

<p>Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address</p> <p>Wayne R. Terry (SBN 134685) Christopher D. Crowell (SBN 253103) HEMAR, ROUSSO & HEALD, LLP 15910 Ventura Boulevard, 12th Floor Encino, California 91436 Telephone: (818) 501-3800 Facsimile: (818) 501-2985 E-mail: wterry@hrhlaw.com ccrowell@hrhlaw.com</p> <p><input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: STATE BANK OF INDIA (CALIFORNIA)</p>	<p>FOR COURT USE ONLY</p> <div style="border: 1px solid black; padding: 10px; text-align: center;"> <p>FILED & ENTERED</p> <p>OCT 11 2018</p> <p>CLERK U.S. BANKRUPTCY COURT Central District of California BY sumlin DEPUTY CLERK</p> </div>
--	---

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

<p>In re:</p> <p>NEWARK SPECIAL TECHNOLOGIES, INC.,</p> <p style="text-align: right;">Debtor(s).</p>	<p>CASE NO.: 2:18-bk-18929-NB</p> <p>CHAPTER: 11</p> <p style="text-align: center;">ORDER RE: NOTICE OF MOTION AND MOTION IN INDIVIDUAL CHAPTER 11 CASE FOR ORDER AUTHORIZING USE OF CASH COLLATERAL [11 U.S.C. § 363]</p> <p>DATE: October 9, 2018 TIME: 1:00 p.m. COURTROOM: 1545 ADDRESS: 255 East Temple Street Los Angeles, California 90012</p>
--	---

Affected Lien Holders: Secured creditor State Bank of India (California) and purported secured creditors Deepak Krishan, Manhar Patel, and Vinu Patel

The court has considered **NOTICE OF MOTION AND MOTION IN INDIVIDUAL CHAPTER 11 CASE FOR ORDER AUTHORIZING USE OF CASH COLLATERAL [11 U.S.C. § 363]**, docket number (*specify*) 27, as modified by the MOTION TO APPROVE STIPULATION REGARDING INTERIM USE OF CASH COLLATERAL AND GRANT OF ADEQUATE PROTECTION, docket number (*specify*) 32 (individually and collectively, "Motion").

1. The Motion was: Opposed Unopposed Settled by stipulation
2. Appearances are stated in the court record.
3. The Motion affects the following collateral (Collateral):
 - a. The Collateral
 - Real Property
 - Street address:
 - Unit/suite no.:
 - City, state, zip code:
 - Legal description or document recording number (*include county of recording*):

This form is optional. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

Equipment (*manufacturer, type, and characteristics*):

Serial number(s):

Location:

Vehicle (*year, manufacturer, type and model*):

Vehicle identification number:

Location of vehicle:

Rents or accounts receivable (*type, identifying information, and location*):

Cash on hand generated from the Collateral (*type, identifying information, and location*):

Other personal property (*type, identifying information, and location*): All of the Debtor's present and future assets, including without limitation the Debtor's Inventory, Chattel Paper, Accounts, Fixtures, Equipment, and General Intangibles, and all proceeds and products thereof, with each of the preceding capitalized terms not defined in this Order having the meanings the Uniform Commercial Code ascribes to such terms.

b. Value of Collateral \$125,800.00 per Debtor's Schedules.¹

4. Based upon the findings and conclusions made at the hearing, IT IS ORDERED THAT:

5. The Motion is granted under: 11 U.S.C. § 363(c)(2)(A) 11 U.S.C. § 363(c)(2)(B)

AND IT IS FURTHER ORDERED THAT:

a. THIS IS AN INTERIM ORDER, a continued hearing on the further use of Cash Collateral shall be held in the same court on date: November 6, 2018, time: 1:00 p.m..

b. Any further opposition to the further use of Cash Collateral is to be filed with the court and served upon the Debtor, the United States trustee, the creditor's committee (if any), its counsel, and (if no creditors committee), the 20 largest unsecured creditors by date: October 23, 2018. If no opposition is filed, any opposition may be deemed waived.

~~See attached for any other provisions.~~ The court's tentative ruling on the Motion attached hereto is adopted as the written ruling of the court and incorporated herein by this reference, with the following modifications:

1. Paragraph I(1) (entitled Local Form F 4001-2.STMT.FINANCE) is deleted in its entirety.

2. Paragraph I(2) is deleted and replaced in its entirety by the following:

(2) Challenges to perfection, validity, extent of Bank's liens. The tentative ruling is, at least on an interim basis, to authorize the use of Bank's cash collateral subject to parties other than the debtor having a period of 90 days from the later of (a) the date of service of the Motion or (b) as to any committee or trustee, the date of such committee's or trustee's appointment, to challenge or contest (1) the validity or enforceability of the Loan Documents (as the Stipulation (dkt. 32, Ex. 2) defines such term); (2) the validity, perfection, priority, or extent of the Bank's security interest in the Collateral; or (3) the amount the debtor owed under the Loan Documents as of the bankruptcy petition date as set forth in Recital G to the Stipulation. Compare Stipulation (dkt. 32, Ex.2, section 8(b)) (later of 10/31/18 or 45 days following appointment of trustee or committee).

