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LAW OFFICES OF GABRIEL LIBERMAN, APC

Gabriel E. Liberman (SBN 303010)

Gabe@4851111.com

2033 Howe Avenue, Suite 140

Sacramento, California 95825

Telephone: (916) 485-1111

Facsimile: (916) 485-1111

Attorney for Debtor

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION

In re

CONSTANT VELOCITY
TRANSMISSION LINES, INC.

FEIN: 68-0161892

Debtor.

Case No. 2018-25576

DCN: GEL-003

Date: October 23, 2018

Time: 2:00 p.m.

Location: 501 I Street, 6th floor,
Courtroom 32;
Sacramento, CA

Judge: Honorable Christopher D. Jaime

**FINAL ORDER (I) AUTHORIZING THE DEBTOR'S
USE OF CASH COLLATERAL, (II) APPROVING
ADEQUATE PROTECTION TO PREPETITION LENDER**

Constant Velocity Transmission Lines, Inc., debtor and debtor-in-possession ("Debtor"), filed its Emergency Motion for Order (i) Authorizing Debtor's Use of Cash Collateral, (ii) Approving Adequate Protection to PrePetition Lender and (iii) Scheduling a Final Hearing to consider entry of an order granting the relief requested in the Motion in a Final Order [ECF Nos. 12-15] (the "Motion"),¹ which came on for hearing before the above-captioned Court on September 5, 2018 at 11:00 a.m. (the "First Interim Hearing"). Debtor was conditionally granted use of cash collateral on an interim basis for the interim period covering September 5, 2018 through September 25, 2018. The matter was continued to September 25, 2018 at 2:00 p.m.

On September 25, 2018, the continued hearing came before the Honorable Christopher D.

¹ All capitalized, undefined terms shall have the meanings ascribed to them in the Emergency Motion. 1912475.2

RECEIVED

October 31, 2018

CLERK, U. S. BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
0006386060

1 Jaime and Debtor was conditionally granted use of cash collateral on a second interim basis for
2 the interim period covering September 26, 2018 through October 23, 2018. The matter was
3 continued to October 23, 2018 at 2:00 p.m.

4 On October 23, 2018, the continued hearing came before the Honorable Christopher D.
5 Jaime and Debtor was granted use of cash collateral on a final basis through January 31, 2018.

6 Appearing at the October 23, 2018 hearing was Gabriel E. Liberman, Attorney for the
7 Debtor, Daniel L. Egan, Attorney for secured creditor First Northern Bank of Dixon ("First
Northern Bank") and Robin Tubesing, Attorney for the Office of the United States Trustee.

8
9 **BASED UPON THE RECORD ESTABLISHED AT THE FINAL HEARING BY**
10 **THE DEBTOR, THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT**
11 **AND CONCLUSIONS OF LAW:**

12 A. On September 1, 2018 (the "Petition Date"), the Debtor filed a voluntary petition
13 under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District
14 of California (the "Court") commencing this case. The Debtor is continuing in the management
15 and operation of its business and properties as a debtor-in-possession pursuant to Bankruptcy
16 Code sections 1107 and 1108. No trustee or examiner has been appointed in this case.

17
18 B. This Court has jurisdiction over the persons and property affected hereby pursuant
19 to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core proceeding
20 under 28 U.S.C. § 157(b)(2). Venue for the case and proceedings on the Motion is proper in this
21 district pursuant to 28 U.S.C. §§ 1408 and 1409.

22 C. As of the date hereof, the Office of the United States Trustee (the "U.S. Trustee")
23 has not yet appointed any official committee in the case pursuant to Bankruptcy Code section
24 1102 (each, a "Committee").
25

26 **IT IS HEREBY ORDERED THAT:**
27
28

1 1. Motion Granted. The Motion is GRANTED IN PART on a final basis to the extent
2 set forth herein.

3 2. Authorization to Use Cash Collateral. Pursuant to Bankruptcy Code sections
4 105(a), 363(b), and 363(c)(2), the Debtor is authorized to use Cash Collateral on a final basis in
5 the amounts and for the purposes identified in the cash collateral budget attached hereto as
6 **Exhibit 1** (as may be amended, the "Budget") from October 24, 2018 through January 31, 2018
7 (the "Final Period"). All cash collateral use must be in accordance with the terms of the Budget,
8 subject to variances of no more than 15% per line item for disbursements and collections (the
9 "Permitted Variance").
10

11 3. Adequate Protection. In consideration for the use of the Cash Collateral, the
12 Debtor shall provide the following adequate protection to First Northern Bank to secure any
13 diminution in the value of the collateral of First Northern Bank:
14

15 a. Replacement Lien. Pursuant to Bankruptcy Code sections 361, 363(e), and
16 364, and except as to otherwise validly perfected and unavoidable liens existing as of the
17 Petition Date, Debtor grants First Northern Bank a replacement security interest and lien
18 in the prepetition and postpetition assets of the Debtor to the same extent and priority
19 granted to First Northern Bank pursuant to the Prepetition Loan Documents (the
20 "Adequate Protection Replacement Lien"). The Adequate Protection Replacement Lien
21 shall be automatically perfected without the need for any additional filings or notices.
22

23 For the avoidance of doubt, nothing in this Interim Order shall encumber any
24 causes of action available under Chapter 5 of the Bankruptcy Code.

