

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

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In re:	:	CHAPTER 11
	:	
Gordon’s Glass, Ltd.,	:	
	:	Case No. 18-
	:	
Debtor.	:	

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**EXPEDITED MOTION OF DEBTOR FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING USE OF CASH COLLATERAL; (II) GRANTING ADEQUATE PROTECTION; (III) SCHEDULING A FINAL HEARING AND (IV) GRANTING RELATED RELIEF**

Gordon’s Glass, Ltd. (the “Debtor”), by and through its proposed counsel, Bovarnick and Associates, LLC, hereby moves the Court for the entry of interim and final orders (i) authorizing the Debtor to use cash collateral; (ii) granting adequate protection to the Debtor’s pre-petition secured creditor; (iii) scheduling a final hearing on the relief requested herein; and (iv) granting related relief (the “Motion”). In support of the Motion, the Debtor respectfully represents as follows:

**Jurisdiction and Venue**

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §1334. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2).
2. Venue is proper in this district pursuant to 28 U.S.C. §§1408 and 1409.
3. The statutory predicates for the relief sought herein are sections 105, 361 and 363 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 4001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

**Background**

4. The Debtor filed its voluntary petition for relief 11 U.S.C. §101 et seq. (the

“Bankruptcy Code”) on January 18, 2018 (the “Petition Date”) and has continued in possession of its property and operating its business as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

5. The Debtor is an installer of commercial and residential glass products including, but not limited to shower doors.

6. The Debtor currently employs 11 employees, including the officer/owner, all of whom work out of the Debtor’s premises located at 1927 Stout Dr., Warminster, Pa. 18974 (the “Premises”).

### **Pre-Petition Issues**

7. Historically, the Debtor limited its business to the Delaware Valley, with a small amount of work in the Washington, D.C. area. In 2017 the Debtor was presented with an opportunity to expand its business in the Washington, D.C. area.

8. Expanding the business resulted in issues including, but not limited to the following: larger commercial projects in the Washington, D.C. area required additional working capital to fund larger purchases of materials and higher payroll costs due both to increases in installation staffing and higher hourly labor rates, due to the requirement to utilize union glazers to supplement existing non-union staff. Quality control issues on the large projects in the Washington, D.C. area sometimes involved other building trades, often delaying completion of the Debtor’s contracts. General contractors would supplement the Debtor’s installation crews with additional labor and charge those costs back to the Debtor, which reduced or eliminated the Debtor’s profits on those jobs.

9. The Debtor's inability to pay its suppliers on an ongoing basis, coupled with the broader need to reorganize its affairs, left the Debtor with no choice but to file the within bankruptcy case.

**Debtor's Pre-Petition Secured Debt**

10. On or about March 26, 2015, the Debtor entered into a secured lending relationship with Harleysville Savings Bank ("Harleysville"). The principal of the Debtor and his wife obtained a commercial business loan from Harleysville in the amount of Five Hundred Twenty Six Thousand Two Hundred Fifty (\$526,250.00) Dollars, which was guaranteed by the Debtor and secured by the Debtor's assets ("Note 1"). In addition, the Debtor obtained a working capital line of credit in the amount of One Hundred Fifty Thousand (\$150,000.00) Dollars, pursuant to a Note dated March 26, 2015 ("Note 2"), which was also secured by all of the Debtor's assets.

11. As security for the Debtor's obligations to Harleysville, the Debtor granted to Harleysville a security interest in and to all of its accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any property, and all proceeds and products thereof, equipment and inventory, (collectively, the "Collateral"). The principal of the Debtor and his wife also provided a mortgage on both their residence the building where the business operates. To the extent that Harleysville holds a valid, perfected and non- avoidable security interest, Harleysville's security interest in the Collateral or in the proceeds thereof constitute the cash collateral of Harleysville (the "Cash Collateral").

12. As of the Petition Date, the Debtor remains current on its obligations to Harleysville under both Note 1 and Note 2. The Debtor believes, and therefore avers, that amount due and owing to Harleysville as of the Petition Date is Six Hundred Twenty Nine

Thousand One Hundred Thirty Six (\$629,136.00) Dollars, comprised of Four Hundred Seventy Nine Thousand One Hundred Thirty Six (\$429,136.00) Dollars on Note 1 and One Hundred Fifty Thousand (\$150,000.00) Dollars on Note 2.

13. A search of the Pennsylvania Department of State records indicates that there are no other creditors who assert an interest in the Debtor's Cash Collateral.

