

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re: BKY Case No.: Case No. 17-31145  
Pawn America Minnesota, LLC,  
Debtor. Chapter 11 Case

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In re: BKY Case No.: Case No. 17-31146  
Pawn America Wisconsin, LLC,  
Debtor. Chapter 11 Case

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In re: BKY Case No.: Case No. 17-31147  
Exchange Street, Inc.,  
Debtor. Chapter 11 Case

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**NOTICE OF HEARING AND MOTION FOR AN ORDER (I) GRANTING  
EXPEDITED RELIEF, AND (II) AUTHORIZING USE OF CASH COLLATERAL  
ON AN INTERIM AND FINAL BASIS**

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TO: The Parties Specified in Local Rule 9013-3(a)(2).

1. Pawn America Minnesota, LLC, Pawn America Wisconsin, LLC, and Exchange Street, Inc. (collectively, the “Debtors”), file this motion (this “Motion”) requesting the relief described below, and give notice of hearing.

2. The Court will hold a hearing on the Motion for expedited hearing and on the portion of this Motion seeking an **interim order** at 1:00 p.m. on April 14, 2017, before the Honorable Robert J. Kressel in Courtroom 8 West, United States Courthouse, 300 South Fourth Street, Minneapolis, Minnesota 55415. A hearing on the portion of this Motion seeking a **final order** will be held at 9:30 a.m. on May 12, 2017 before the Honorable Katherine A. Constantine in Courtroom 2C, United States Courthouse, 316 North Robert Street, St. Paul, Minnesota 55101.

3. Local Rule 9006-1(b) provides deadlines for responses to this Motion. However, given the expedited nature of the relief sought with respect to the portion of the Motion seeking an **interim order**, the Debtors do not object to written responses being served and filed up to two hours prior to the hearing. Any response to the Motion for a **final order** must be filed and served by delivery no later than May 5, 2017, which is five (5) days before the time set for the hearing (including Saturdays, Sundays and holidays). **UNLESS A RESPONSE OPPOSING THIS MOTION IS TIMELY FILED, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT A HEARING.**

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334, Fed. R. Bankr. P. 5005, and Local Rule 1070-1. This is a core proceeding. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

5. On April 12, 2017 (the “Petition Date”), the Debtors filed petitions for relief pursuant to chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code” or the “Code”). The case is now pending before this Court.

6. This motion arises under 11 U.S.C. §§ 105 and 363(c), Fed. R. Bankr. P. 4001 and 9014, and Local Rule 4001-2.

7. Pursuant to Local Rule 9013-2(a), this Motion is accompanied by a memorandum of law, proposed order, and proof of service. Additionally, this Motion is supported by the Verified Statement of Keith Kaestner pursuant to Local Rule 4001-2.

#### **SUMMARY OF RELIEF SOUGHT**

8. The Debtors request that this Court (i) grant expedited relief, and (ii) enter interim and final orders authorizing the Debtor to use “Cash Collateral,” as defined in Section 363(a) of the Bankruptcy Code, that the Debtors are holding or may obtain, pursuant to Bankruptcy Code

Sections 361 and 363 and Bankruptcy Rule 4001(b) as requested herein. The Debtors further seek to grant replacement liens as adequate protection to the lender with liens in the cash collateral. The grounds for this Motion are set forth below.

9. The Debtors request interim authorization to use cash collateral through and including the date of the Final Hearing (“Interim Period”). At least fourteen days prior to the Final Hearing, the Debtors will file a supplement to this Motion along with a proposed final order that will include an amended budget to reflect actual activity in the case and cash projections through the time period the Debtors will ultimately seek to use cash collateral on a final basis. The Debtors intend to address multiple issues during the first month of these cases that may impact cash flow, including issues relating to store closures and related lease payments, and will have a more accurate picture of future cash flows at the time of filing the aforementioned supplement.

10. The Debtors’ use of cash collateral is essential to their continued business operations and irreparable harm would result if they are deprived of the ability to use such cash collateral on an interim basis. Without immediate access to cash collateral, the Debtors would be at serious risk of shutdown due to strained liquidity. The Debtors need the use of cash collateral to, among other things, pay their more than 440 employees, purchase merchandise, and conduct pawn transactions.

### **BACKGROUND**

11. General background regarding the Debtor and the events that precipitated the filing of these cases is set forth in the Declaration of Bradley K. Rixmann filed in support of the Debtors’ “first day” motions.

