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 2 WALTER WILHELM LAW GROUP  
 3 A Professional Corporation  
 4 Riley C. Walter #91839  
 5 205 East River Park Circle, Ste. 410  
 6 Fresno, CA 93720  
 7 Telephone: (559) 435-9800  
 8 Facsimile: (559) 435-9868  
 9 E-mail: [rileywalter@w2lg.com](mailto:rileywalter@w2lg.com)

Attorneys for Debtor in Possession

8 IN THE UNITED STATES BANKRUPTCY COURT  
 9 EASTERN DISTRICT OF CALIFORNIA  
 10 FRESNO DIVISION

11 In re

12 VERSA MARKETING, INC.,

13 Debtor in Possession.

14 Tax ID #: xxx-xx-8094  
 15 Address: 4623 N. First Street  
 16 Fresno, CA 93726

11 CASE NO. 18-13678

12 DC No.: WW-1

13 Chapter 11

14 Date: January 29, 2019  
 15 Time: 9:30 a.m.  
 16 Place: 2500 Tulare Street  
 17 Fresno, CA 93721  
 18 Courtroom 13  
 19 Judge: Honorable René Lastreto II

19 **ORDER GRANTING MOTION FOR USE OF CASH AND CASH COLLATERAL AND**  
 20 **FOR CREATION OF A PACA TRUST ACCOUNT AND CONTINUING HEARING**

21 At Fresno, in the Eastern District of California.

22 The Debtor's Motion for Authority to Use Cash and Cash Collateral and for  
 23 Creation of a PACA Trust Account duly came on for continued hearing before the Court  
 24 on January 29, 2019 at 9:30 a.m. At the hearing an appearance was entered by Riley C.  
 25 Walter for the Debtor. Jessica Giannetta appeared for Fresno First Bank and Ronald  
 26 Clifford appeared for the Committee. Other appearances are shown as is on the record.

27 Prior to the hearing the Court received and reviewed the declaration of Alfred  
 28 Goularte in support of the Motion for Authority to Use Cash and Cash Collateral and for

RECEIVED  
 January 31, 2019  
 CLERK, U. S. BANKRUPTCY COURT  
 EASTERN DISTRICT OF CALIFORNIA  
 0006438123

ORDER GRANTING MOTION FOR USE OF CASH  
 AND CASH COLLATERAL AND FOR CREATION OF A  
 PACA TRUST ACCOUNT

1 Creation of a PACA Trust Account and supporting documents, including the budget  
2 attached to the declaration thereto ("Budget").

3 The Court, having heard the representations of counsel, considered the objection  
4 voiced by Fresno First Bank and finding use of the requested cash collateral and creation  
5 of a PACA trust account is for and in the best interest of the estate, and that Fresno First  
6 Bank is adequately protected, and good cause appearing, now therefore,

7 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

8 1. The Motion be, and hereby is, granted in its entirety, except as modified and  
9 provided below. All objections not withdrawn are overruled.

10 2. The Debtor is permitted to use cash collateral in accordance with the terms  
11 of the Budget attached hereto as Exhibit 1 for the period of February 1, 2019 to April 30,  
12 2019 ("Subject Period") on the same terms as provided in the Order filed December 7,  
13 2018 as DKT. 196. All capitalized terms not otherwise defined herein shall be given the  
14 meaning ascribed to such terms in the foregoing Order.

15 3. The Debtor is authorized to establish a PACA trust account at California  
16 Bank & Trust as set out in the Motion where the trust funds shall be held as adequate  
17 protection for PACA creditors pending further court order.

18 4. Ordinary course of business sales contemplated by the Budget are  
19 approved.

20 5. The Secured Creditors' liens upon, and security interests in the replacement  
21 collateral shall be deemed perfected without any other act or filing upon entry of this  
22 Order.

23 6. All rights to assert the protections and benefits of §§ 506 and 552 are  
24 preserved.

25 7. There shall be a continued hearing on the Motion on May 2, 2019 at 9:30  
26 a.m. in Fresno with telephonic appearances allowed. Objections to the Motion may be  
27 made up until 2 days prior to commencement of the continued hearing.

28

1           8.     The Debtor's proposed uses for after April 30, 2019 shall be filed and served  
2 no later than fourteen days prior to the continued hearing.

3           9.     Payments to Fresno First Bank on the SBA loan shall be in the amount of  
4 \$15,107.45 per month.

5           10.    Adequate protection of each Secured Creditor's interest in the Secured  
6 Creditors' Collateral during the Subject Period shall be as set forth in the Budget. As  
7 additional adequate protection, to the extent that there is any diminution in the value of  
8 the Cash Collateral during the pendency of this case, the Secured Creditors shall also be  
9 entitled to administrative claims for the value of such diminution as provided in the  
10 Bankruptcy Code.