25 b. Monthly Payments: Debtor shall remit payments to First Northern Bank
26 addressed as follows; First Northern Bank of Dixon, c/o Kim Bowman, Special Assets
27 Department, P.O. Box 547, Dixon, CA 95620. The payments shall be due on the 20th of
28

1 each month as follows: i) \$7,500.00 by November 20, 2018; ii) \$10,000.00 by December
2 20, 2018; and iii) \$10,000.00 by January 20, 2019.

3 c. Modification of Budget: As further adequate protection for any use or
4 diminution in the value of the Prepetition Lender's interest in the Prepetition Collateral
5 (including, without limitation, the Cash Collateral), the Debtor will comply with the
6 Budget and shall not make any disbursements other than those set forth in the Budget,
7 subject to the Permitted Variance. The Debtor is not authorized to make any payment
8 from Cash Collateral to any insider except as expressly authorized in Exhibit 1 as a
9 payment to an insider. The Budget may be modified with First Northern Bank's prior
10 written consent, without further order of the Court, or upon order of the Court as
11 necessary. Each modified budget shall be filed with the Court.
12

13
14 d. Financial Reporting. Debtor shall file and serve a supplemental report, in
15 the format attached as Exhibit 2, reporting both the budgeted amounts of collections and
16 disbursements, and actual amounts of collections and disbursements, as of the close of
17 business on a weekly basis based on the financial week calendar model (i.e. Monday
18 through Sunday). Debtor shall file and serve the report by the following Tuesday of the
19 calendar week.
20

21 e. Restricted Cash. Debtor shall segregate the \$39,376.82 tax refund it
22 collected post-petition and is restricted from use of such funds without prior approval by
23 the Court and First Northern Bank.

24 6. Shortened Notice for Motion for Adequate Protection. In the event First Northern
25 Bank is required to file a Motion for Adequate Protection, the Court has allowed a shortened
26 period of ten (10) days notice to Debtor and parties of interest.

27 6. Immediate Effectiveness. This Order shall constitute findings of fact and
28

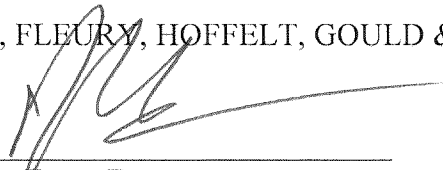
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conclusions of law and shall take effect immediately upon entry hereof, and there shall be no stay of effectiveness of this Order.

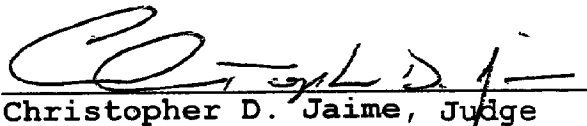
7. Retention of Jurisdiction. The Court shall retain jurisdiction over any matters arising from or relating to the implementation and interpretation of this Order.

Approved as to form by:

WILKE, FLEURY, HOFFELT, GOULD & BIRNEY, LLP

By: 
Daniel L. Egan, Esq.
Attorney for Secured Creditor, First Northern Bank

Dated: Nov 02, 2018


Christopher D. Jaime, Judge
United States Bankruptcy Court

Constant Velocity Transmission Lines, Inc.
CASH COLLATERAL BUDGET

Case No.: 2018-25576

9/1/2018 (date of filing
MM/DD/YY)