[Remainder of Page Intentionally Left Blank]

6. The Motion is Denied

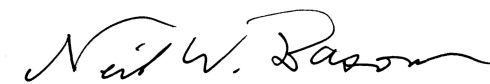
¹ State Bank of India (California) ("Bank") takes no position on the accuracy of the Debtor's scheduled asset values.

This form is optional. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

7. The Motion is
 Granted in part:
 Denied in part:

###

Date: October 11, 2018



Neil W. Bason
United States Bankruptcy Judge

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Wayne R. Terry (SBN 134685) Christopher D. Crowell (SBN 253103) HEMAR, ROUSSO & HEALD, LLP 15910 Ventura Boulevard, 12th Floor Encino, California 91436 Telephone: (818) 501-3800 Facsimile: (818) 501-2985 E-mail: wterry@hrhlaw.com ccrowell@hrhlaw.com <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: STATE BANK OF INDIA (CALIFORNIA)	FOR COURT USE ONLY
---	--------------------

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

In re: NEWARK SPECIAL TECHNOLOGIES, INC., Debtor(s).	CASE NO.: 2:18-bk-18929-NB CHAPTER: 11 <div style="text-align: center; border: 1px solid black; padding: 5px;">ORDER RE: NOTICE OF MOTION AND MOTION IN INDIVIDUAL CHAPTER 11 CASE FOR ORDER AUTHORIZING USE OF CASH COLLATERAL [11 U.S.C. § 363]</div> DATE: October 9, 2018 TIME: 1:00 p.m. COURTROOM: 1545 ADDRESS: 255 East Temple Street Los Angeles, California 90012
--	--

Affected Lien Holders: Secured creditor State Bank of India (California) and purported secured creditors Deepak Krishan, Manhar Patel, and Vinu Patel

The court has considered **NOTICE OF MOTION AND MOTION IN INDIVIDUAL CHAPTER 11 CASE FOR ORDER AUTHORIZING USE OF CASH COLLATERAL [11 U.S.C. § 363]**, docket number (specify) 27, as modified by the MOTION TO APPROVE STIPULATION REGARDING INTERIM USE OF CASH COLLATERAL AND GRANT OF ADEQUATE PROTECTION, docket number (specify) 32 (individually and collectively, "Motion").

1. The Motion was: Opposed Unopposed Settled by stipulation
2. Appearances are stated in the court record.
3. The Motion affects the following collateral (Collateral):
 - a. The Collateral
 - Real Property
 - Street address:
 - Unit/suite no.:
 - City, state, zip code:
 - Legal description or document recording number (include county of recording):

This form is optional. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

Equipment (*manufacturer, type, and characteristics*):

Serial number(s):

Location:

Vehicle (*year, manufacturer, type and model*):

Vehicle identification number:

Location of vehicle:

Rents or accounts receivable (*type, identifying information, and location*):

Cash on hand generated from the Collateral (*type, identifying information, and location*):

Other personal property (*type, identifying information, and location*): All of the Debtor's present and future assets, including without limitation the Debtor's Inventory, Chattel Paper, Accounts, Fixtures, Equipment, and General Intangibles, and all proceeds and products thereof, with each of the preceding capitalized terms not defined in this Order having the meanings the Uniform Commercial Code ascribes to such terms.

b. Value of Collateral \$125,800.00 per Debtor's Schedules.¹

4. Based upon the findings and conclusions made at the hearing, IT IS ORDERED THAT:

5. The Motion is granted under: 11 U.S.C. § 363(c)(2)(A) 11 U.S.C. § 363(c)(2)(B)

AND IT IS FURTHER ORDERED THAT:

- a. THIS IS AN INTERIM ORDER, a continued hearing on the further use of Cash Collateral shall be held in the same court on date: November 6, 2018, time: 1:00 p.m.
- b. Any further opposition to the further use of Cash Collateral is to be filed with the court and served upon the Debtor, the United States trustee, the creditor's committee (if any), its counsel, and (if no creditors committee), the 20 largest unsecured creditors by date: October 23, 2018. If no opposition is filed, any opposition may be deemed waived.

