



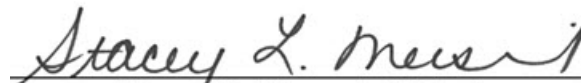
Order Filed on October 13, 2017 by Clerk, U.S. Bankruptcy Court - District of New Jersey

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY	
Caption in Compliance with D.N.J. LBR 9004-1(b)	
LeClairRyan, a Professional Corporation Daniel M. Eliades, Esq. Matteo Percontino, Esq. 1037 Raymond Boulevard 16 th Floor Newark, New Jersey 07102 (973) 491-3600 daniel.eliades@leclairryan.com matteo.percontino@leclairryan.com Counsel for the Debtors/Debtors-in-Possession	
In re:	Case No.: 17-26758 (SLM)
RONIC INC. d/b/a VENICE BAKERY, <i>et al.</i> ¹ ,	(Jointly Administered)
Debtors.	Chapter: 11
	Judge: Hon. Stacey L. Meisel

THIRD INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 363, FED. R. BANKR. P. 4001(b), AND D.N.J. LBR 4001-4 AUTHORIZING DEBTORS TO USE CASH COLLATERAL

The relief set forth on the following pages, numbered two (2) through ten (10) is hereby **ORDERED**.

DATED: October 13, 2017


Honorable Stacey L. Meisel
United States Bankruptcy Judge

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor's taxpayer identification number are as follows: Ronic Inc. d/b/a Venice Bakery (3112), 173 Ray Street, Garfield, NJ 07026, Case No. 17-2658-SLM and Aiello Realty Holding LLC (9683), 173 Ray Street, Garfield, NJ 07026, Case No. 17-26759-SLM.

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Upon consideration of the motion of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) for the entry of interim and final orders pursuant to 11 U.S.C. §§ 105 and 363, Rule 4001(b) of the Federal Rules of Bankruptcy Procedure, and D.N.J. LBR 4001-4 authorizing the Debtors to Use Cash Collateral (the “Motion”); and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and this being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the relief requested in the Motion being in the best interests of the Debtors, their estate and creditors; and the Court having considered the moving papers and the opposition thereto, if any, and the arguments of counsel, if any; and the Court finding that good and sufficient notice of the Motion having been provided and served by the Debtor in accordance with D.N.J. LBR 9013-5 and Federal Rule of Bankruptcy Procedure 4001(b); and the Court having entered an Interim Order Pursuant to 11 U.S.C. §§ 105 and 363, Fed. R. Bankr. P. 4001(b), and D.N.J. LBR 4001-4 (Doc. No. 23) (the “First Interim Order”); and the First Interim Order having scheduled a Final Hearing on the Motion for September 21, 2017 which was subsequently moved to September 18, 2017 (the “Final Hearing”); and notice of the entry of the First Interim Order and the Final Hearing having been given as provided in the First Interim Order; and the Court having entered a Second Interim Order Pursuant to 11 U.S.C. §§ 105 and 363, Fed. R. Bankr. P. 4001(b), and D.N.J. LBR 4001-4 (Doc. No. 52) (the “Second

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Interim Order”); and the Second Interim Order having adjourned the Final Hearing to October 13, 2017; and notice of the entry of the Second Interim Order and the adjourned Final Hearing having been given as provided in the Second Interim Order; and it appearing that the parties have agreed to further continue the Final Hearing and continue the Debtors’ use of cash collateral for a third interim period pending the continued Final Hearing on the terms and conditions set forth herein; and the Court having determined that good and sufficient cause exists for the entry of this Order, it is hereby found:

A. Chapter 11 Filed. Debtors filed their petitions under Chapter 11 of the Bankruptcy Code on August 17, 2017 (the “Petition Date”) and are presently operating as a debtors-in-possession in accordance with sections 1107 and 1108 of the Bankruptcy Code.

