

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF KENTUCKY  
LEXINGTON DIVISION

IN RE:

CORBETT-FRAME, INC.

CASE NO. 17-51607  
CHAPTER 11

DEBTOR IN POSSESSION

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**DEBTOR'S MOTION TO  
EXTEND CASH COLLATERAL USE**

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Comes Corbett-Frame, Inc., as a debtor and debtor in possession (the "Debtor"), by counsel, and pursuant to 11 U.S.C. § 363, Fed. R. Bankr. P. 4001, and other applicable law, and hereby moves the Court for the entry of an order authorizing the use of cash collateral as set forth on the budget attached hereto as Exhibit A (the "Budget"), on an extended basis through December 31, 2017, and providing adequate protection as set forth herein. The Debtor states that entry of the Order is necessary to ensure continued going-concern operations and to protect and preserve the value of the Debtor's assets and ongoing operations. In support of the Motion, the Debtor states as follows:

**JURISDICTION AND VENUE**

1. On August 9, 2017 (the "Petition Date"), the Debtor filed a voluntary petition for relief with this Court under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"). The Debtor is operating its business as a debtor and debtor in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

2. This Court has jurisdiction over this Chapter 11 case under 28 U.S.C. §§ 157 and 1334. These matters constitutes core proceedings under 28 U.S.C. § 157(b)(2)(A).

3. Debtor maintains a principal place of business in Fayette County. Accordingly, venue for the Debtor's Chapter 11 case is proper in this District under 28 U.S.C. § 1408 and 1409.

4. No trustee or examiner has been appointed in this Chapter 11 case, and no creditors' committee or other official committee has been appointed.

### **BACKGROUND**

5. Debtor was established as a Fine Designer Jewelry Store in 1990. Debtor is a member of Jewelers of America and also a member of the prestigious American Gem Society. Debtor is an S corporation and historically used traditional lending with local banks. Initially, Debtor began experiencing financial difficulties in 2010 when Fifth Third Bank closed out various commercial lines of credit which placed the Debtor in special assets classification. As a result, the Debtor could not obtain traditional financing and had no alternative but to obtain financing through private individuals and various Merchant Cash Advance companies. Under these predatory cash advance agreements, the Debtor would receive a loan or cash advance often styled as a "sale" but in reality a disguised loan transaction. In turn, the Debtor would repay the advance plus an additional sum (often referred to as the "purchase price" but in reality disguised interest on the amount advanced) from a percentage of future receivables. These loans are designed to be paid off very quickly and the Debtor became in arrears on these agreements and was unable to reach out-of-court workout agreements with these lenders. Consequently, the Debtor seeks to reorganize its business under Chapter 11 of the Bankruptcy Code in order to restructure its debts, reorganize as a going concern, and maximize value for the benefit of the creditors of its Estate.

**RELIEF REQUESTED**

6. Debtor requires extended use of Cash Collateral through December 31, 2017 to continue its operations as set forth in the Budget. Debtor proposes to provide Cash Collateral Creditors with the same adequate protection as provided in previous orders including replacement liens and payment as provided on Exhibit A. Without continued use of Cash Collateral, the Debtor will be irreparably harmed as cash is essential to continue business operations and pay employees.

WHEREFORE, the Debtor respectfully requests entry of an Order to Extend Cash Collateral Use.

**NOTICE**

Please take notice that unless an objection to the foregoing, properly noticed for hearing, is filed within 14 days of the date of service of this pleading, an order granting the relief requested may be entered without a hearing.

Respectfully submitted,

DELCOTTO LAW GROUP PLLC

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COUNSEL FOR DEBTOR

AND DEBTOR IN POSSESSION

**CERTIFICATE OF SERVICE**

In addition to the parties who will be served electronically by the Court's ECF System, the undersigned certifies that a true and accurate copy of the foregoing was served by electronic mail or first-class U.S. mail, postage prepaid, on November 27, 2017 on all non-ECF creditors as listed on the creditor matrix in this case.

/s/ Jamie L. Harris, Esq.

COUNSEL FOR DEBTOR

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