	Oct-18	Nov-18	Dec-18	Jan-19
BEGINNING CASH BALANCE	12,527.00	32,280.92	44,252.16	58,387.36
Cash Receipts:				
Cash sales (ordinary course)	-	-	-	-
Rents/Leases Collected				
Accounts Receivable Collected (Post-Petition)	120,029.30	124,869.83	134,948.78	130,784.26
Accounts Receivable Collected (Pre-petition)				
Tax Refund Collected (Pre-Petition)				
Proceeds from Sale of Asset(s)				
Borrowings				
Total Cash Receipts	120,029.30	124,869.83	134,948.78	130,784.26
Cash Disbursements:				
Payments to Vendors (Materials & Other Manufacturing)	(23,068.47)	(33,364.69)	(37,979.68)	(24,826.20)
Rent/Lease Payments	(8,248.00)	(5,025.00)	(5,025.00)	(5,025.00)
Pmts to Owner(s)/Officers/Insiders:				
Bruce Brisson Salary	-	(6,926.25)	(6,926.25)	(6,926.25)
Katherine Brisson Salary	(1,200.00)	(1,200.00)	(1,200.00)	(1,200.00)
Salaries/Commissions:				
Factory	(22,000.00)	(22,000.00)	(22,000.00)	(22,000.00)
Sales	(12,709.00)	(12,709.00)	(12,709.00)	(12,709.00)
Commissions	-	-	-	-
Accounting	(6,253.00)	(6,253.00)	(6,253.00)	(6,253.00)
Pre-Petition Employee Wages				
Tax Pmts:				
Payroll Taxes - Employee (included in salaries)				
Payroll Taxes - Employer	(4,146.90)	(4,720.65)	(4,720.65)	(4,720.65)
Sales Taxes	(350.00)	(350.00)	(350.00)	(350.00)
Real Property Taxes	-	-	-	-
Other Taxes (CA Min Tax)	-	-	(800.00)	-
Payments to Professionals:				
Engineering Consultant	-	-	-	(3,000.00)
Marketing Consultant	-	-	-	-
Accounting Consultant	-	-	-	(5,000.00)
Administrative Expenses:				
Maintenance	(3,300.00)	(3,300.00)	(3,300.00)	(3,300.00)
Insurance	(2,600.00)	(2,600.00)	(2,600.00)	(2,600.00)
Travel & entertain	(500.00)	(500.00)	(500.00)	(500.00)
Office supplies	(2,200.00)	(2,200.00)	(2,200.00)	(2,200.00)
Telephone	(1,600.00)	(1,600.00)	(1,600.00)	(1,600.00)
Postage	(300.00)	(300.00)	(300.00)	(300.00)
Utilities	(1,600.00)	(1,600.00)	(1,600.00)	(1,600.00)
Other Administrative	(450.00)	(450.00)	(450.00)	(450.00)
Credit Card & Finance Charges	-	-	-	-
Bank Charges	(300.00)	(300.00)	(300.00)	(300.00)
Adequate Protection Payment:				
First Northern Bank	(7,500.00)	(7,500.00)	(10,000.00)	(10,000.00)
Funding Circle	-	-	-	-
Business Financial Services, Inc.	-	-	-	-
Restructuring Expenses				
United States Trustee Fees (QUARTERLY)	(1,950.00)			(4,875.00)
Debtor's Attorney Fees	-	-	-	(10,000.00)
Accounting Fees				(5,000.00)
Unsecured Creditor Committee Fees	-	-	-	-
Total Cash Disbursements	(100,275.37)	(112,898.59)	(120,813.58)	(134,735.10)
Net Increase/(Decrease) in Cash	19,753.92	11,971.24	14,135.19	(3,950.84)
ENDING CASH BALANCE	32,280.92	44,252.16	58,387.36	54,436.52

EXHIBIT "2"

Constant Velocity Transmission Lines, Inc. Case No.: 2018-25576

CASH COLLATERAL USE BUDGET

October 29, 2018 - January 31, 2019

	Projected (NOVEMBER)	WEEK 1 (10/29 - 11/4)	WEEK 2 (11/5 - 11/11)	WEEK 3 (11/12 - 11/18)	WEEK 4 (11/19- 11/25)	Totals
BEGINNING CASH BALANCE	12,527.00					-
Cash Receipts:						-
Cash sales (<i>ordinary course</i>)	-					-
Rents/Leases Collected						-
Accounts Receivable Collected (Post-Petition)	124,869.83					-
Accounts Receivable Collected (Pre-petition)						-
Tax Refund Collected (Pre-Petition) - Restricted						-
Proceeds from Sale of Asset(s)						-
Borrowings						-
Total Cash Receipts	124,869.83					-
Cash Disbursements:						-
Payments to Vendors (Materials & Other Manufacturing Costs)	(33,364.69)					-
Rent/Lease Payments	(5,025.00)					-
Pmts to Owner(s)/Officers/Insiders:						-
Bruce Brisson Salary	(6,926.25)					-
Katherine Brisson Salary	(1,200.00)					-
Salaries/Commissions:						-
Factory	(22,000.00)					-
Sales	(12,709.00)					-
Commissions	-					-
Accounting	(6,253.00)					-
Pre-Petition Employee Wages	-					-
Tax Pmts:						-
Payroll Taxes - Employee(included in salaries)						-
Payroll Taxes - Employer	(4,720.65)					-
Sales Taxes	(350.00)					-
Real Property Taxes	-					-
Other Taxes (CA Min Tax)	-					-
Payments to Professionals:						-
Engineering Consultant	-					-
Marketing Consultant	-					-
Accounting Consultant	-					-
Administrative Expenses:						-
Maintenance	(3,300.00)					-
Insurance	(2,600.00)					-
Travel & entertain	(500.00)					-
Office supplies	(2,200.00)					-
Telephone	(1,600.00)					-
Postage	(300.00)					-
Utilities	(1,600.00)					-
Other Administrative	(450.00)					-
Credit Card & Finance Charges	-					-
Bank Charges	(300.00)					-
						-
Adequate Protection Payment:						-
First Northern Bank	(7,500.00)					-
Funding Circle	-					-
Business Financial Services, Inc.	-					-
Restructuring Expenses						-
United States Trustee Fees (QUARTERLY)	(1,950.00)					-
Debtor's Attorney Fees						-
Accounting Fees (Mark Denning)						-
UCC Fees						-
						-
Total Cash Disbursements	(114,848.59)					-
Net Increase/(Decrease) in Cash	10,021.24					-
ENDING CASH BALANCE	22,548.24					