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4 1900 W. Garvey Ave. South, Ste. 240
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8 [Proposed] Attorney for Debtor

9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **RIVERSIDE DIVISION**

12 In re:

13 AMJ Plumbing Specialists, Corp.,

14 Debtors(s).

Case No: 6:17-bk-15717-MJ

Chapter 11

**NOTICE OF MOTION AND MOTION
IN CHAPTER 11 CASE FOR MOTION
FOR AN ORDER AUTHORIZING USE
OF CASH COLLATERAL FOR
PAYROLL AND OPERATING
EXPENSES [11 U.S.C. § 363]**

This motion is being made under LBR
9075-1(a) Hearing requested on emergency
basis.

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22 TO THE HONORABLE MEREDITH A. JURY, UNITED STATES BANKRUPTCY JUDGE,
23 THE UNITED STATES TRUSTEE, AND ALL INTERESTED PARTIES:

24 PLEASE TAKE NOTICE THAT the Debtor moves this court for an order authorizing the use of
25 cash collateral on an interim basis through and including through the date of confirmation of a chapter
26 11 plan or dismissal of this case.

27 **NOTICE PROVISIONS AND DEADLINES FOR FILING AND SERVING A WRITTEN**
28 **RESPONSE:** Your rights might be affected by this Motion. You may want to consult an attorney. Refer
to the instructions below for the deadline to file and serve a written response. If you fail to timely file

1 and serve a written response, the court may treat such failure as consent to the relief sought in the
2 Motion and may grant the requested relief. You must serve a copy of your opposition upon the Debtor
3 and Debtor's attorney and the United States trustee and also serve a copy on the judge assigned to this
4 bankruptcy case pursuant to LBR 5005-2(d) and the Court Manual.

5 **Hearing Requested on Emergency Basis under LBR 9075-1(a): Hearing Requested on**
6 **Emergency Basis under LBR 9075-1(a):** Debtor has contacted the court and requested an emergency
7 hearing on less than 48 hours notice. If the court grants the request, you will receive a separate Notice of
8 Hearing that identifies the deadline for the Debtor to file and serve the Motion and the deadline for you
9 to file and serve a written response. If the court denies the request to set an emergency hearing, the
10 Debtor will provide written notice of a regular hearing date or other disposition of this motion and the
11 deadline for filing an opposition.

12 Dated: July 10, 2017

By: Lozano Law Center, Inc.

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14 /s/ Frank J. Alvarado
15 Frank J. Alvarado, Esq.
16 [Proposed] Attorney for Debtor
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9 [Proposed] Attorneys for Debtor(s)

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11 **UNITED STATES BANKRUPTCY COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA-RIVERSIDE DIVISION**

13 In re

14 AMJ Plumbing Specialists, Corp.

15 Debtor(s).

16 Case No.: 17-15717-MJ
17 Chapter 11

18 **DEBTOR'S EMERGENCY MOTION FOR**
19 **AN ORDER AUTHORIZING USE OF**
20 **CASH COLLATERAL FOR PAYROLL**
21 **AND OPERATING EXPENSES;**
22 **MEMORANDUM OF POINTS AND**
23 **AUTHORITIES; DECLARATION OF**
24 **JOE RUVALCABA IN SUPPORT**
25 **THEREOF**

26 Date: TBD
27 Time: TBD
28 Crtrm: 301
Location: 3420 Twelfth Street
Riverside, CA 92501

29 **MEMORANDUM OF POINTS AND AUTHORITIES**

30 **I. INTRODUCTION**

31 AMJ Plumbing Specialists, Corp., the Debtor, Debtor-In-Possession (hereinafter the "Debtor"),
32 in the above-captioned Chapter 11 case, by and through its proposed counsel of record, Lozano Law
33 Center, Inc., shall, and does hereby move the Court for an Order Approving the Emergency Use of Cash
34 Collateral of TVT Capital, LLC.