12. On the Petition Date, the Debtors filed voluntary petitions for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No creditors' committee or other official committee has been appointed pursuant to 11 U.S.C. § 1102 of the Bankruptcy Code.

13. The Debtors filed their bankruptcies in order to preserve the going concern value of the businesses. The bankruptcy process will allow the Debtors to assess their collective footprint and thereby eliminate unprofitable stores and move forward with a strengthened business through a plan of reorganization.

**CASH COLLATERAL SUMMARY AS REQUIRED BY BANKRUPTCY  
RULE 4001(b) AND LOCAL RULE 4001-2**

14. Pursuant to Local Rule 4001-2(a), attached hereto as Exhibit A is the Debtors' cash flow projections thru May 12, 2017 (the "Budget"), which includes a description of collateral and estimates of the value of such collateral for the lien held by the Secured Party (as defined below).

15. The following entity may hold a security interest in the cash collateral sought to be used by the Debtors pursuant to this Motion ("Secured Party"):

Lender	Original Amount	Approximate Amount of Debt	Maturity Date	Original Date of UCC Filing
TBK Bank, SSB	\$11.2 million total commitment	\$10.525 million	4/7/2017	January 25, 2007 (Original Filing #200715265219)

16. The collateral securing the Secured Party's debt of approximately \$10.525 million is (i) accounts receivable (i.e., pawn loans and pawn service charges), and (ii) inventory.<sup>1</sup>

17. As of the Petition Date the Debtors estimate that the value of collateral securing the Secured Party's debt was \$18,077,504.

18. As of April 14, 2017 (the date of the hearing on the Debtors' request for interim relief in connection with this Motion), the Debtors estimate that the value of the collateral securing the Secured Party's debt will be \$18,078,468.

19. As of May 12, 2017 (the final hearing date) the value of the collateral is projected to be \$18,557,984.

#### **USE OF CASH COLLATERAL**

20. The Debtors require the use of cash collateral to operate. Without the necessary funds to pay employees, purchase inventory, and meet other ongoing operational expenses as outlined in the Budget during the Interim Period, the Debtors' operations will suffer and be placed at risk of shutting down, resulting in the potential loss of employment for hundreds of individuals currently working for the Debtors and significant risk to unsecured creditors.

21. The Debtor has a limited amount of cash on hand, but will generate cash from ongoing operations. As set forth in the Budget, the Debtors project that such cash will be sufficient to fund its Chapter 11 administrative expenses, including post-petition operating expenses, while maintaining a significant "equity cushion" for the Secured Creditor as reflected on Exhibit A. *See* Budget, line 83.

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<sup>1</sup> The Secured Party's debt may be secured by other collateral, including FF&E, but the Debtors have not included such items in its calculation in order to be conservative as to the Secured Party's collateral position.

**ADEQUATE PROTECTION**

22. Despite the significant equity cushion over and above the Secured Creditor's lien, the Debtors propose to grant the Secured Party a replacement lien in any new assets, and accounts receivable generated from the use of cash collateral, with the same priority, dignity, and validity as its pre-petition security interest as adequate protection.

23. The Debtors' proposed use of cash collateral, the "equity cushion," and the adequate protection offered herein provide the secured creditors with adequate protection against the risk of the Debtors' use of the cash collateral. The Debtors propose to use the cash to continue its operation until a plan of reorganization can be confirmed. This will greatly enhance the value of the Debtors and their estates. The Budget demonstrates that through the use of cash collateral, the Debtors will be able to continue operations and work towards a successful reorganization.

24. Prior to the hearing on the Motion, and in settlement of one or more of the matters raised in this Motion, the Debtors may enter into a stipulation or agreed order with the Secured Party concerning the use of cash collateral, adequate protection, and other related matters. In the event that the Debtors enter into any such stipulation, it will seek approval of the stipulation without further notice or hearing pursuant to Bankruptcy Rule 4001(d)(4), and the **DEBTORS HEREBY GIVE NOTICE OF INTENT TO SEEK APPROVAL OF ANY SUCH STIPULATION.**

**EXPEDITED RELIEF**

25. The Debtors seek the interim relief herein on an expedited basis as cause exists to reduce the notice of the Motion. The Debtors believe that they will be able to provide fax or

email notice of the hearing to all creditors holding a security interest in the cash collateral. The Debtors will also provide email notice to the United States Trustee's office.

