

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
(Asheville Division)

In re:) Chapter 11
)
CAROL LLOYD, INC.,) Case No. 17-10207
)
Debtor.)

MOTION FOR ORDER ALLOWING USE OF CASH COLLATERAL

NOW COMES Carol Lloyd, Inc. Debtor in Possession (“Carol Lloyd” or “Debtor”), and moves for an Order allowing the use of cash collateral pursuant to 11 U.S.C. § 363 and in support thereof would respectfully show the Court the following:

1. Carol Lloyd filed a voluntary petition for relief pursuant to Chapter 11, Title 11 of the United States Code in the Western District of North Carolina on May 15, 2017.

2. This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157.

3. Carol Lloyd is based in Asheville, North Carolina (Buncombe County), and provides mobile X-ray and imaging services to care givers and care facilities in western North Carolina. In any given week, Carol Lloyd employs approximately 55 - 60 people.

4. Formed in 2004, Carol Lloyd has operated profitably for many years. Unfortunately, Carol Lloyd provided funding for and guaranteed certain debts of Skyy Laboratory, LLC (“Skyy”), an entity that failed. Attempting to service and pay the debts of Skyy has resulted in Carol Lloyd becoming delinquent in many of their obligations. Carol Lloyd intends to reorganize under Chapter 11.

5. A UCC search at the North Carolina Secretary of State's web portal reveals that the follow UCC-1 filings which may reflect perfected liens on cash collateral (together, the "Potential Secured Creditors"):

a. Corporation Service Company, as Representative: UCC filed on September 12, 2014, describing collateral as: any and all amounts owing to Debtor now or in the future from the merchant processor(s) processing charges made by customers of [Carol Lloyd] via credit card or debit card transactions.

b. EIN CAP, Inc.: UCC filed on August 8, 2016, describing collateral as: All assets of [Carol Lloyd], now existing and hereafter arising, wherever located.

6. At the time of the petition, Carol Lloyd had accounts receivable of approximately \$295,000. Carol Lloyd needs to use these receivables to continue normal operations and to maintain its going concern value.

7. The Potential Secured Creditors have not yet consented to Carol Lloyd's use of cash collateral.

8. Carol Lloyd believes that their accounts receivable will be replenished through normal operations such that the total amount of the outstanding receivables at any given time remains about the same. Carol Lloyd proposes to adequately protect the Potential Secured Creditors by giving them a replacement lien on post-petition receivables to the same extent, and with the same priority, as any pre-petition perfected lien. Additionally, Carol Lloyd proposed to make monthly adequate protection payments into a segregated debtor-in-possession account in the amount of \$2,00 per month. Such funds would remain in the segregated account until such time as the court orders otherwise. Any secured creditor would be entitled to file a motion demonstrating their perfected secured status and priority and entitlement to those funds.

9. Carol Lloyd faces ordinary and necessary expenses on a daily basis. Carol Lloyd needs to use cash collateral to make payment of ordinary operating expenses, in conformity with the proposed 30 day cash collateral budget attached here as Exhibit "A." To the extent that Carol Lloyd needs to spend more than \$268,938.24 of cash collateral during the 30 days following entry of a cash collateral order, Carol Lloyd would seek court approval on an expedited basis.

10. Carol Lloyd believes that it will successfully reorganize. Carol Lloyd expects to have sufficient cash flow to pay all post-petition debts as they come due, and to fund a Chapter 11 plan.

WHEREFORE Carol Lloyd requests an order of the Court allowing the use of cash collateral and to provide such other and further relief as it deems just and appropriate.

This the 15th day of May, 2017.

DAVID R. BADGER, P.A.

/s/ Ross J. Bromberger
Dave Badger (Bar No. 147)
Ross J. Bromberger (Bar No. 47599)
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Attorneys for Carol Lloyd, Inc.

EXHIBIT A

Carol Lloyd, Inc. Cash Collateral Budget: May 15, 2017 - June 14, 2017

Anticipated Income

Part A Income	\$120,000.00
Part B Income	\$175,000.00
Total	<u>\$295,000.00</u>

Anticipated Expenses

	Paid by Debtor	Paid (and used) by other Entity
Equipment Leasing	\$31,000.00	\$23,000.00
Vehicle Payments	\$13,000.00	\$2,000.00
Vehicle Expenses (fuel, maintenance etc.)	\$50,000.00	
Office Rent	\$9,238.24	
Utilities	\$6,000.00	
Insurance	\$13,000.00	
Payroll (Incl. payroll taxes, etc.)	\$105,000.00	
Outside Service (Incl. Ridiology)	\$35,500.00	
Marketing	\$3,700.00	
Miscellaenous (storage/shred, legal expenses)	\$2,500.00	
Segregated Adequate Protection Payment	\$2,000.00	
Payment towards priority taxes	\$3,000.00	
Total	<u>\$273,938.24</u>	

Note 1: All numbers are estimates, except Office Rent

Note 2: Vehicles and Equipment which are used by another entity will be paid for by the other entity (including gas, insurance, repairs, etc.)

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NOTICE OF HEARING

PLEASE TAKE NOTICE that Carol Lloyd, Inc., the above-referenced Debtor filed a ***Motion for Order Allowing Use of Cash Collateral*** (the “Motion”) in connection with this case.

PLEASE TAKE FURTHER NOTICE that your rights may be affected by this Motion. You should read the Motion carefully and discuss it with your attorney. If you do not have an attorney, you may wish to consult with one.

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will be held before The Honorable George R. Hodges at the U.S. Bankruptcy Court, 100 Otis Street, Room 112, Asheville, NC 28801-2611 on **WEDNESDAY, MAY 17, 2017 at 9:30 A.M. (EST)**.

PLEASE TAKE FURTHER NOTICE that the Court may grant the relief requested in the Motion at said hearing. No further notice will be given.

This the 15th day of May, 2017.

DAVID R. BADGER, P.A.

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CERTIFICATE OF SERVICE

I hereby certify that copies of the *Motion for Order Allowing Use of Cash Collateral* and *Notice of Hearing* were served on the parties listed below by the United States Postal Service, overnight mail, and by email on May 15, 2017.

Corporation Service Company, As Representative
P.O. Box 2576
Springfield, IL 62708
Email: UCCSPREP@cscinfo.com

EIN CAP, INC.
2899 Ocean Avenue, 2nd Fl
Brooklyn, NY 11235
Email: Info@EINCAP.com

I further certify that copies of the *Motion for Order Allowing Use of Cash Collateral* and *Notice of Hearing* were served by electronic notification on those parties registered with the United States Bankruptcy Court, Western District of North Carolina ECF system to receive notices for this case and on the parties listed on the attached by the United States Postal Service on May 15, 2017.

This the 15th day of May, 2017.

DAVID R. BADGER, P.A.

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