1 **II. STATEMENT OF FACTS**

2 AMJ Plumbing Specialists, Corp. (the "Debtor") filed its petition under Chapter 11 of the
3 Bankruptcy Code on July 7, 2017 (the "Petition Date") and is presently operating as a debtor-in-
4 possession. Debtor is a company that provides plumbing services in the Southern California region, the
5 Debtor's principal place of business is located at 9047 Arrow Route, Suite 150, Rancho Cucamonga, CA
6 91730.

7 The Debtor does not own any real property. The Debtor currently and historically generates
8 income from its plumbing business. Due to the competitive nature of the plumbing business, it must pay
9 its employees and daily operating expense on a timely basis in order to retain its clients and bring in
10 additional revenue. Thus, the Debtor seeks this Court's order authorizing emergency use of the cash
11 collateral to pay for payroll and for day to day operating expenses.

12 **ADEQUATE PROTECTION**

13 The principal liability of the Debtor is the obligation owed to its unsecured creditors (primarily
14 money loaned to the business) and a secured debt to TVT Capital, LLC., (hereinafter "TVT "). TVT has
15 acquired a judgment lien against two of the Debtor's bank accounts. Specifically, the liens have been
16 placed against the corporate checking accounts at Chino Commercial Bank and Bank of America. These
17 accounts will also need to be closed in order to comply with the Federal Rules of Bankruptcy Procedure
18 and in order to comply with the US Trustee's "7-Day Package". The Debtor's business is the Debtor's
19 primary asset. The asset is well managed and is generating positive cash flow. Moreover, the Debtor's
20 recent operating results and future projections indicate that this trend will continue and improve over the
21 next year, providing ample adequate protection to the Secured Creditor's interest. Debtor seeks the
22 emergency use of cash collateral for the payment of payroll and daily operating expenses.

23 **III. PROPOSED USE OF CASH COLLATERAL**

24 ***A. Debtor seeks the Emergency Use of Cash Collateral***

25 This Motion is filed due to the nature of the Debtor's business. The Debtor's business must
26 provide its clients with the highest quality of service. The failure to provide clients with the highest
27 quality of service on a continuous basis will result in irreparable reputational damage, revenues and asset
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1 values. To provide this level of service, the Debtor requires the immediate use of all cash and cash
2 equivalents on hand and hereafter generated, whether the same constitutes Cash Collateral, or not.

3 ***B. The Court Should Authorize the Debtor's Use of the Cash Collateral.***

4 As a general matter, a Debtor-in-Possession is permitted to use property of the estate in the
5 ordinary course of business without the need for notice or a hearing. 11 U.S.C. Section 363(c)(1).
6 However, a Debtor's use of cash collateral is an exception to this general Rule. Section 363 (c)(2)
7 provides in pertinent part:

8 "The [debtor in possession] may not use, sell, or lease cash collateral ... unless

9 (A) Each entity that has an interest in such cash collateral consents: or

10 (B) The court, after notice and hearing, authorizes such use, sale or lease in accordance
11 with the provisions of this section."

12 Courts have consistently held that it is appropriate for a Chapter 11 Debtor to use a secured
13 creditor's cash collateral for reasonable period of time for the purpose of maintaining and operating its
14 property. *See MBank Dallas, N.A. v. O'Connor (In re O'Connor)*, 808 F. 2d 1393, 1397 (10th Cir.1987).
15 In Addition, where, as here, the Debtor is operating a business, it is extremely important that use of cash
16 collateral be allowed in order to facilitate the goal of reorganization: "the purpose of Chapter11 is to
17 rehabilitate debtors and generally access to cash collateral is necessary to operate a business. "*In re*
18 *Dynaco Corporation*, 162 B.R. 389, 394 (Bankr. D.N.H. 1993), quoting *In re Stein*, 19 B.R. 458, 459
19 (Bankr. E.D. Pa. 1982). The Debtor should be authorized to use the Cash Collateral to issue payroll and
20 operate its business because the continued operations and the concomitant use of the Cash Collateral
21 will preserve the value of the Cash Collateral and of the business for the benefit of the estate and the
22 creditors.