26. Expedited relief is necessary to allow the Debtors to have immediate access to cash to operate during the interim period. Without necessary cash, the Debtors' operations will come to a halt, significantly and negatively impacting the going concern of the businesses, risking the loss of hundreds of employees and jeopardizing the Debtors' efforts to reorganize during this case, which the Debtors believe they can accomplish in a reasonable period of time. Without the funds under the interim use of cash collateral as proposed, the interests of creditors and others in this case will be immediately and irreparably harmed. Therefore, cause exists to reduce the notice of the hearing with respect to an interim ordering authorizing the use of cash collateral.

27. Pursuant to Local Rule 9013-2(c), the Debtor gives notice that it may, if necessary, call the following people to testify on behalf of the Debtors about the factual matters raised in this motion: (a) Bradley Rixmann, President of the Debtors, (b) Keith Kaestner, CFO of the Debtors, (c) Chris Tomas, Management Consultant for Alliance Management, proposed financial advisor for the Debtors, and/or (d) Michael Knight, President of Alliance Management.

WHEREFORE, the Debtors respectfully move this Court for an order granting:

1. An expedited hearing on this Motion;
2. Interim use of cash collateral in accordance with the Budget through the Interim Period;
3. Replacement liens to the Secured Party; and
4. Such other and further relief as the Court deems just and equitable.

Dated: April 12, 2017

*e/ Edwin H. Caldie*

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Robert T. Kugler (#194116)

Edwin H. Caldie (#0388930)

Phillip J. Ashfield (#0388990)

Andrew J. Glasnovich (#0398366)

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**PROPOSED COUNSEL FOR PAWN  
AMERICAN MINNESOTA, LLC, PAWN  
AMERICAN WISCONSIN, LLC, AND  
EXCHANGE STREET, INC.**



**VERIFICATION**

I, Bradley K. Rixmann, President of Pawn America Minnesota, LLC, Pawn America Wisconsin, LLC, and Exchange Street, Inc., declare under penalty of perjury that the facts set forth in the preceding Motion are true and correct to the best of my knowledge, information, and belief.

Dated: April 12, 2017



Bradley K. Rixmann

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**MEMORANDUM OF LAW IN SUPPORT OF THE DEBTORS'  
MOTION FOR ORDER (I) GRANTING EXPEDITED RELIEF, AND  
(II) AUTHORIZING USE OF CASH COLLATERAL**

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Pawn America Minnesota, LLC, Pawn America Wisconsin, LLC, and Exchange Street, Inc. request that the Court enter an order authorizing it to use cash collateral.

**BACKGROUND**

The facts supporting the relief sought are set forth in the verified Motion.<sup>1</sup>

**LEGAL ANALYSIS**

**I. The Court Should Authorize the Proposed Use of Cash Collateral on an Interim and Final Basis**

As debtors-in-possession, the Debtors are authorized to operate their businesses under the Bankruptcy Code. *See* 11 U.S.C. § 1108. In order to use cash collateral, a debtor needs either the

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<sup>1</sup> Unless otherwise defined herein, capitalized terms have the meaning ascribed to them in the Motion for an Order (I) Granting Expedited Relief, and (II) Authorizing Use of Cash Collateral on an Interim and Final Basis.

secured creditor's consent or authorization from the Court after notice and a hearing. *See* 11 U.S.C. § 363(c)(2). Further, section 363(e) provides that "on request of an entity that has an interest in property . . . proposed to be used, sold or leased, by the trustee, the court, with or without a hearing, shall prohibit or condition such use, sale, or lease as is necessary to provide adequate protection of such interest." 11 U.S.C. § 363(e). The Eighth Circuit applies a three part test in analyzing the use of cash collateral:

In any given case, the Bankruptcy Court must necessarily (1) establish the value of the secured creditor's interest, (2) identify the risk to the secured creditor's value resulting from the debtor's request for use of cash collateral, and (3) determine whether the debtor's adequate protection proposal protects values as nearly as possible against risk to that value consistent with the concept of indubitable equivalence.

*In re Martin*, 761 F.2d 472, 476–77 (8th Cir. 1985).

Pursuant to *Martin*, the first step is to establish the value of the secured creditor's interest. As of the Petition Date, the value of the cash collateral (consisting of (i) accounts receivable (i.e., pawn loans and pawn service charges), and (ii) inventory) was approximately \$18,077,504, and the amount of the Secured Party's debt was \$10,525,000.

