Order," and
18 together with the Interim Order collectively, the "Cash Collateral Orders"):

- 19 1. authorizing the Debtor to use the funds that may be cash collateral securing
20 obligations to Debtor's creditors and
- 21 2. prescribing the form and manner of notice and setting the time for the Final
22 Hearing.

23 The Debtor seeks approval to use cash collateral on an interim basis until the Final
24 Hearing is held. The Debtor further seeks an expedited final hearing on the Motion. This Motion
25 is brought on an expedited basis to avoid irreparable harm to the estate and is supported by the
26 entire record before the Court and by the following memorandum of points and authorities.

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1 MEMORANDUM OF POINTS AND AUTHORITIES

2 **I. Background**

3 **A. Nature of the Case**

4 3. On November 9, 2017, the Debtor filed a voluntary petition for relief under
5 Chapter 11 of the Bankruptcy Code.

6 4. The Debtor continues to operate its business and manage its assets as a debtor-in-
7 possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

8 5. Neither a chapter 11 trustee nor an official committee of Unsecured Creditors has
9 been appointed.

10 **B. Jurisdiction**

11 6. This Court has jurisdiction over this case and this matter pursuant to 28 U.S.C.
12 §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A).
13 Venue is proper in this district pursuant to 28 U.S.C. § 1409(a).

14 **II. Grounds for Relief**

15 **A. Statutory Basis for Relief**

16 7. The statutory predicates for the relief requested are 11 U.S.C. §§ 105(a), 361-363,
17 and 552.

18 **B. Factual Basis for Relief**

19 8. Debtor operates “The Reef,” a restaurant and bar located in Chandler, Arizona.

20 9. Debtor’s projected cash flow from operations appears in the budget attached
21 hereto. *See* Exhibit B.

22 10. The following parties may have claims against Debtor’s cash collateral:

- 23 a. The Internal Revenue Service;
- 24 b. The Arizona Department of Revenue; and
- 25 c. TBF Financial, LLC.

26 11. Debtor has not fully investigated the claims of the secured creditors and does not
27 concede their validity.

28

1 12. Debtor's investigation to date suggest that TBF Financial, LLC will not be able to
2 satisfy its burden under 11 USC § 363(p)(2) to establish its alleged secured claim.

3 13. If Debtor is unable to use its cash collateral, it will be materially hindered in its
4 ability to reorganize.

5 14. Debtor intends to propose a plan of reorganization providing for payment in full of
6 all priority and secured claims, as well as a substantial dividend to general unsecured creditors.

7 15. Debtor has an immediate need for the use of cash collateral which may secure the
8 above-listed claims.

9 16. The cash collateral is needed to pay post-petition operating expenses, including
10 vendors, utilities and utility deposits, and to ensure the uninterrupted operation of Debtor's
11 business.

12 17. Debtor proposes to use cash collateral consistent with the budget attached hereto
13 as Exhibit B, and to pay required utility deposits.

14 18. The secured creditors are adequately protected for the use of cash collateral
15 because the Debtor's operations act to preserve the value of the business and to generate
16 replacement cash collateral. The replacement cash generated from Debtor's operations is
17 expected to exceed the amount of any lien on an ongoing basis.

18 19. Although Debtor believes that no other creditor has a lien against any of their cash
19 collateral, the replacement cash generated from Debtor's operations can adequately protect any
20 interest they may claim.

21 **III. Analysis**

22 20. The Court may allow Debtor's use of cash collateral if it determines that a
23 creditors' interest in their cash collateral is adequately protected. *See In re Mellor*, 734 F.2d 1396,
24 1400 (9th Cir. 1984).

25 21. While adequate protection often contemplates payments, the use of cash collateral
26 to operate an income-producing business itself preserves the value of the collateral. Prudent
27 operation of the property allows Debtor to preserve its business for sale or to generate further
28 income, thereby preserving the value of the income stream.

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11 In re:		Chapter 11 Proceedings
12 Inland Oasis Group, Inc.	X	Case No.: 2:17-bk-13376-MCW
13 Debtor		Order Authorizing the Use of Cash Collateral

14 The Court having considered the Motion for Order Authorizing the Use of Cash
15 Collateral (Doc _____) (the “Motion”), together with any supporting
16 and opposing memoranda, declarations and arguments, and for good cause shown,

17 IT IS ORDERED authorizing Debtor to use cash collateral consistent with the budget
18 attached hereto as Exhibit B, and to pay required utility deposits, until a final hearing can be held;

19 IT IS FURTHER ORDERED setting a final hearing on the Motion for
20 _____ (date) at _____ (time) in Courtroom 702 of the
21 United States Bankruptcy Court, District of Arizona, located at 230 N. First Avenue, Phoenix,
22 Arizona 85003;

23 IT IS FURTHER ORDERED directing that notice by mail be provided to all creditors
24 and interested parties, and that expedited notice (email, fax or telephone) of the hearing be given
25 to the Office of the United States Trustee and to the following, who assert secured claims: the
26 Internal Revenue Service; the Arizona Department of Revenue; and TBF Financial, LLC.

27 SIGNED AND DATED ABOVE.

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