23 ***C. The Creditors' interest is Adequately Protected by the Value of Debtor's Assets and the***
24 ***Payment Debtor Proposes to Make to the secured creditors.***

25 Pursuant to § 363 (c)(2), the Court may authorize the Debtor to use a secured creditor's cash
26 collateral if the Court determines that the secured creditor is adequately protected. *Pistole v. Mellor (In*
27 *re Mellor)*, 734 F 2d 1396, 1400 (9thCir. 1984). See also *O'Connor*, supra, 808 F.2nd at 1398;
28 *McCombs Properties VI. Ltd. v. First Texas Savings Association (In re McCombs Properties VI, Ltd.)*,

1 88 B.R. 261, 265 (Bankr. C.D. Cal.1988). In ordinary circumstances, a secured creditor is to be
2 protected against a decrease in value which directly affects the secured creditor's interest in its
3 collateral. See *United Savings Association of Texas v. Timbers of Inwood Forest Associates, Ltd.*, 484
4 U.S. 365,108, S. Ct. 626,630, (1988): Section 506 (a) of the Bankruptcy Code "Limits the secured status
5 of a creditor (i.e., the secured creditor's claim) to the lesser of the [allowed amount of the] claim or the
6 value of the collateral." *McCombs*, supra, 88 B.R. at 266.

7 As a general rule, a Debtor may use cash collateral where such use would enhance or preserve
8 the value of the collateral. *McCombs*, supra, 88 B.R. at 267. The Debtor must pay its payroll timely for
9 its employees to work and generate profit for the Debtor, which will ultimately be used in formulating a
10 chapter 11 reorganization plan. Unless the Debtor is permitted to use cash collateral for the payroll and
11 day to day operating expense, the Debtor will be at risk of losing its current employees and possibly
12 jeopardizing the Debtor's plan of reorganization.

13 ***D. In Determining Adequate Protection, The Court Should Promote Reorganization.***

14 In determining adequate protection, Courts have stressed the importance of promoting a Debtor's
15 reorganization. In *In re O'Connor*, supra, the Tenth Circuit stated: "In this case, Debtors, in the midst of
16 a Chapter 11 proceeding, have proposed to deal with cash collateral for the purpose of enhancing the
17 prospects of reorganization. This quest is the ultimate goal of Chapter 11. Hence, the Debtor's efforts are
18 not only to be encouraged, but also their efforts during the administration of the proceeding are to be
19 measured in light of that quest. Because the ultimate benefit to be achieved by a successful
20 reorganization inures to all the creditors of the estate, a fair opportunity must be given to the Debtor to
21 achieve that end. Thus, while interests of the secured creditor whose property rights are of concern to the
22 court, the interests of all other creditors also have bearing upon the question of whether use of cash
23 collateral shall be permitted during the early stages of administration." 808 F 2nd at 1937.

24 In order to promote the Debtor's reorganization, the Court should grant the relief requested
25 herein. The Debtor has demonstrated that the emergency use of cash collateral as proposed by the
26 Debtor to pay for payroll and its day-to-day operating expenses will benefit the Debtor's estate and the
27 secured creditors, since Debtor will continue to generate income necessary for proposing a feasible
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1 reorganization plan. As such, a successful reorganization depends upon the use of cash collateral as
2 proposed herein.

3 **V. CONCLUSION**

4 WHEREFORE, the Debtor respectfully requests that the Court enter its Order authorizing the use
5 of cash collateral on the terms and conditions described in the Motion and the supporting budget, and
6 granting such other and further relief as is just and proper under the circumstances.

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Dated: 07/10/2017

Lozano Law Center, Inc.