The second step under *Martin* requires the court to identify the risk to the secured creditor's value resulting from the debtor's request for the use of cash collateral. The risk to the Secured Party is negligible given the amount of equity cushion at play in this case and replacement liens being offered by the Debtors. Moreover, the Debtors' use of cash collateral will maintain their going concern value for the benefit of all creditors and prevent disruption to the Debtors' customers, employees, and other parties in interest.

The third step in *Martin* requires the court to examine the debtor's adequate protection proposal to determine if that the proposal protects the value of the secured creditor's interest, if any, in the cash collateral relative to the risk to such value. *See Martin*, 761 F.2d at 477. Here,

the Debtors propose to grant the Secured Party a replacement lien on, and security interest in, the same types and items of collateral as were subject to its lien as of the commencement of these cases. Such replacement liens would extend to post-petition assets of the estate to the extent of cash collateral used by the Debtors and provide the Secured Party with adequate protection for any cash collateral actually used. Moreover, the value of all collateral significantly exceeds the Secured Party's claim, creating an "equity cushion." See *In re Johnson*, 90 B.R. 973, 979 (Bankr. D. Minn. 1988) ("An equity cushion is the value in the property above the amount owed to the creditor with a secured claim that will protect the creditor's secured interest from decreasing in value during the period that the automatic stay remains in effect."). The equity cushion in this case is significant – the Secured Party's claim is approximately \$10.525 million, and the value of collateral securing the claim exceeds \$18 million. Such a significant equity cushion alone could serve as adequate protection in this case. *In re Polaroid Corp.*, 460 B.R. 740, n.9 (B.A.P. 8th Cir. 2011) (noting that equity cushion can serve as adequate protection).

## **II. Expedited Relief is Appropriate**

Cause exists here to grant the Motion on an expedited basis. The liquidity to be provided through use of the cash collateral on an interim basis is essential to the Debtors' continued operations and the success of the Debtors' reorganization efforts, and is needed on the most urgent basis possible. Without use of the cash collateral, the Debtors would be at serious risk of a shutdown, which would likely lead to their liquidation, the loss of hundreds of jobs, and severe prejudice to their creditors. The expenditures the Debtors propose to make between the preliminary hearing and the final hearing are described in the Budget attached to the Motion. Without the ability to pay operational expenses outlined in the Budget, the Debtors will not be

able to conduct their businesses. Accordingly, expedited relief requested is necessary to avoid immediate and irreparable harm.

**CONCLUSION**

For the foregoing reasons, the Debtors respectfully request that the Court enter an order granting an expedited hearing and authorizing the use of cash collateral on an interim basis.

Dated: April 12, 2017

*e/Edwin H. Caldie*

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Robert T. Kugler (#194116)

Edwin H. Caldie (#0388930)

Phillip J. Ashfield (#0388990)

Andrew J. Glasnovich (#0398366)

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**PROPOSED COUNSEL FOR PAWN  
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AMERICAN WISCONSIN, LLC, AND  
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**ORDER GRANTING EXPEDITED RELIEF AND  
AUTHORIZING INTERIM USE OF CASH COLLATERAL**

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This matter came before the undersigned on the Debtors' Motion for an Order (I) Granting Expedited Relief, and (II) Authorizing the Use of Cash Collateral on an Interim and Final Basis (the "Motion").<sup>1</sup>

Based on the Motion, all the files, records, proceedings herein, the Court being fully advised in the premises, and the Court's findings of fact and conclusions of law, if any, having been stated on the record at the close of evidence,

**IT IS HEREBY ORDERED:**

1. The Debtors' Motion is granted.
2. The Debtors' request for expedited relief is granted.

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

3. The Debtors are authorized to use cash, including cash collateral, that may be subject to the lien of the Secured Party, consistent with the Budget attached to the Motion during the Interim Period.

4. For purposes of adequate protection and to the extent of use of prepetition cash collateral in which the Secured Party may have a security interest, the Debtors are authorized to grant replacement liens to the Secured Party pursuant to 11 U.S.C. § 552, in the Debtors' post-petition assets of the same type and nature as is subject to the pre-petition liens of the Secured Party. Such liens shall have the same validity, priority, dignity, and effect as the prepetition liens on the prepetition property of the Debtors. No additional steps need be taken to perfect the replacement liens authorized herein.

5. Nothing herein shall in any way prejudice the Debtors from challenging the nature, validity, or scope of any of the prepetition security interests and/or liens held by the Secured Party.

