

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF TENNESSEE**

IN RE:)	CASE NO. 1:17-01195
SKYY LABORATORY, LLC)	CHAPTER 11
Debtor.)	JUDGE MASHBURN

**BRIEF IN SUPPORT OF DEBTOR'S
EMERGENCY MOTION FOR AUTHORITY TO USE CASH COLLATERAL**

COMES NOW the Debtor, Skyy Laboratory, LLC, and files this brief in support of its Emergency Motion for Authorization to Use Cash Collateral.

The Debtor would show that the Debtor filed a voluntary Petition for relief pursuant to Chapter 11 of the Bankruptcy Code on February 23, 2017. The Debtor would show that the Debtor, in order to operate its business, is in need of use of the cash collateral generated from the operation of the Debtor's business.

As of the date of filing, the Debtor would show that the creditors Pearl Capital Financial and Merchant Financial Corporation were claiming an interest in the Debtor's cash collateral as a result of an alleged security agreement and confession of judgment entered into by the Debtor's previous owners. The creditor, Pearl Capital Financial, had placed a hold on the Debtor's checking account alleging a lien by reason of said confession of judgment entered in the state of New York.

In the operation of the Debtor's business, the Debtor must have the ability to use the cash collateral to pay the Debtor's ordinary and necessary operating expenses, including pre-petition and post-petition wages and salaries. The Debtor would show that as a result of the hold placed on the Debtor's checking account by Pearl Capital, the Debtor was unable to pay all of the Debtor's pre-petition wages and salaries. The Debtor estimates that there

are approximately 30 employees owed a total of approximately \$40,000.00 Dollars for pre-petition wages and salaries.

Cash collateral is defined in 11 USC §363(a). Cash collateral may be used only when a creditor asserting interest in said collateral consents, or when the Court, after notice and a hearing, authorizes such use as set forth in 11 USC §362(c)(2)(A) and (B).

The Debtor would show that the Debtor will provide the alleged secured creditors a substitute lien in the cash that the Debtor accumulates subsequent to the filing of its Chapter 11 proceeding with funds that will not be expended to pay pre-petition indebtedness of the Debtor. The Debtor projects a monthly income of \$274,00.00 Dollars, and projects monthly expense of \$198,000.00 Dollars, with a net profit of \$76,000.00 Dollars.

The Debtor would show that the following factors are present and justify the granting of permission to use cash collateral in this case.

1. It is essential and necessary for the continued operation of the Debtor's business that this Honorable Court grant authority to use the cash collateral of the Debtor's business.
2. The Debtor will provide adequate protection for each secured creditor with a replacement lien as set out hereinabove.
3. If the Debtor is not allowed to use cash collateral in this cause, the Debtor's business will most likely fail.

WHEREFORE, the Debtor respectfully submits that it has shown adequate grounds for this Honorable Court to grant the Debtor permission to use cash collateral necessary in order for the Debtor to pay pre-petition and post-petition wages, and the ongoing ordinary and necessary expenses of operating the Debtor's business.

DATED this 6th day of March, 2017.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Brief in support of motion has been sent by U.S. mail, postage prepaid, and via electronic transmission, to all creditors and parties in interest, including the parties listed below on this 6th day of March, 2017.

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