B. Pre-Petition Debt. The Bank of Princeton (“TBOP” or the “Secured Creditor”) has asserted a senior secured claim against the Debtors, except as to certain equipment, the existence of which senior secured claim held by TBOP the Debtors do not dispute; however, the Debtors dispute the amount of said claim.

C. Pre-Petition Collateral. TBOP has asserted a perfected blanket lien on the Debtors’ property, including the Debtors’ real estate, proceeds, accounts, certain equipment, inventory and other collateral which is or may result in cash collateral, which lien the Debtors do not dispute.

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D. Cash Collateral. “Cash Collateral” as defined by Section 363(a) of the Bankruptcy Code includes post-petition proceeds, products, offspring, rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in Section 552(b) and as the term “proceeds” is described in UCC Section 9-306.

E. Necessity and Best Interest. The Debtors do not have sufficient unencumbered cash or other assets with which to continue to operate their business in Chapter 11. The Debtors require continued authority to use cash collateral as defined herein in order to continue their business operations without interruption toward the objective of formulating an effective plan of reorganization. Debtors’ use of cash collateral to the extent and on the terms and conditions set forth herein is necessary to avoid immediate and irreparable harm to the estate pending a continued final hearing. The amount of cash collateral authorized to be used pending a continued final hearing or entry of a final order is not to exceed the amounts reflected in the Debtors’ budget, a copy of which is annexed hereto as **Exhibit “A”** (the “Cash Collateral Budget”).

F. Purposes. The Debtors seek authorization to use cash collateral to meet the ordinary cash needs of the Debtors (and for such other purposes as may be approved in writing by the Secured Creditor) for the payment of actual expenses of the Debtors

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necessary to: (a) maintain and preserve their assets, and (b) continue operation of their business, including among other things, paying payroll and payroll taxes, and insurance expenses, as reflected in the Cash Collateral Budget.

The Court having determined there is a reasonable likelihood that the Debtors will prevail upon the merits at the final hearing of the Motion as required by Section 363(c)(3) of the Bankruptcy Code, and for good cause shown, it is

ORDERED as follows:

1. Use of Cash Collateral. The Debtors are authorized, for the periods and in accordance with the Cash Collateral Budget attached hereto as Exhibit A, to use cash collateral of TBOP for the following purposes:

- a. maintenance and preservation of its assets;
- b. the continued operation of their business, including but not limited to payroll, payroll taxes, employee expenses, and insurance costs;
- c. the completion of work-in-process;
- d. the purchase of goods and ingredients to create products for customers;
- e. the payment of retained professionals; and
- f. for such other purposes as set forth in the Cash Collateral Budget.

2. Adequate Protection. As adequate protection for use of cash collateral, the Secured Creditor is **GRANTED**:

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a. Replacement Lien. A replacement perfected security interest under Section 361(2) of the Bankruptcy Code to the extent the Secured Creditor's cash collateral is used by the Debtors, and to the extent and with the same priority in the Debtors' postpetition collateral, and proceeds thereof, that the Secured Creditor held in the Debtors' prepetition collateral.

b. Statutory Rights Under Section 507(b). To the extent the adequate protection provided for hereby proves insufficient to protect the Secured Creditor's interest in and to the cash collateral, the Secured Creditor shall have a superpriority administrative expense claim, pursuant to Section 507(b) of the Bankruptcy Code, senior to any and all claims against the Debtor under Section 507(a) of the Bankruptcy Code, whether in this proceeding or in any superseding proceeding.

c. Periodic Payments. The Debtors shall continue to tender payments on a weekly basis, via wire transfer, to the Secured Creditor as set forth in the Cash Collateral Budget.

d. Deemed Perfected. To the extent, the Secured Creditor has a valid perfected prepetition lien, the replacement lien and security interest granted herein is automatically deemed perfected upon entry of this Order without the necessity of the Secured Creditor taking possession, filing financing statements, mortgages or other documents. Although not required, upon request by the Secured Creditor, the Debtors are