/s/ Frank J. Alvarado
Frank J. Alvarado, Esq.
Attorney for Debtors

DECLARATION OF JOE RUVALCABA

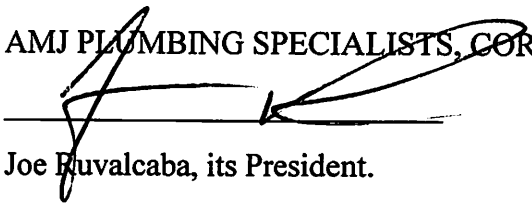
I, Joe Ruvalcaba, declare as follows:

1. I am the President of the Debtor in this Bankruptcy proceeding.
2. I make this declaration on my own personal knowledge and would so testify.
3. AMJ Plumbing Specialists Corp., the Debtor, Debtor-In-Possession (hereinafter the "Debtor"), in the above-captioned Chapter 11 case, by and through its counsel of record, Lozano Law Center, Inc., shall, and does hereby move the Court for an Order Approving the Emergency Use of Cash Collateral of TVT Capital, LLC, as set forth herein.
4. AMJ Plumbing Specialists, Corp. (the "Debtor") filed its petition under Chapter 11 of the Bankruptcy Code on July 7, 2017 (the "Petition Date") and is presently operating as a debtor-in-possession. Debtor operates a plumbing company which is located at 9047 Arrow Route, Suite 150, Rancho Cucamonga, CA 91730.
5. The Debtor does not own any real property. The Debtor currently and historically generates income from its plumbing business. Due to the competitive nature of the plumbing business, it must pay its employees and daily operating expense on a timely basis in order to retain its clients and bring in additional revenue. Thus, the Debtor seeks this Court's order authorizing emergency use of the cash collateral to pay for payroll and for day to day operating expenses.
6. The principal liability of the Debtor is the obligation to its unsecured creditors and secured lien owed to TVT Capital, LLC (hereinafter "TVT") secured by the Debtor's corporate checking accounts. There is approximately \$26,048.42 being held in the Debtor's corporate checking accounts. The Debtor's business is the Debtor's primary asset. The asset is well managed and is generating positive cash flow. Moreover, the Debtor's recent operating results and future projections indicate that this trend will continue and improve over the next year, providing ample adequate protection to the Secured Creditor's interest. Debtor seeks the emergency use of cash collateral for the payment of payroll and daily operating expenses.
7. The Debtor's proposed six-month projected budget is attached hereto as Exhibit "1".

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on the 10th day of July 2017, in West Covina, California.

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AMJ PLUMBING SPECIALISTS, CORP.



Joe Ruvalcaba, its President.

EXHIBIT "1"

**United States Bankruptcy Court
Central District of California**

In re AMJ Plumbing Specialists Corp.

Debtor(s)

Case No. 6:17-bk-15717
Chapter 11

6 Month Projection

BUSINESS INCOME AND EXPENSES

FINANCIAL REVIEW OF THE DEBTOR'S BUSINESS (NOTE: ONLY INCLUDE information directly related to the business operation.)

PART A - GROSS BUSINESS INCOME FOR PREVIOUS 12 MONTHS:

1. Gross Income For 12 Months Prior to Filing: \$ 0.00

PART B - ESTIMATED AVERAGE FUTURE GROSS MONTHLY INCOME:

2. Gross Monthly Income \$ 211,965.33

PART C - ESTIMATED FUTURE MONTHLY EXPENSES:

3. Net Employee Payroll (Other Than Debtor) \$ 60,314.29

4. Payroll Taxes 26,576.83

5. Unemployment Taxes 11,961.50

6. Worker's Compensation 3,545.00

7. Other Taxes 0.00

8. Inventory Purchases (Including raw materials) 62,748.38

9. Purchase of Feed/Fertilizer/Seed/Spray 0.00

10. Rent (Other than debtor's principal residence) 3,183.50

11. Utilities 1,747.12

12. Office Expenses and Supplies 2,620.82

13. Repairs and Maintenance 1,339.72

14. Vehicle Expenses 3,335.20

15. Travel and Entertainment 362.95

16. Equipment Rental and Leases 4,448.67

17. Legal/Accounting/Other Professional Fees 2,321.27

18. Insurance 4,864.75

19. Employee Benefits (e.g., pension, medical, etc.) 10,057.65

20. Payments to Be Made Directly By Debtor to Secured Creditors For Pre-Petition Business Debts (Specify):

DESCRIPTION	TOTAL
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21. Other (Specify):

DESCRIPTION	TOTAL
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22. Total Monthly Expenses (Add items 3-21) \$ 199,427.65

PART D - ESTIMATED AVERAGE NET MONTHLY INCOME:

23. AVERAGE NET MONTHLY INCOME (Subtract item 22 from item 2) \$ 12,537.68

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1900 W. Garvey Ave. South, Ste. 240, West Covina, CA 91790

A true and correct copy of the foregoing document entitled (*specify*): **NOTICE OF MOTION AND MOTION IN CHAPTER 11 CASE FOR MOTION FOR AN ORDER AUTHORIZING USE OF CASH COLLATERAL FOR PAYROLL AND OPERATING EXPENSES [11 U.S.C. § 363]** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 07/10/2017, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

David Lozano notices@dlbkllaw.com, mylozanoecfmail@gmail.com;r44560@notify.bestcase.com
United States Trustee (RS) ustprejion16.rs.ecf@usdoj.gov

2. SERVED BY UNITED STATES MAIL:

On (*date*) 07/10/2017, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on

attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) 07/10/2017, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

07/10/2017

Frank Alvarado

/s/ Frank Alvarado

Date

Printed Name

Signature

1	American Express	Bank of America	Bank of America	268 State Street, Suite
2	Attention: Bankruptcy	P.O. Box 301200	#3250-6976-8848	300
3	Department	Los Angeles, CA	Attn: Notice to Release	Salt Lake City, UT
4	20022 North 31st	90030-12	Lien	84111
5	Avenue		P.O. Box 25118	
6	Phoenix, AZ 85027		Tampa, FL 33622-5118	
7	Focus	Focus Real Estate, LP	Forward Financing,	Joseph Nierman, Esq.
8	20320 SW Birch Street,	20320 SW Birch Street,	LLC	30 Wall Street, Room
9	Suite 200	Suite 120	36 Bromfield Street,	801
10	Newport Beach, CA	Newport Beach, CA	Suite 210	New York, NY 10005
11	92660	92660	Boston, MA 02108	
12	Kimberly Emerling,	LCA Collections	Mantis Funding, LLC	Mantis Funding, LLC
13	Esq. Forward Fin	P.O. Box 2240	64 Beaver Street, Suite	P.O. Box 6497
14	36 Bromfield Street,	Burlington, NC 27216	#344	Sioux Falls, SD 57117
15	Suite 210		New York, NY 10004	
16	Boston, MA 02108			
17	Mercedes-Benz	OnDeck	Opus Bank	Pacific Financial
18	Financial	1400 Broadway	131 W. Commonwealth	P.O. Box 34003
19	2050 Roanoke Road	New York, NY 10004	Avenue	Fullerton, CA 92834
20	Roanoke, TX 76262		Fullerton, CA 92832	
21	Paychecks, Inc	Platinum Rapid	Small Business Capital	TVT Capital, LLC
22	911 Panorama Trail S.	Funding Group, LTD	Solutions	8 Hunters Lane
23	Rochester	348 RXR Plaza	3611 14th Avenue,	Roslyn, NY 11576
24	Rochester, NY 14625	Uniondale, NY 11556	Suite 426	
25	Buchalter		Brooklyn, NY 11218	
26	C/O Barry Smith			
27	1000 Wilshire			
28	Boulevard, Suite 1500			
	Los Angeles, CA			
	90017-1730			