11          11.    Debtor's landlord shall be paid rent in accordance with the Budget.

12          12.    Secured Creditors' loans shall bear interest in accordance with the terms of  
13 their loan documents and Section 506.

14          13.    The Debtor shall provide the Secured Creditors and Creditors' Committee  
15 such financial reports as are necessary to determine Debtor's compliance with the terms  
16 and conditions of the Stipulation. Said reports and documentation shall be provided to  
17 the attorneys for Secured Creditors via email.


18          14.    As additional adequate protection for the Debtor's use of the Secured  
19 Creditors' Collateral, the Secured Creditors shall be and hereby are granted a valid, non-  
20 avoidable, and fully perfected replacement lien to secure any diminution in the value of  
21 its interest in the Secured Creditors' pre-Petition Date Collateral caused by the Debtors'  
22 use and sale thereof, and a security interest in (collectively, the "Replacement Liens") all  
23 assets of the Debtors acquired on or after the Petition Date in order to secure the  
24 Secured Creditors' claims against the Debtors; provided, however, that the Replacement  
25 Lien shall have the same scope, validity, perfection, relative priority and enforceability as  
26 to the Secured Creditors' pre-Petition Date security interests in the Collateral. The  
27 Replacement Liens granted herein shall be valid, enforceable, and fully perfected, and  
28 no filing or recordation or any other act in accordance with any applicable local, state or

1 federal law is necessary to create or perfect such lien and security interest. The Secured  
 2 Creditors may, in their sole discretion, file such financing statements, notices of liens or  
 3 similar instruments in order to perfect said security interest and is hereby relieved from  
 4 the automatic stay in order to do so.

5 15. There shall be a carve out for professionals as shown on the budget but all  
 6 parties rights are reserved to contest the allowance of such fees to the extent the fees  
 7 requested are not reasonable.

8 Submitted by:

9 WALTER WILHELM LAW GROUP  
 10 a Professional Corporation

11   
 12 Riley C. Walter  
 13 Attorneys for Debtor in Possession

14 Approved:   
 15 Ronald Clifford  
 16 Attorneys for Creditor's Committee

17  
 18 Jessica Giannetta  
 Attorneys for Fresno First Bank

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 22  
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 24  
 25

26 IT IS SO ORDERED.

27 Dated: \_\_\_\_\_, 2018

28 \_\_\_\_\_  
 Judge of the United States Bankruptcy Court

1 federal law is necessary to create or perfect such lien and security interest. The Secured  
 2 Creditors may, in their sole discretion, file such financing statements, notices of liens or  
 3 similar instruments in order to perfect said security interest and is hereby relieved from  
 4 the automatic stay in order to do so.

5 15. There shall be a carve out for professionals as shown on the budget but all  
 6 parties rights are reserved to contest the allowance of such fees to the extent the fees  
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 13 Attorneys for Debtor in Possession

14 Approved:


15 \_\_\_\_\_  
 16 Ronald Clifford  
 17 Attorneys for Creditor's Committee

18   
 19 \_\_\_\_\_  
 20 Jessica Giannetta  
 21 Attorneys for Fresno First Bank