Dated:

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United States Bankruptcy Judge

1 Pawn America  
2 Weekly Cash Flow & Collateral Analysis

	1	2	3	4	5	
	Projected	Projected	Projected	Projected	Projected	Projected
Period ending ---->	4/14/17	4/21/17	4/28/17	5/5/17	5/12/17	4/12-5/12/17
<b>Sources of Cash</b>						
Collections- Retail Sales	458,777	764,628	764,628	803,726	819,365	3,611,124
Collections-Pawn Service Charges	128,729	214,549	214,549	209,892	208,029	975,749
Warranty/Cashpass	6,336	10,560	10,560	10,424	10,369	48,250
Collection of Sales Taxes	22,566	37,610	37,610	38,914	39,435	176,135
Sale of Assets						-
Return of Initial Retainers						-
<b>Total Sources of Cash</b>	<b>\$ 616,408</b>	<b>\$ 1,027,347</b>	<b>\$ 1,027,347</b>	<b>\$ 1,062,955</b>	<b>\$ 1,077,198</b>	<b>\$ 4,811,257</b>
<b>Uses of Cash</b>						
Net Change in Pawn Loans incr/(decr)	53,985	89,975	89,975	164,804	194,735	593,473
Net Change in Service Ch Rec incr/(decr)	-	-	-	-	-	-
Inventory Purchases	185,795	309,658	309,658	364,050	385,806	1,554,966
Payroll & Payroll Taxes		650,051		674,051		1,324,101
Employee Benefits		57,930			57,930	115,860
Rent				384,989		384,989
Stub Rent						-
Telephone			33,095		32,495	65,590
Utilities		14,214	14,214	10,230	10,230	48,888
Utility Deposit Assumes None						-
Sales Taxes		208,025				208,025
Bank/Credit Card Charges		10,468			38,819	49,287
Credit Card Deposit						-
Business Insurance			20,486			20,486
Advertising	70,000		14,710			84,710
Contract Services		17,819	17,819	10,794	10,794	57,226
Repairs & Maintenance		18,744	18,744	15,781	15,781	69,051
Supplies/Packaging/Postage		16,404	16,404	13,141	13,141	59,089
Postage now in COGS		6,130	6,130	5,329	5,329	22,918
Computer Maintenance			33,750			33,750
Prof. Services, Acctg, Legal			40,000			40,000
BK Professional Fees						-
BK Legal Fees						-
TBK Payments				0		0
Lease Finance Group Payments			-	-		-
KLC Leases					-	-
Mid-Country Leases		-	-	-		-
Western Bank Payments				-		-
Bad Debt and Cash Short/Over			4,173			4,173
Venture Bank Payments				-		-
APS Fee	22,000	10,000	10,000	8,000	8,000	58,000
Other Expenses	17,408	17,408	17,408	14,319	14,319	80,862
Workout Payments						-
CapX (POS Software Upgrade)			66,667			66,667
Prior Week Outstanding Checks	90,000					90,000
<b>Total Cash Disbursements</b>	<b>439,187</b>	<b>1,426,826</b>	<b>713,232</b>	<b>1,665,487</b>	<b>787,380</b>	<b>5,032,111</b>
<b>Total Cash Flow</b>	<b>177,221</b>	<b>(399,479)</b>	<b>314,116</b>	<b>(602,532)</b>	<b>289,819</b>	<b>(220,855)</b>
<b>Cash Available</b>						
Total beginning Cash	\$ 705,652	\$ 882,873	\$ 483,395	\$ 797,510	\$ 194,979	\$ 705,652
Increase/(Decrease)	177,221	(399,479)	314,116	(602,532)	289,819	(220,855)
<b>Ending Usable Cash</b>	<b>\$ 882,873</b>	<b>\$ 483,395</b>	<b>\$ 797,510</b>	<b>\$ 194,979</b>	<b>\$ 484,797</b>	<b>\$ 484,797</b>
Plus: Restricted Cash @ US Bank	80,000	80,000	80,000	80,000	80,000	80,000
Plus: Restricted Cash CD's	125,000	125,000	125,000	125,000	125,000	125,000
Plus: Cash in Stores	263,000	263,000	263,000	263,000	263,000	263,000
<b>Total Cash</b>	<b>\$ 1,350,873</b>	<b>\$ 951,395</b>	<b>\$ 1,265,510</b>	<b>\$ 662,979</b>	<b>\$ 952,797</b>	<b>\$ 952,797</b>
<b>Collateral</b>						
Pawn Loans	7,518,740	7,501,035	7,483,330	7,655,809	7,828,289	7,828,289
Accrued Pawn Loan Service Charges	1,227,000	1,227,000	1,227,277	1,227,277	1,227,277	1,227,277
Less: Ineligible Pawn Loans and Pawn Service Charges	(85,502)	(85,502)	(85,521)	(85,521)	(85,521)	(85,521)
Eligible Pawn Loans and Pawn Service Charges	8,660,238	8,642,533	8,625,085	8,797,565	8,970,044	8,970,044
Jewelry Inventory	4,555,023	4,570,914	4,586,805	4,615,852	4,644,899	4,644,899
Other Inventory	5,488,207	5,495,805	5,503,403	5,535,722	5,568,040	5,568,040
Less: Inventory Allowance	(625,000)	(625,000)	(625,000)	(625,000)	(625,000)	(625,000)
Total Eligible Inventory	9,418,229	9,441,719	9,465,208	9,526,574	9,587,940	9,587,940
<b>Total Senior Secured Collateral*</b>	<b>18,078,468</b>	<b>18,084,251</b>	<b>18,090,293</b>	<b>18,324,139</b>	<b>18,557,984</b>	<b>18,557,984</b>
<b>Senior Secured Obligations</b>						
TBK Revolving Line of Credit (Principal)	10,525,000	10,525,000	10,525,000	10,525,000	10,525,000	10,525,000
Accrued/Unpaid Interest	23,462	35,193	46,924	56,572	66,220	66,220
TBK DIP Loan	-	-	-	-	-	-
<b>Ending TBK Bank Obligations</b>	<b>10,548,462</b>	<b>10,560,193</b>	<b>10,571,924</b>	<b>10,581,572</b>	<b>10,591,220</b>	<b>10,591,220</b>
<b>TBK Equity Cushion</b>	<b>\$ 7,530,006</b>	<b>\$ 7,524,058</b>	<b>\$ 7,518,369</b>	<b>\$ 7,742,567</b>	<b>\$ 7,966,764</b>	<b>\$ 7,966,764</b>

