



Honorable Laurel E. Davis  
United States Bankruptcy Judge



Entered on Docket  
January 11, 2018

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UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEVADA

In re: )  
Q&C PROPERTIES, LLC )  
Debtor. )  
CASE NO. BK-S-17-16663 LED  
CHAPTER 11  
Hearing Date: January 2, 2018  
Hearing Time: 9:30 a.m.

**INTERIM ORDER GRANTING, IN PART, MOTION FOR USE OF CASH COLLATERAL AND FOR APPROVAL OF PROPOSED BUDGET, DOCKET NUMBER 5; AND INTERIM ORDER GRANTING, IN PART, MOTION TO PAY KEY EMPLOYEE SALARIES, DOCKET NUMBER 6**

The Debtor, Q&C PROPERTIES, LLC (“Debtor”), by and through counsel Goldsmith & Guymon, P.C., having filed its Motion for Use of Cash Collateral and for Approval of Proposed Budget, and Motion to Pay Key Employee Salaries, with subsequent supplements, Docket Numbers 5, 6, 30, 31 and 32 (“Motions”); the same having been set on shortened time for January 2, 2018, at the hour of 9:30 a.m.; proper notice having been given, and First-Citizens Bank & Trust Company (“FCB”), by and through Snell & Wilmer, LLP, having filed Oppositions thereto, Docket Numbers

1 26 and 28; Marjorie A. Guymon, Esq., appearing on behalf of the Debtor, and Bob L. Olson, Esq.  
 2 appearing on behalf of FCB; the Court having consolidated the Motions, reviewed the same and  
 3 entertained oral argument of counsel at the hearing; the Court further having determined to treat the  
 4 same as an emergency motion warranting interim relief pursuant to LR 4001(b)(2) until final hearing  
 5 on the matter; the Court having found Debtor's proposed budget necessary to continued operations  
 6 absent specific items either modified or not approved; the Court further finding FCB is not  
 7 adequately protected in the Debtor's use of its cash revenue which is FCB's cash collateral under 11  
 8 U.S.C. §363, and is therefor entitled to adequate protection payments; and for good cause appearing,

9 IT IS HEREBY ORDERED that the Debtor's Motion for Use of Cash Collateral and for  
 10 Approval of Proposed Budget, and Motion to Pay Key Employee Salaries are hereby approved, in  
 11 part, on an interim basis, as further set forth herein, with final hearing on the Motions set for January  
 12 16, 2018 at 9:30 a.m.

13 IT IS FURTHER ORDERED that the Debtor and FCB shall be entitled to supplement their  
 14 pleadings prior to the continued hearing on the Motions to the extent they believe there is additional  
 15 information to assist the Court in determining the reasonableness of Debtor's request to pay key  
 16 salaries of the owners, D. Steven Rice and Donald J. Rice and insiders.

17 IT IS FURTHER ORDERED that Debtor's request to pay insiders Ying Jiang and Jennifer  
 18 Rice \$461.53 bi-weekly or \$1,000.00 each per month is hereby approved on an interim basis.

19 IT IS FURTHER ORDERED that Debtor's proposed monthly budget contained in its Motion  
 20 for Use of Cash Collateral is approved on an interim basis subject to the modifications made by the  
 21 Court, specifically the denial of the requested budget of Professional Fees and the Owner/Payroll in  
 22 the amount requested, and specifically set forth as follows:

|                 | Forecasted 2018 | 2018 Monthly |
|-----------------|-----------------|--------------|
| <b>Revenue:</b> |                 |              |
| Car Wash        | \$1,090,146.82  | 90,845.57    |

