

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MASSACHUSETTS  
EASTERN DIVISION

	:	
In re:	:	
	:	CHAPTER 11
H N HINCKLEY & SONS, INC.,	:	CASE NO. 18-10398-JNF
	:	
Debtors.	:	

**ORDER AUTHORIZING INTERIM USE OF CASH COLLATERAL AND PROVIDING ADEQUATE PROTECTION**

Upon consideration of the Debtor’s Emergency Motion to Use Cash Collateral dated February 6, 2018 [Docket No. 5] (the “Motion”), pursuant to which the debtor and debtor-in-possession H.N. Hinckley & Sons, Inc. (the “Debtor”) seeks authority to use cash collateral generated from operation of the Debtor’s business against which Martha’s Vineyard Savings Bank (the “Secured Lender”), the Internal Revenue Service (“ IRS”) and the Massachusetts Department of Revenue (“DOR” and together with IRS the “Taxing Authorities”) assert liens, and to provide adequate protection for the Secured Lender’s and the Taxing Authorities interest in the Debtor’s business assets and real estate; the Court having considered the Motion, along with the evidence submitted and the arguments of counsel made at the interim hearing held on February 8, 2018 (the “Interim Hearing”); notice of the Interim Hearing having been given in accordance with Fed. R. Bankr. P. 2002, 4001(b), (c), and (d), and 9014 and MLBR 4001-2(b); the Interim Hearing having been held and concluded; all objections, if any, to the interim relief requested in the Cash Collateral Motion having been withdrawn, resolved or overruled by the Court; after due deliberation and sufficient cause appearing therefor,

**THE COURT FINDS AND CONCLUDES THAT:**

- A. This Court has jurisdiction over this case under 28 U.S.C. Section 1334(b).
- B. This is a core proceeding pursuant to 28 U.S.C. Section 157(b)(2).
- C. Due and adequate notice has been given to all parties entitled thereto, and no other or further notice is necessary or required.
- D. This Court has reviewed the Motion and has considered the representations regarding the relief requested therein.
- E. The relief requested in the Motion is necessary and in the best interests of the Debtor and its estate.

**THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is granted on an interim basis as set forth herein.
2. The Debtor is authorized to spend and generally to use cash collateral to pay, in the ordinary course of the Debtor's business operations and substantially in accordance with the Debtor's budget, a copy of which is appended to this Order, to meet the Debtor's business expenses and maintenance and operation of the real property located at 61 Beach Road, Vineyard Haven, Massachusetts (the "Real Property") through the date of the continued hearing on the Motion specified in Paragraph 10 below. Specifically, the Debtor is authorized, pending such continued hearing on the Motion, to use cash collateral generated through the Debtor's operation of its business to pay all actual and necessary expenditures incurred by the Debtor as a result of the Debtor's operation of its business and the maintenance and operation of the Real Property postpetition.
3. The Debtor is authorized to use cash collateral to meet actual and necessary expenses for its business in an amount equal to the expenses set forth in the Budget through the

week ending March 10, 2018.

4. As adequate protection for any diminution in the value as of the Petition Date in the interest of the Secured Lender, IRS and DOR in the business assets of the Debtor and the Real Property resulting from the Debtor's postpetition use of such Lender's cash collateral, the Secured Lender, IRS and DOR are hereby granted postpetition replacement liens in all postpetition personal property of the Debtor, of the same scope, validity and priorities as their prepetition liens.

5. The Debtor shall maintain insurance on the Real Property in commercially reasonable types and amounts at replacement value, and Secured Lender shall be named as a mortgagee/loss payee under the policy. Debtor shall deliver such evidence of insurance to Secured Lender on or before February 12, 2018.

6. The Debtor shall provide the Secured Lender with a copy of the Debtor's Monthly Operating Reports filed with the Office of the United States Trustee, contemporaneously with (or promptly after) the Debtor's submission of such reports to the United States Trustee, and with such other financial reporting as the lender may reasonably request. The Debtor shall prepare and provide to Secured Lender by the 15<sup>th</sup> of each month commencing in March 2018 an actual-to-Budget variance report, together with a Budget for the following month forecasting any anticipated changes to the existing Budget (e.g. to reflect anticipated increases or decreases in revenue or expenses).

7. The maximum amount of cash collateral that may be used in accordance with the Budget pursuant to this Order shall be \$57,600 pending further order of this Court.