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authorized to execute and deliver to the Secured Creditor any and all UCC Financing Statements, UCC Continuation Statements, Certificates of title or other instruments or documents considered by the Secured Creditor to be collateral and proceeds granted by this Order, and the Secured Creditor is authorized to receive, file and record the foregoing at its own expense, which actions shall not be deemed a violation of the automatic stay.

e. Periodic Accountings. The Debtors shall continue to provide the Secured Creditor with weekly periodic accountings on the Tuesday following the conclusion of the Debtors' weekly operations (Sunday to Saturday), setting forth the cash receipts and disbursements made by the Debtor under this Order. In addition, the Debtors shall provide the Secured Creditor with any other reports reasonably required by the Secured Creditor as well as copies of the Debtors' monthly United States Trustee operating reports. Upon appointment of a creditors' committee, if any, the Debtors shall submit a copy of the monthly United States Trustee operating reports to counsel to said committee if counsel has been appointed, and until counsel is retained, to the chairman of said committee.

f. Default Hearing. In the event Debtors default or violate this Order, the Secured Creditor is entitled to request a hearing within seven (7) days (or if immediate and irreparable injury, loss or damage may occur, an emergency hearing within 48 hours).

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3. Payments to Professionals. Subject to Orders of the Bankruptcy Court allowing fees and disbursements to the Professionals², if there are insufficient funds from the Debtors' operating cash flow to pay for accrued expenses to the Professionals as set forth in the Cash Collateral Budget attached hereto as Exhibit A, the Debtors are authorized to pay to the Professionals up to an aggregate amount of \$10,000 prior to making budgeted periodic adequate protection payments to the Secured Creditor as set forth in the Cash Collateral Budget attached hereto as Exhibit A. This provision is expressly conditioned upon the Debtors' first paying the Secured Creditor at least \$5,000 of its budgeted adequate protection payment for the period from October 13, 2017 through November 10, 2017. Nothing herein shall be deemed a waiver by the Professionals or the Secured Creditor of any unpaid amounts which may be owed to them by the Debtors. Further, nothing contained herein shall: (a) limit or preclude the Debtors from seeking relief, pursuant to 11 U.S.C. § 506(c) from the Secured Creditor's collateral, (b) require the Secured Creditor to consent to any request for such additional relief; or (c) limit or preclude any defense or objection of the Secured Creditor to any request for such additional relief. The entry of this Order, and any payments made pursuant hereto, shall not affect the rights of the Professionals or Secured Creditor from receiving payment for any amounts due, but not paid, in in the Cash Collateral Budget

² The Professionals are Mendonca & Partners Certified Public Accountants and LeClairRyan, a Professional Corporation.

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attached as Exhibit A or the budgets attached to the First Interim Cash Collateral Order or the Second Interim Cash Collateral Order, subject to Court approval.

4. Creditor's Rights of Inspection and Audit. Upon reasonable notice (no less than two (2) days' notice) by the Secured Creditor, the Debtors shall permit such creditor and any of its agents reasonable and free access to the Debtors' records and place of business during normal business hours to verify the existence, condition and location of collateral in which said creditor holds a security interest and to audit Debtors' cash receipts and disbursements.

5. Interlocutory Order and No Modification of Creditor's Adequate Protection. This is an interlocutory order. Nothing contained herein shall be deemed or construed to (a) limit the Secured Creditor to the relief granted herein; (b) bar the Secured Creditor from seeking other and further relief (including without limitation relief from the terms of this Order) for cause shown on appropriate notice to the Debtors and other parties-in-interest entitled to notice of same; or (c) require the Secured Creditor to make any further loans or advances to the Debtors. The Order may be modified in accordance with D.N.J. LBR 4001-3(d). No such modification, however, shall deprive the Secured Creditor of its interest in Debtors' property (prepetition and postpetition).