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|---------------------------|-----------------------|------------------|
| Car Wash Upgrades         | 14,835.59             | 1,236.30         |
| Vending                   | 24,309.62             | 2,025.80         |
| Club Memberships          | (79,159.17)           | (6,596.60)       |
| Comps and Refunds         | (26,085.58)           | (2,173.80)       |
| Discounts - Gift Card     | -                     | -0-              |
| Cash Back Savings         | -                     | -0-              |
| Lawsuit Proceeds          | -                     | -0-              |
| Miscellaneous             | -                     | -0-              |
| <b>Total Revenue</b>      | <b>\$1,024,047.37</b> | <b>85,337.28</b> |
| <b>Expenses:</b>          |                       |                  |
| Wash Chemicals            | 47,593.01             | 3,966.08         |
| Wash Utilities - Power    | 53,855.25             | 4,487.94         |
| Wash Utilities - Sewer    | 10,019.58             | 834.97           |
| Wash Utilities - Water    | 36,320.98             | 3,026.75         |
| Owner/Payroll             | 204,000.00            | 8,500            |
| Wages and Salaries        | 162,197.23            | 13,516.44        |
| Payroll Burden            | 54,403.70             | 4,533.64         |
| Taxes - Personal Property | 7,790.00              | 649.17           |
| Taxes - Real Property     | 5,156.53              | 429.71           |

|    |                              |           |          |
|----|------------------------------|-----------|----------|
| 1  | Taxes - Use                  | -         | -0-      |
| 2  | Business License             | 1,230.00  | 102.50   |
| 3  | Advertising                  | 3,280.00  | 273.33   |
| 4  | Auto                         | 11,000.00 | 916.67   |
| 5  | Bank Fees                    | 460.45    | 38.37    |
| 6  | Cash Over and Short          | 1,200.00  | 100.00   |
| 7  | Charitable Contributions     | -         | -0-      |
| 8  | Computer                     | 4,100.00  | 341.67   |
| 9  | Credit Card Merchant Fees    | 18,243.89 | 1,520.32 |
| 10 | Damage Claims                | 12,300.00 | 1,025.00 |
| 11 | Dues and Subscriptions       | 3,787.13  | 315.59   |
| 12 | Education and Seminars       | -         | -0-      |
| 13 | Employee Appreciation        | 1,537.50  | 128.13   |
| 14 | Entertainment and Meals      | 4,950.24  | 412.52   |
| 15 | Finance Charges and Interest | 2,024.33  | 168.69   |
| 16 | General Liability Insurance  | 4,000.00  | 333.33   |
| 17 | Maintenance and Repairs      | 90,072.51 | 7,506.04 |
| 18 | Office Supplies and Printing | 2,881.62  | 240.14   |
| 19 | Postage and Overnight Fees   | 1,066.06  | 88.84    |

|    |                                     |                     |                   |
|----|-------------------------------------|---------------------|-------------------|
| 1  | Safety Equipment and Supplies       | -                   | -0-               |
| 2  | Security                            | 4,300.00            | 358.33            |
| 3  | Small Tools                         | 22.16               | 1.85              |
| 4  | Telephone                           | 6,054.43            | 504.55            |
| 5  | Travel                              | 233.66              | 19.47             |
| 6  | Uniforms                            | 8,337.37            | 694.78            |
| 7  | Utilities                           | 11,153.48           | 929.46            |
| 8  | Vending Supplies                    | 10,921.13           | 910.09            |
| 9  | Adequate Protection Payments to FCB | 155,184.00          | 12,932.00         |
| 10 | <b>Total Expenses</b>               | <b>914,492.25</b>   | <b>76,207.69</b>  |
| 11 | <b>Net Income</b>                   | <b>\$109,555.13</b> | <b>\$9,129.59</b> |

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17 IT IS FURTHER ORDERED that Debtor is authorized to pay one half the Owner/Payroll for  
18 the month of January 2018, in the amount of \$4,250.00 for D. Steven Rice and \$4,250.00 for Donald  
19 J. Rice, pending a final order on Debtor's Motion to Pay Key Employee Salaries.

20 IT IS FURTHER ORDERED that Debtor shall make adequate protection payments to FCB  
21 in the amount of the original monthly payment owed of \$12,932.00. However, Debtor shall  
22 immediately make one half the original monthly payment owed FCB in the amount of \$6,466.00 as  
23 and for adequate protection until final hearing on the Motions.