8. This Order shall be without prejudice to the right of the Secured Lender (or other party in interest) to object in the future to the Debtor's continuing use of cash collateral or to

require adequate protection in addition to that provided pursuant to this Order in connection with the Debtor's use of cash collateral pursuant to this Order, or to file a motion for relief from the automatic stay or for any other relief which a party in interest deems appropriate. This Order shall be without prejudice to the rights of the Debtor to seek authority to use cash collateral other than on the terms and conditions set forth herein, or to oppose any such motion for relief from stay or other relief.

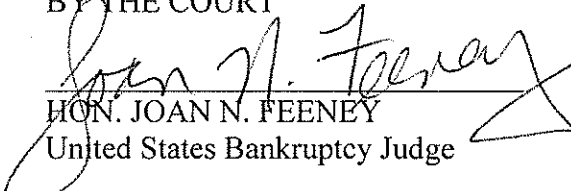
9. This Order shall be without prejudice to the rights of the Debtor and other parties in interest to challenge the validity or perfection of the liens of the Secured Lender and the Taxing Authorities or to object to claims of the Secured Lender and the Taxing Authorities and the Postpetition Liens granted pursuant to this Order may be revoked or reduced to the extent that any such challenge or objection is successful.

10. A continued hearing on the Motion is hereby scheduled for March 8, 2018 at 10:00 AM before this Court. Any responses or objections to the Motion shall be filed with the Clerk of this Court not later than March 7, 2018, at 12:00 Noon.

11. Notwithstanding any rule to the contrary, this Order shall be immediately effective and enforceable upon its entry.

12. This Court has and will retain jurisdiction and power to enforce this Order in accordance with its terms, and to adjudicate any and all matters arising from or related to the interpretation or implementation of this Order.

BY THE COURT

  
HON. JOAN N. FEENEY  
United States Bankruptcy Judge

Dated: February 8, 2018

CASH FLOW PROJECTIONS  
2/10/18 to 4/7/18

WEEK ENDING DATE	<u>2/10/18</u>	<u>2/17/18</u>	<u>2/24/18</u>	<u>3/3/18</u>	<u>3/10/18</u>
<u>PROJECTED CASH RECEIPTS</u>					
RECEIPTS FROM CUSTOMERS	\$10,800.00	\$8,000.00	\$8,800.00	\$15,000.00	\$15,000.00
(INCLUDES CASH SALES, NET CREDIT CARD RECEIPTS & CUSTOMER PAYMENTS ON ACCOUNT)					
<u>PROJECTED CASH DISBURSEMENTS</u>					
SALARIES & WAGES	-\$5,061.60	-\$5,061.60	-\$5,061.60	-\$5,061.60	-\$5,061.60
TAXES - PAYROLL	-\$3,036.99	-\$3,036.99	-\$3,036.99	-\$3,036.99	-\$3,036.99
SALES TAX			-\$775.00		
MERCHANDISE PURCHASES				-\$3,500.00	-\$7,000.00
RUBISH DISPOSAL				-\$150.00	
OFFICE & STORE SUPPLIES				-\$200.00	
INSURANCE EXPENSE	-\$5,200.00			-\$1,500.00	
UTILITIES				-\$850.00	
TELECOMMUNICATIONS				-\$200.00	
POSTAGE				-\$200.00	
MISCELLANEOUS	-\$100.00	-\$100.00	-\$100.00	-\$100.00	-\$100.00
NET CASH FLOW	<u>-\$2,498.59</u>	<u>-\$98.59</u>	<u>-\$73.59</u>	<u>\$301.41</u>	<u>-\$98.59</u>

<u>3/17/18</u>	<u>3/24/18</u>	<u>3/31/18</u>	<u>4/7/18</u>	<u>TOTAL</u>
\$20,000.00	\$20,000.00	\$20,000.00	\$25,000.00	\$142,600.00
-\$5,061.60	-\$5,061.60	-\$5,061.60	-\$5,061.60	-\$45,554.40
-\$3,036.99	-\$3,036.99	-\$3,036.99	-\$3,036.99	-\$27,332.91
-\$12,000.00	-\$1,575.00	-\$8,000.00	-\$16,000.00	-\$2,350.00
		-\$150.00		-\$300.00
		-\$200.00		-\$400.00
		-\$1,500.00		-\$8,200.00
		-\$850.00		-\$1,700.00
		-\$200.00		-\$400.00
		-\$200.00		-\$400.00
		-\$100.00	-\$100.00	-\$900.00
<u>-\$100.00</u>	<u>-\$100.00</u>	<u>\$801.41</u>	<u>-\$100.41</u>	
<u>-\$98.59</u>	<u>\$326.41</u>	<u>\$801.41</u>	<u>\$901.41</u>	<u>-\$537.31</u>