**Debtor's Request of Use of Cash Collateral**

14. The Debtor needs immediate authority to use Cash Collateral to continue operations, to pay for goods and services, and to meet other ongoing obligations of the Debtor's business, including the Debtor's upcoming payroll of January 15, through January 22, 2018 and its weekly payroll thereafter. The Debtor projects its *interim* cash collateral needs for the nineteen (19) day period commencing on January 17, 2018 and continuing through and including February 4, 2018 to be \$75,119.21, which includes weekly payroll and related obligations, overhead expenses, administrative expenses, a pro-rata amount of the monthly secured loan payment to Harleysville and its purchasing requirements. A true and correct copy of the Debtor's interim nineteen (19) day cash collateral budget (the "Interim Budget") is attached hereto and made a part hereof as Exhibit "A."

15. The Court may authorize the use of cash collateral under 11 U.S.C. §§363(c)(2)(B) and 363(e) if the Court determines that the secured party's interest in its collateral is adequately protected. A determination of adequate protection focuses on the nature of the collateral, the likelihood that it will deteriorate during the bankruptcy and the Debtor's prospects for a successful reorganization within a reasonable period of time.

16. The Debtor believes that the going concern value of the Debtor's business exceeds its liquidation value, that the value of the Cash Collateral will not decrease during this

proceeding, and that even if the going concern value of the Debtor decreases during this proceeding, it will still exceed the liquidation value.

17. Moreover, Harleysville's interest in Cash Collateral will be protected as follows:

(i) Debtor shall continue making the monthly secured loan payment to Harleysville in the amount of Three Thousand Three Hundred Forty Eight and 53/100 (\$3,348.53) Dollars on Note 1 and its monthly interest payments on the Line of Credit in the amount of Six Hundred Six (\$606.00) Dollars and (ii) to the extent that Harleysville has a valid, perfected and a non-avoidable lien in the Cash Collateral and the Debtor's use of the Cash Collateral diminishes such interest, the Debtor will grant Harleysville replacement liens on post-petition accounts and proceeds thereof to secure such diminution.

18. The Debtor believes that the public interest is served by permitting use of Cash Collateral. If the use of Cash Collateral is denied, the Debtor will, in all probability, be forced to close, forcing its employees to lose their jobs and severely impairing the prospect of payment of its creditors' claims.

19. It is in the best interests of the reorganization of the Debtor, its creditors, its employees and its equity interest holders, to authorize the use of Cash Collateral immediately so that the Debtor may continue its operations, meet its payroll obligations and purchasing needs on a current basis, provide employment for employees, and to propose a successful plan of reorganization.

20. Counsel for the Debtor has discussed this request for the use of Cash Collateral with counsel for Harleysville. Harleysville has no objection to the relief sought herein.

**Expedited Consideration of the Motion is Necessary to Prevent Immediate and Irreparable Harm**

21. The Debtor requests that the Court conduct an expedited preliminary hearing with respect to this Motion and schedule a final hearing at the earliest possible date in accordance with Fed.R.Bankr.P.4001(b) and (c).

22. Under Rule 4001 of the Bankruptcy Rules, a final hearing on a debtor's motion to authorize use of Cash collateral or to obtain credit may not be commenced earlier than 14 days after service of the motion. Fed. R. Bankr. P. 4001(b)(2), (c)(2). Upon request, however, the Court may conduct a preliminary, expedited hearing on such a motion and authorize the use of cash collateral and the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to the debtor's estate. Fed. R. Bankr. P. 4001(b)(2), (c)(2).

23. As noted above, the Debtor has an urgent and immediate need to use Cash Collateral to continue operating its business. As reflected on the Interim Budget, without immediate access to Cash Collateral which is the sole source of funding for the Debtor's operations, the Debtor cannot pay current and ongoing operating expenses such as wages and salaries, necessary products and services and its secured loan obligations. Consequently, the use of Cash Collateral on an immediate and interim basis is required to avoid irreparable harm that will jeopardize any prospect for a successful reorganization.

24. In order to avoid immediate and irreparable harm to the Debtor's estate pending a final hearing on this Motion, the Debtor requires the use of Cash Collateral Loan for the nineteen (19) day interim period to pay, among other things, payroll and related expenses, its secured loan obligations and its ordinary business costs and expenses in accordance with the Interim Budget.

**Notice**

25. Notice of this Motion has been given to (i) the Office of the United States Trustee; (ii) the Debtor's twenty largest unsecured creditors; and (iii) Harleysville, the Debtor's

secured creditor. In light of the nature of the relief requested herein, the Debtor submits that no other or further notice is required.

26. No previous request for the relief sought herein has been made to this Court or any other court.

WHEREFORE, the Debtor respectfully requests that this Court enter interim and final orders, substantially in the form annexed hereto, (i) authorizing the Debtor's use of Cash Collateral; (ii) scheduling a final hearing on this Motion, and (iii) granting such other and further relief as is just and proper under the circumstances.

Respectfully submitted,

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