

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION
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IN RE:

**CASE NO. 3:17-bk-3022-JAF
CHAPTER 11**

**JACKSONVILLE BEAUTY
INSTITUTE, INC.,**

Debtor.

**DEBTOR'S EMERGENCY MOTION FOR AUTHORITY TO USE CASH
COLLATERAL AND REQUEST FOR EMERGENCY PRELIMINARY HEARING**

Comes now, Jacksonville Beauty Institute, Inc. (the "Debtor"), by and through the undersigned attorney, and files this motion pursuant to 11 U.S.C. §§ 363(c)(2) and 363(e) and Federal Rule of Bankruptcy Procedure 4001(b)(1) for authority to use cash collateral, and requests an emergency preliminary hearing on this motion. In support of this motion, the Debtor states the following:

JURISDICTION

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).
2. The venue of the Debtors' Chapter 11 case and this Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

3. On August 17, 2017 (the "Petition Date"), Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Code").
4. The Debtor is continuing in possession of its property and is operating and managing its business, as debtor-in-possession, pursuant to 11 U.S.C. §§ 1107 and 1108.

5. Neither a trustee nor examiner has been appointed to this case.

THE DEBTOR

6. The Debtor is a Florida corporation which has operated as a cosmetology school providing education and training for students seeking to become state board certified cosmetologists in the areas of hair, skin care and nail care since 1997. Through this Chapter 11 reorganization the Debtor intends to consolidate its operations and transition from a school of cosmetology to a provider of full-service salons offering hair, skin and nail beauty services to clients.
7. As of the Petition Date the Debtor leased and operates in two commercial locations, with the Debtor's administrative offices and headquarters being located at the Jacksonville, Florida location:
 - a. 5045 Soutel Dr., Suite 80, Jacksonville, Florida 32208; and
 - b. 5014 E. Busch Blvd., Unit 103, Tampa, Florida 33617.
8. Prior to the Petition Date, the Debtor operated at 6801 A&B W. Colonial Dr., Orlando, Florida 32818, however, has already moved out of that location.
9. The Debtor has approximately \$30,000.00 in office furnishings, fixtures and equipment on hand as of the Petition Date (the "Business Property").
10. The Debtor has approximately \$1,000.00 in inventory on hand as of the Petition Date (the "Inventory").
11. The Debtor has approximately \$21,391.50 in business cash on hand as of the Petition Date (the "Cash on Hand"), which includes an \$18,000.00 certificate of deposit which is restricted.
12. The Debtor has no accounts receivable, as the Debtor's sales are paid cash on delivery.

CASH COLLATERAL

13. The cash collateral, which Debtor seeks to use, is comprised in whole or part of the above Business Property, Inventory and Cash on Hand owned as of the Petition Date.

CREDITORS SECURED BY CASH COLLATERAL

14. In 2015 the Debtor obtained a SBA loan which is currently serviced and/or administered or owned by Newtek Small Business Finance, LLC ("Newtek") which is secured by a UCC1 with filing number 201505195339 against the Debtor's Business Property, Inventory and Cash on Hand (collectively, the "Collateral").

15. The approximate amount owed to Newtek as of the Petition Date was approximately \$179,000.00.

16. The Debtor has listed two other secured creditors in its Schedules [Docket No.: 1] who purport to have some level of security interest in the Collateral (Forwardline Financial, LLC and Platinum Rapid Funding Group, Lt.); however, based upon the information available to the Debtor and a search of the Florida UCC registry it appears that Newtek's UCC and security interest is senior in priority and the value of the Collateral is less than the balance owed to Newtek.

RELIEF REQUESTED

17. It is essential that Debtor continue, without interruption, operations which will require the use of the Collateral to the extent such assets are owned as of the Petition Date. The amount of Collateral and cash collateral that will be used in the next fifteen (15) days is difficult to determine as the Debtor will be transitioning from its historic operations as an

accredited cosmetology school to a provider of full-service salons offering hair, skin and nail beauty services to clients.

18. The Debtor proposes to allow Newtek to receive replacement liens on post-petition cash collateral to the same extent, validity and priority as their pre-petition liens on the cash collateral, if any.
19. The Debtor agrees to maintain all insurance on the Business Property and Inventory as well as liability coverage.
20. The Debtor agrees to remain current on all postpetition tax obligations.
21. If the Debtor is not permitted to use the Collateral and cash collateral, it will be forced to halt operations, which will result in reductions of the value of the estate and create an adverse effect on Newtek as well as all other creditors of the Debtor's estate.
22. Debtor will file a monthly operating budget showing the projected income and expenses over the next six (6) months. At the time of this Motion, the Debtor is still in the process of completing this proposed budget.
23. Attached as **Exhibit A** is a proposed order granting the Debtor the authority to continue use the Collateral and cash collateral in its operations.

WHEREFORE, the Debtor respectfully request this Court grant its motion for an emergency preliminary hearing and to enter an order granting the Debtor's authority to use cash collateral.

(signature page follows)

Dated this 30th day of August 2017

Jacksonville Beauty Institute, Inc.

/s/ Misty Craig
Misty Craig, President

LANSING ROY, P.A.

/s/ William B. McDaniel
Kevin B. Paysinger, Esquire
Florida Bar No. 0056742
William B. McDaniel, Esquire
Florida Bar No. 0084469
Attorney for Debtor
1710 Shadowood Lane, Suite 210
Jacksonville, FL 32207
(904) 391-0030

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing, and all attachments and exhibits thereto, was sent on this 30th day of August, 2017 to the United States Trustee by electronic mail and to the following interested parties via electronic mail and/or United States First Class Mail:

Newtek Small Business Finance, LLC
60 Hempstead Ave., 2nd Floor
West Hempstead, NY 11552

U.S. Small Business Administration
409 3rd St. SW
Washington, DC 20416

LANSING ROY, P.A.

/s/ William B. McDaniel
Kevin B. Paysinger, Esquire
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