

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF KENTUCKY  
LEXINGTON DIVISION

IN RE:

CJ MICHEL INDUSTRIAL SERVICES, LLC

CASE NO: 17-51611  
CHAPTER 11

DEBTOR IN POSSESSION

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**INTERIM ORDER FOR AUTHORITY TO (I) CONTINUE DEBTOR'S SALE OF  
ACCOUNTS RECEIVABLE TO GULF COAST BANK AND TRUST COMPANY  
PURSUANT TO RECEIVABLES PURCHASE AGREEMENT, (II) USE CASH  
COLLATERAL AND (II) TO GRANT ADEQUATE PROTECTION**

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This matter having come before the Court on the Debtor's Emergency Motion for Authority to (1) Continue Debtor's Sale of Accounts Receivable to Gulf Coast Bank and Trust Company ("Gulf Coast" or "Cash Collateral Creditor") pursuant to terms of the Receivables Purchase Agreement, (2) Use Cash Collateral and (3) Provide Adequate Protection (the "Motion") filed by CJ Michel Industrial Services, LLC, as debtor and debtor-in-possession (the "Debtor"), seeking relief pursuant to Sections 105, 361, and 363 of Title 11 of the United States Code (the "Bankruptcy Rules"), and it appearing that proper notice of the Motion was given, and it further appearing that no objections having been filed or any timely objections being hereby overruled, and the Court having reviewed the record and being otherwise sufficiently advised; and having considered same,

**IT IS HEREBY ORDERED** that the Court grants the relief requested herein effective as of the Petition Date, and Orders:

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the Debtor's case and this Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter constitutes a core proceeding under 28 U.S.C. § 157(b)(2)(A).

2. Notice of the hearing on the Motion has been given via electronic mail and/or first class U.S. mail, as appropriate, on Gulf Coast and all other creditors of the Debtor. The Debtor has provided adequate notice under the circumstances pursuant to Fed. R. Bankr. P. 4001 of the hearing to consider entry of this Order to all persons who are entitled to receive such notice.

3. Good cause has been shown for entry of this Order. The entry of this Interim Order is in the best interests of the Debtor's creditors and its Estate. The terms of this Order, including the terms of the use of the Cash Collateral<sup>1</sup> and the security interests, liens, rights, and priorities granted hereunder are fair under the circumstances.

4. Subject to the other terms contained herein, the Debtor is hereby authorized to use Cash Collateral only in accordance with this Order from the Petition Date through any final hearing date on this Motion (the "Interim Period"). The Debtor may use Cash Collateral to pay those items designated in the budget attached to the Motion as Exhibit A and incorporated herein by reference (the "Budget") during the Interim Period.

5. This Order is without prejudice to a carve-out for Debtor's counsel legal fees and such other professionals and/or administrative fees as may accrue in the case.

6. As adequate protection for any diminution in the value of Gulf Coast's interest in the Cash Collateral, pursuant to 11 U.S.C. §§ 361 and 363, Gulf Coast is granted a lien (the "Replacement Lien") in the postpetition collateral of the same type as indicated on its prepetition UCC-1 filing including accounts receivable (the Post-petition Collateral) generated by the Debtor's postpetition operations to the extent of the Debtor's use of Cash Collateral to the same extent, validity, and priority as existed on the Petition Date.

7. The Replacement Lien granted by this Order shall be deemed effective, valid, and perfected as of the Petition Date without the necessity of the filing or lodging by or with any

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<sup>1</sup> Capitalized terms not defined herein shall have the meaning given to them in the Motion.

entity of any documents or instruments otherwise required to be filed or lodged under applicable non-bankruptcy law. This Order shall be deemed to be a security agreement for purposes of creation, attachment and perfection of the Replacement Lien on and the security interests in, to and against the Post-petition Collateral.

8. The Replacement Lien granted to Gulf Coast under this Order is in addition to, and not in lieu or substitution of, the rights, obligations, claims, security interests, and prepetition liens and priorities granted under the existing agreements between the parties.

9. As additional adequate protection, the Debtor shall continue to account for all cash use, and the proposed cash use as set forth in the Budget is being incurred primarily to preserve property of the Estate.

10. Nothing herein shall act as a judicial determination of the nature, extent, validity, or perfection status of the alleged liens of the Gulf Coast or the Other Cash Collateral Creditors as it relates to the ability of any party, other than the Debtor, including but not limited to any creditors committee appointed in this case (or a Chapter 7 trustee in the event this case converts to Chapter 7), to challenge the alleged liens of the Cash Collateral Creditor.

11. The Replacement Lien specifically excludes all “Chapter 5” bankruptcy causes of action, including but not limited to excluding the granting of a lien on any claim or cause of action under 11 U.S.C. §§ 544, 545, 547, 548, 549, 553(b), 723(a) or 724(a).

12. The Replacement Lien shall be junior to the Debtor’s obligation to pay United States Trustee Fees and shall be junior to allowed administrative expense claims in the event this case converts to a case under Chapter 7.

13. If no objections are filed to the relief requested herein within (14) days of entry of this Order, then this Order shall become final without need for further hearing.

14. Until this Order becomes final, the Debtor is authorized and directed to execute and comply with the terms of this Order and is further authorized to use Cash Collateral under all of the terms and conditions provided in this Order.

IT IS SO ORDERED.

Tendered by:

DELCOTTO LAW GROUP PLLC

/s/ Jamie L. Harris

KY Bar No. 91387

200 North Upper Street

Lexington, KY 40507

Telephone: (859) 231-5800

Facsimile: (859) 281-1179

jharris@dlgfirm.com

COUNSEL FOR DEBTOR AND DEBTOR IN POSSESSION  
(UNDER PENDING APPLICATION)

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The affixing of this Court's electronic seal below is proof this document has been signed by the Judge and electronically entered by the Clerk in the official record of this case.



Signed By:

Gregory R. Schaaf

Bankruptcy Judge

Dated: Friday, September 22, 2017

(tnw)