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FINAL HEARING ORDER

IT IS FURTHER ORDERED AND NOTICE IS HEREBY GIVEN that any creditor or other interested party having any objection to this Third Interim Order shall file with the Clerk of this Court and serve upon counsel for the Debtors on or before the 2nd day of November, 2017, at 5:00 p.m., a written objection and shall appear to advocate said objection at a Final Hearing to be held at 10:00 a.m. on the 9th day of November 2017 in Courtroom 3A of the United States Bankruptcy Court, 50 Walnut Street, Newark, New Jersey. In the event no objections are filed or not advocated at such hearing, then this Order shall continue in full force and effect and shall be deemed a Final Order without further notice or hearing in accordance with Federal Rules of Bankruptcy Procedure 4001(d)(3).

NOTICE ORDER

IT IS FURTHER ORDERED that the Debtors serve a copy of this Order and Notice by first class mail within one (1) business day from the date hereof, on (i) the Office of the United States Trustee for the District of New Jersey; (ii) the District Director of the Internal Revenue Service; (iii) the New Jersey Division of Taxation; (iv) all known creditors; (v) parties that filed requests for notice; and (vi) counsel to any committee appointed under Section 1102 of the Bankruptcy Code, if one has been appointed. Debtors shall file with the Clerk a Certificate of Service of said mailing.

EXHIBIT A

Third Interim Cash Collateral Budget						
Ronic Inc. & Aiello Realty Holding LLC						
Starting Cash Balance						
	Week Ending	22-Oct	29-Oct	5-Nov	12-Nov	Total
Cash on hand (beginning of period)		3,529	401	-8,132	-20,181	7,950
CASH RECEIPTS						
Sales		106,500	106,500	106,500	106,500	426,000
Beginning Cash on Hand						
TOTAL CASH RECEIPTS		106,500	106,500	106,500	106,500	426,000
CASH PAID OUT						
Ingredients		39,500	39,500	39,500	39,500	158,000
Packaging/Misc.		6,923	6,923	6,923	6,923	27,690
Waste Disposal		156	156	156	156	624
Secured/Rental/Lease (Vehicles)		0	530	0	0	530
Transportation Costs		667	667	667	667	2,668
Real Estate Taxes (Accrued)		0	0	6,000	0	6,000
Water & Sewer (Accrued)		150	150	150	150	600
Route Commission Agreements		19,064	19,064	19,064	19,064	76,254
Repairs and maintenance		1,000	1,000	1,000	1,000	4,000
Supplies (Office)		200	200	200	200	800
Payroll		22,000	22,000	22,000	22,000	88,000
Payroll Taxes		2,585	2,585	2,585	2,585	10,340
Sales, Use, & Other Tax		0	0	0	0	0
Utilities		3,250	3,250	3,250	3,250	13,000
Payroll Processing Fee		0	0	265	0	265
Auto Insurance Premium		0	0	600	0	600
GL Policy Premium		0	0	2,056	0	2,056
Workers Comp Premium		1,826	1,826	1,826	1,826	7,304
Legal Fees (Accrued)		6,000	6,000	6,000	6,000	24,000
Accounting Fees (Accrued)		2,000	2,000	2,000	2,000	8,000
Merchant Fees		200	200	200	200	800
Invoicing Program		0	0	0	0	0
Rent (Deferred)*		0	0	0	0	0
UST Fees		0	4,875	0	0	4,875
Bank Service Charges		100	100	100	100	400
Extermination		118	118	118	118	472
Laundry & Cleaning		140	140	140	140	560
SUBTOTAL		105,878	111,283	114,799	105,878	437,838
Adequate Protection Payment (BOP) (\$10,000 May Be Accrued)		3,750	3,750	3,750	3,750	15,000
TOTAL CASH PAID OUT		109,628	115,033	118,549	109,628	452,838
Cash on hand (end of period)		401	-8,132	-20,181	-23,309	-18,888

*Ronic, Inc. is obligated to make rental payments to Aiello Realty Holding LLC which obligations are currently being deferred. All parties reserve all rights with respect to the rents, the amount of the rents to be paid, and the requirement to pay rent.