~~See attached for any other provisions.~~ The court's tentative ruling on the Motion attached hereto is adopted as the written ruling of the court and incorporated herein by this reference, with the following modifications:

1. Paragraph I(1) (entitled Local Form F 4001-2.STMT.FINANCE) is deleted in its entirety.
2. Paragraph I(2) is deleted and replaced in its entirety by the following:

(2) Challenges to perfection, validity, extent of Bank's liens. The tentative ruling is, at least on an interim basis, to authorize the use of Bank's cash collateral subject to parties other than the debtor having a period of 90 days from the later of (a) the date of service of the Motion or (b) as to any committee or trustee, the date of such committee's or trustee's appointment, to challenge or contest (1) the validity or enforceability of the Loan Documents (as the Stipulation (dkt. 32, Ex. 2) defines such term); (2) the validity, perfection, priority, or extent of the Bank's security interest in the Collateral; or (3) the amount the debtor owed under the Loan Documents as of the bankruptcy petition date as set forth in Recital G to the Stipulation. Compare Stipulation (dkt. 32, Ex.2, section 8(b)) (later of 10/31/18 or 45 days following appointment of trustee or committee).

[Remainder of Page Intentionally Left Blank]

¹ State Bank of India (California) ("Bank") takes no position on the accuracy of the Debtor's scheduled asset values.

- 6. The Motion is Denied
- 7. The Motion is
 - Granted in part:
 - Denied in part:

###

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Neil Bason, Presiding
Courtroom 1545 Calendar**

Tuesday, October 09, 2018

Hearing Room 1545

1:00 PM

2:18-18929 Newark Special Technologies, Inc. Dba Magorien Hon

Chapter 11

#5.00 Hrg re: Motion in individual chapter 11 case
for order authorizing use of cash collateral

Docket 27

Tentative Ruling:

Please see the tentative ruling for the proposed stipulation regarding the use
of cash collateral (calendar no. 6, 10/9/18 at 1:00 p.m.).

Party Information

Debtor(s):

Newark Special Technologies, Inc.

Represented By
Joseph L Pittera

Movant(s):

Newark Special Technologies, Inc.

Represented By
Joseph L Pittera

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Neil Bason, Presiding
Courtroom 1545 Calendar**

Tuesday, October 09, 2018

Hearing Room 1545

1:00 PM

2:18-18929 Newark Special Technologies, Inc. Dba Magorien Hon

Chapter 11

#6.00 Hrg re: Motion to approve stipulation regarding
interim use of cash collateral and grant of adequate
protection

Docket 32

Tentative Ruling:

Revised Tentative Ruling for 10/9/18:

Grant the motion, as revised (dkt. 32, revising dkt. 27) on an interim basis, subject to the conditions set forth below, with a final hearing on 11/6/18 at 1:00 p.m., and a deadline of 10/12/18 for the movant to file and serve a notice of the final hearing. Appearances required.

I. Special conditions

(1) Local Form F 4001-2.STMT.FINANCE. The posted Procedures of Judge Bason (available at www.cacb.uscourts.gov) require the use of this form. In any event, the motion does not follow the format required by Rule 4001(b)(1)(B), (c)(1)(B) & (d)(1)(B) (Fed. R. Bankr. P.) whereas the Local Form does. The tentative ruling is to set a deadline of 10/12/18 to file and serve this form.

(2) Challenges to perfection, validity, extent of Bank's liens. The tentative ruling is, at least on an interim basis, to authorize the use of Bank's cash collateral subject to parties other than the debtor having a period of 90 days from the latter of (a) the date of service of the motion or (b) the appointment of any committee or trustee to assess the validity, priority, and extent of the Bank's liens. *Compare* Stipulation (dkt. 32, Ex.2, section 8(b)) (later of 10/31/18 or 45 days following appointment of trustee or committee).

(3) Service of the motion. The proof of service (dkt. 32, last two pages) reflects service on the persons listed in Rule 4001(b)(1)(C) & (d)(1)(C), but the parties should be prepared to address the source of the addresses for the purported secured creditors.

(4) 506(c). The tentative ruling is that the waiver of rights under 11 U.S.C. 506(c) is inapplicable to emergency situations in which Debtor lacks enough time to seek authorization to use cash collateral outside of the stipulation. For example, if the debtor were to expend funds putting out a fire

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Neil Bason, Presiding
Courtroom 1545 Calendar**

Tuesday, October 09, 2018

Hearing Room 1545

1:00 PM

CONT... Newark Special Technologies, Inc. Dba Magorien Hon Chapter 11

that would damage Bank's non-cash collateral, that might be compensable under section 506(c) notwithstanding the lack of prior authorization from Bank to expend cash collateral in that manner.

II. Judge Bason's standard conditions for use of cash collateral and/or postpetition financing (by creditors holding prepetition claims)

(1) Written order

(a) Form. Use local form F2081-

1.1.ORDER.CASH.COLLATERAL or the equivalent. Attach a copy of this tentative ruling as an exhibit, thereby adopting it as the written ruling of the court. Do not repeat the terms set forth in the motion or any stipulation. Incorporate those terms by reference, subject to any modification by this court (including the docket number of the document).