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Dated: Jan 31, 2019

By the Court

  
 René Lastreto II, Judge  
 United States Bankruptcy Court



Versa Marketing, Inc.  
13 Period Cash Collateral Budget

Period	1	2	3	4	5	6	7	8	9	10	11	12	13	Period	TOTAL
Week of	2/1-2/8	2/9-2/16	2/17-2/24	2/25-3/3	3/4-3/11	3/12-3/19	3/20-3/27	3/28-4/4	4/5-4/12	4/13-4/20	4/21-4/28	4/29-5/6	5/7-5/14	4/22-4/28	
Beginning Cash Balance	\$ 19,810	\$ 5,280	\$ 3,680	\$ 2,680	\$ 20,990	\$ 74,810	\$ 85,442	\$ 98,092	\$ 101,213	\$ 87,483	\$ 111,166	\$ 106,316	\$ 136,316	\$ 19,810	\$ 19,810
Sources of Cash															
Collection of Beginning Unafforded AR	\$ 100,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 100,000
Product and Ingredient Sales	\$ (100,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (480,000)
Additions to AR					\$ 100,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 60,000	\$ 370,000
Collection of New AR					\$ 550					\$ 550				\$ 550	\$ 2,200
Rental CVC															
Total Sources of Cash	\$ 550	\$ -	\$ -	\$ 100,000	\$ 100,550	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,550	\$ 30,000	\$ 30,000	\$ 60,550	\$ 472,200	\$ 472,200
Cost of Goods Sold	\$ 14,880			\$ 19,620	\$ 14,880									\$ 14,880	\$ 79,140
Storage/Handling Expense															
Freight															
Total COGS	\$ 14,880	\$ -	\$ -	\$ 19,620	\$ 14,880	\$ -	\$ -	\$ -	\$ 14,880	\$ -	\$ -	\$ -	\$ -	\$ 14,880	\$ 79,140
Operating Expenses															
Automobile Expense-Car Lease				\$ 1,223	\$ -	\$ 1,223	\$ -	\$ -	\$ -	\$ 1,223	\$ -	\$ -	\$ -	\$ -	\$ 3,668
Automobile Expense-Gas/Repairs				\$ 150	\$ 150	\$ 150	\$ 150	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 435
Automobile Expense-Insurance				\$ 200	\$ 200	\$ 200	\$ 200	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 600
Dues and Subscriptions				\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 750
Equipment Rental-Copier; Server				\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 900
Copy/Prescription Reimbursements				\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 5,400
Health Insurance				\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 600
Liability Insurance				\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 600
Insurance-Other				\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 600
Janitorial Expense				\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 90,000
Miscellaneous				\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 8,100
Payroll Expenses				\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 300
Postage and Delivery				\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 3,000
Rent				\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 2,550
Computer Services				\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 900
Supplies - Other				\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 1,050
Telephone				\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 3,000
Utilities															
Total Operating Expenses	\$ -	\$ 1,600	\$ 1,000	\$ 21,618	\$ 16,350	\$ 6,868	\$ 17,350	\$ -	\$ 16,950	\$ 6,868	\$ 17,350	\$ -	\$ 16,350	\$ 121,703	\$ 121,703
Net Cash From Operations	\$ (14,330)	\$ (1,600)	\$ (1,000)	\$ 58,762	\$ 69,320	\$ 23,132	\$ 12,650	\$ 30,000	\$ (1,230)	\$ 23,682	\$ 12,650	\$ 30,000	\$ 29,320	\$ 271,357	\$ 271,357
Other (Uses)/ Sources of Cash															
Unafforded AR Collections paid to FFB															
Net Cash Flow Before Debt Service and Claims	\$ (14,330)	\$ (1,600)	\$ (1,000)	\$ 58,762	\$ 69,320	\$ 23,132	\$ 12,650	\$ 30,000	\$ (1,230)	\$ 23,682	\$ 12,650	\$ 30,000	\$ 29,320	\$ 271,357	\$ 271,357

EXHIBIT 1  
Page 1 of 2

	2/1-2/3	2/4-2/10	2/11-2/17	2/18-2/24	2/25-3/3	3/4-3/10	3/11-3/17	3/18-3/24	3/25-3/31	4/1-4/7	4/8-4/14	4/15-4/21	4/22-4/28	TOTAL
<b>Secured Claims-Debt Service Payments</b>														
SBA Loan-Fresno First Bank	\$	14,379	\$	14,379	\$	14,379	\$	14,379	\$	14,379	\$	14,379	\$	14,379
Deposit to PACA Trust Fund-Versa														
CIT-Sonic Wall														
<b>Total Secured Claims-Debt Service</b>	\$	14,379	\$	14,379	\$	14,379	\$	14,379	\$	14,379	\$	14,379	\$	14,379
<b>Administrative Expenses</b>														
Restructuring Costs:														
Legal-PACA Claims														
Legal-Chapter 11	\$	20,800	\$	12,500	\$	12,500	\$	12,500	\$	12,500	\$	12,500	\$	17,500
Legal-Creditor's Committee														
Consultant	\$	5,274	\$	5,000	\$	5,000	\$	5,000	\$	5,000	\$	5,000	\$	5,000
Accountant	\$	5,274	\$	5,000	\$	5,000	\$	5,000	\$	5,000	\$	5,000	\$	5,000
US Trustee Fees														
503(b)(9) Claim Payments														
Administrative Income Taxes														
<b>Total Administrative Expenses</b>	\$	26,074	\$	15,500	\$	12,500	\$	12,500	\$	12,500	\$	12,500	\$	10,950
<b>Priority Expenses</b>														
Unpaid Payroll Taxes														
Accrued Commissions														
<b>Total Priority Expenses</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
<b>Combined Net Cash Flow</b>	\$	(14,350)	\$	(1,000)	\$	(1,000)	\$	(1,000)	\$	(1,000)	\$	(1,000)	\$	(1,000)
<b>Ending Cash Balance</b>	\$	5,280	\$	3,680	\$	2,680	\$	2,680	\$	2,680	\$	2,680	\$	2,680

EXHIBIT 1  
Page 2 Of 2