84  
85 \* Does not include other assets on the Company's balance sheet with an estimated book value of approximately \$9 million.



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**SEPARATE VERIFIED STATEMENT OF KEITH KAESTNER  
PURSUANT TO LOCAL RULE 4001-2**

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1. I am the Vice President and Chief Financial Officer for each of the above-referenced Debtors.

2. I submit this verified statement in connection with the Debtor's motion for use of cash collateral (the "Motion")<sup>1</sup> in compliance with Local Bankruptcy Rule 4001-2.

3. The Budget attached as Exhibit A to the Motion is true and accurate.

4. The proposed uses of cash collateral during the Interim Period are outlined in the Budget. The Debtors need access to the use of cash collateral to pay for, among other items, payroll, rent, insurance, and inventory. The effects of not having access to the use of cash collateral during the Interim Period would cause immediate and irreparable harm to the Debtors'

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<sup>1</sup> Unless otherwise defined herein, capitalized terms have the meaning ascribed to them in the Motion.

business operations. Simply put, the Debtors cannot continue to operate their businesses without payment of the amounts itemized in the Budget during the Interim Period.

5. The amount of the Secured Party's debt secured by the collateral is approximately \$10.525 million.

6. The primary collateral securing the Secured Party's debt is (i) accounts receivable (i.e., pawn loans and pawn service charges), and (ii) inventory.<sup>2</sup>

7. As of the Petition Date the Debtors estimate that the value of collateral securing the Secured Party's debt was \$18,077,504.

8. As of April 14, 2017 (the date of the hearing on the Debtors' request for interim relief in connection with this Motion), the Debtors estimate that the value of the collateral securing the Secured Party's debt will be \$18,078,468.

9. As of May 12, 2017 (the final hearing date) the value of the collateral is projected to be \$18,557,984.

10. The Debtors expect a negative cash flow during the Interim Period. This is not unusual, however, as the Debtors historically provide more loans during this time of year than during other times of the year – this results in a lower cash flow, but an increase in other assets, including accounts receivable and inventory. This is reflected in the Budget.

The undersigned verifies under penalty of perjury that the information contained in this pleading is true and correct according to the best of his knowledge, information, and belief.

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<sup>2</sup> The Secured Party's debt may be secured by other collateral, including FF&E, but the Debtors have not included such items in its calculation in order to be conservative as to the Secured Party's collateral position.

Dated: April 12, 2017



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Keith Kaestner, VP and CFO