(b) Timing. Lodge the proposed order within 7 days after the hearing. See LBR 9021-1(b)(1)(B).

(2) Minimum adequate protection

In addition to the postpetition security interests that are automatically provided pursuant to 11 U.S.C. 552 (e.g., in traceable proceeds and profits), and subject to any more comprehensive protection that may be included in the motion or related papers, the debtor shall provide at least the following protection to any creditor with a security interest in the subject property (pursuant to 11 U.S.C. 361-364, as applicable):

(a) Insurance. For all collateral of a type that typically is insured (e.g., real property and improvements), the debtor is directed to maintain insurance in a dollar amount at least equal to the debtor's good faith estimate of the value of such creditor's interest in the collateral, and such insurance shall name such creditor as an additional insured. The debtor is directed to remain current on payments for such insurance.

(b) Taxes. The debtor is directed to remain current on payments on account of postpetition real estate taxes (to the extent that real estate is part of the collateral).

(c) Disclosures/access. The debtor is directed to provide, upon such creditor's reasonable request, periodic accountings of the foregoing insurance and tax obligations and payments, as well as postpetition proceeds, products, offspring, or profits from the collateral, including gross revenues and expenses and a calculation of net revenues, including any rents

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Neil Bason, Presiding
Courtroom 1545 Calendar**

Tuesday, October 09, 2018

Hearing Room 1545

1:00 PM

CONT... Newark Special Technologies, Inc. Dba Magorien Hon Chapter 11

and any fees, charges, accounts, or other payments for the use or occupancy of rooms and other public facilities in lodging properties (as all of the foregoing terms are used in 11 U.S.C. 552). The debtor is directed to provide appropriate documentation of those accountings, and access for purposes of inspection or appraisal.

(3) Limitation on postpetition liens

In the event that the motion or related papers seek authority to grant postpetition liens to the creditor(s) *with respect to prepetition debts* any such liens shall be limited to the same validity, priority, and amount as prepetition liens. As used herein, the "validity, priority, and amount" or any similar phrase that may be used by the parties or the court is deemed to include the following:

(a) Extent. Such liens shall be limited to the *type* of collateral in which the creditor held a security interest as of the petition date, unless this order expressly states that the liens granted by this order are intended to attach to different types of collateral from the prepetition collateral. For example, if prepetition liens extended to inventory and accounts receivable but not equipment then postpetition liens are likewise limited (unless otherwise expressly provided below); and postpetition liens shall not extend to the proceeds of any avoidance actions, any recoveries under 11 U.S.C. 506 (c), or any "carveout" under 11 U.S.C. 552.

(b) Priority. Such liens shall be limited to the same *priority* as the security interest held by the creditor as of the petition date.

(c) Dollar amount. Such liens shall be limited to the dollar amount needed to protect the creditor against diminution in the *value* of the secured claims as of the petition date.

(d) Enforceability. Such liens shall be limited to the extent that the creditor's security interests were duly *perfected* and *valid* as of the petition date, and to the extent that they are *unavoidable*.

(e) Automatic postpetition perfection. Any *automatic* perfection of such liens shall be subject to any applicable limitations regarding the Court's authority, jurisdiction, or due process.

(4) Automatic disapproval of insufficiently disclosed provisions

Any provision of the type listed in FRBP 4001(c)(1)(B) or in local form F4001-2 (e.g., cross-collateralization) or any waiver of the "equities of the

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Neil Bason, Presiding
Courtroom 1545 Calendar**

Tuesday, October 09, 2018

Hearing Room 1545

1:00 PM

CONT... Newark Special Technologies, Inc. Db a Magorien Hon Chapter 11

case" exception in 11 U.S.C. 552(b)(2) shall be deemed automatically disapproved and excepted from any order granting the motion, notwithstanding any other provision of such order, unless either: (a) such provision is specifically and prominently disclosed in the motion papers in a checklist (such as local form F4001-2), or alternatively (b) such provision is specifically identified in any proposed order granting the motion, using terminology of the type used in FRBP 4001(c)(1)(B) or local form F4001-2 (e.g., any "cross-collateralization" that is not specifically identified as such is deemed to be disapproved).

(5) Disputes

In the event of any disputes regarding the rulings in this order, the parties are directed to meet and confer and, if they cannot resolve their disputes consensually, contact the chambers of the presiding judge to arrange a mutually convenient time for either a telephonic or in-person hearing to address such disputes.

Tentative Ruling for 10/9/18:

This court anticipates posting a tentative ruling at a later time.

Party Information

Debtor(s):

Newark Special Technologies, Inc.

Represented By
Joseph L Pittera

Movant(s):

State Bank of India (California)

Represented By
Christopher D Crowell