24 IT IS FURTHER ORDERED that FCB shall be given a replacement lien on all of Debtor's  
25 pre and post petition assets, specifically including any avoidance actions against the Debtor's  
26 insiders and the transferees who received transfers from the Debtor that benefitted the insiders.

27 IT IS FURTHER ORDERED that the Debtor shall cooperate with FCB's reasonable requests  
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1 for information, including actual receipts, income statements, expenditures and cash flow reports and  
2 other cash flow reports relating to the operation of the Real Property Collateral (as defined in FCB's  
3 Oppositions).

4 IT IS FURTHER ORDERED that Debtor's counsel shall provide the Court with a full  
5 accounting of the \$145,687.22 paid to Goldsmith & Guymon, P.C. for legal fees including: (a) the  
6 dates of all transfers to Goldsmith & Guymon, (b) how those amounts were applied to services  
7 provided by Goldsmith & Guymon, and (c) the amount of retainer held by Goldsmith & Guymon on  
8 the petition date.

9 IT IS FURTHER ORDERED that the Debtor shall provide FCB with a thirteen week budget,  
10 broken down on a weekly basis, for all proposed expenses and accounting for all income and  
11 expenses of the Debtor.

12 IT IS FURTHER ORDERED that the Debtor shall provide to FCB historical information  
13 concerning its business operations over the last three years that substantiates Debtor's budget.

14 IT IS FURTHER ORDERED that the Debtor shall be prohibited from using any of FCB's  
15 cash collateral to fund any business expenses that are not in the ordinary course of Debtor's  
16 business.

17 IT IS FURTHER ORDERED that the Debtor shall obtain the prior written approval of FCB  
18 to deviate more than 5% from the approved interim budget.

19 IT IS FURTHER ORDERED that all income the Debtor receives in the future, after payment  
20 of approved operating expenses and FCB's monthly adequate protection payments, shall be  
21 segregated and not used to pay any compensation or expense reimbursement to any insider of Debtor  
22 or Debtor's counsel's fees without prior court approval.

23 IT IS FURTHER ORDERED that the Debtor's right to use cash collateral shall automatically  
24 terminate in the event Debtor fails to comply with conditions of cash collateral use, subject to a five  
25 business day cure period. FCB shall give Debtor's counsel notice of default by electronic means  
26 via the court's e-notice procedures.

27 IT IS FURTHER ORDERED that the Debtor shall be prohibited from granting any  
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1 mortgages, deeds of trust, security interest or liens, which are senior or equal to FCB's pre petition  
2 security interest.

3 IT IS FURTHER ORDERED that the automatic stay shall be modified to permit FCB to file  
4 any financing statements or other instruments or documents necessary or desirable to maintain  
5 and/or continue its pre petition security interest in and liens on its collateral.

6 **CERTIFICATION**

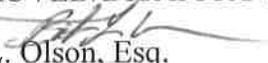
7 In accordance with LR 9021, counsel submitting this document certifies that the order  
8 accurately reflects the court's ruling and that (check one):

9  The court has waived the requirement of approval under LR 9021(b)(1).

10  No party appeared at the hearing or filed an objection to the motion.

11  I have delivered a copy of this proposed order to all counsel who appeared at the hearing, and  
12 any unrepresented parties who appeared at the hearing, and each has approved or  
13 disapproved the order, or failed to respond, as indicated below [list each party and whether  
the party has approved, disapproved, or failed to respond to the order]:

14 **APPROVED/DISAPPROVED/FAILED TO RESPOND:**

15   
16 Bob L. Olson, Esq.  
17 Snell & Wilmer, LLP  
3883 Howard Hughes Parkway, Suite 1100  
Las Vegas, Nevada 89169  
Attorneys for FCB

18 I certify that this a case under Chapter \_\_\_\_, that I have served a copy of this order with the  
19 motion pursuant to LR 9014(g), and that no party has objected to the form or content of the  
20 order.

21  
22 /s/ Marjorie A. Guymon, Esq.  
Marjorie A. Guymon, Esq.

23 Attorneys for Debtor

24 **IT IS SO ORDERED.**

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