

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TENNESSEE**

IN RE: SKEFCO PROPERTIES, INC.

CASE NO. 17-28262

**MOTION FOR ORDER PROHIBITING
OR RESTRICTING USE OF CASH COLLATERAL, FOR POST-PETITION
SEGREGATION AND ACCOUNTING OF SAME AND FOR OTHER RELIEF**

COMES NOW Renasant Bank, (“Renasant”), and files this, its Motion for Order Prohibiting or Restricting Use of Cash Collateral, For Post-Petition Segregation and Account of Same and For Other Relief in the related bankruptcy cases filed by Consolidated Poultry and Egg Co. (“Consolidated”)¹, James J. Skefos (“Skefos”)² and Skefco Properties, Inc. (“Skefco”)³, all debtors-in-possession before this Court bearing case numbers 17-25324, 17-28243 and 17-28262, respectively, and, in support thereof, would respectfully represent and show unto the Court as follows, to-wit:

1.

This Court has jurisdiction of the subject matter of and the parties to this proceeding pursuant to 28 U.S.C. §1334, 11 U.S.C. §363, as well as, other related statutes and rules. This matter is a core proceeding as defined in 28 U.S.C. §157(b)(2)(A).

2.

Consolidated is currently indebted to Renasant Bank under a certain Commercial Promissory Notes and a Revolving Credit Loan Note, which may have thereafter been renewed, extended or modified as specifically described as follows:

(a) Note xxxx325-1, dated March 24, 2014, executed by Skefos as President of Consolidated in the original face amount of \$300,000.00. Note xxxx325-1 and Note xxxx255-1

¹ Consolidated filed its Chapter 11 petition for relief on June 18, 2017.

² Skefos filed his individual Chapter 11 petition for relief on September 18, 2017.

³ Skefco files its Chapter 11 petition for relief on September 19, 2017.

are hereinafter collectively referred to as the “Consolidated Notes.” True and correct copies of these notes are attached hereto and incorporated herein by reference as Exhibits “A” and “B” to Renasant’s MOTION FOR PRECAUTIONARY RELIEF FROM THE AUTOMATIC STAY PROVISIONS OF SECTION 362(A) OF THE UNITED STATES BANKRUPTCY CODE AND FOR OTHER RELIEF (“Motion”) [Dkt. #13] filed in Consolidated’s bankruptcy proceeding.

(b) Note xxxx255-1, dated October 5, 2012, executed by Skefos as President of Consolidated in the original face amount of \$600,000.00.

3.

As of Consolidated’s June 18, 2017 petition date, (a) Note xxxx325-1 had an outstanding principal and interest balance, excluding future accruing interest and attorneys’ fees and costs of Court, of Six Thousand Nine Hundred Twenty Four and 06/100 Dollars (\$6,924.06) and (b) Note xxxx255-1 had an outstanding principal and interest balance, excluding future accruing interest and attorneys’ fees and costs of Court, of Three Hundred Forty Three Thousand Two Hundred and 65/100 Dollars (\$343,200.65). The foregoing amounts include collection costs in addition to principal and interest.

4.

The Consolidated Notes continue to accrue interest at the contract rates as well as significant attorneys fees and costs as allowed by 11 U.S.C. § 506. Consolidated has failed to pay in full the principal and interest indebtedness due and owing under the Consolidated Notes and, as such, they are presently in default. As of the Petition Date, the Consolidated Notes were fully matured and payable in full.

5.

Consolidated, Skefos and Skefco (collectively the “Borrowers”), are in the business of acquiring and leasing multifamily and other residential or commercial real properties. Various

rental properties owned by the Borrowers are subject to deed of trust in favor of Renasant that secure certain loans to Borrowers including, without limitation, the Consolidated Notes.

6.

As of the Petition Date, in addition to the loans evidenced by the Consolidated Notes, there were four (4) outstanding loans (collectively the “Other Loans”) representing funds extended by Renasant to either Skefos or Skefco. As of Skefos’ September 18, 2017 petition date, the indebtedness owed Renasant pursuant to the notes where he is the named obligor was \$11,210.85. As of Skefco’s September 19, 2017 petition date, the indebtedness owed Renasant pursuant to the notes where it is the named obligor was \$149,844.85. The Consolidated Notes and Other Loans were (prior to foreclosure of some Tracts as hereinafter referenced) secured by seventeen (17) tracts (the “Tracts”) of real property. The ownership of the Tracts, the Consolidated Notes and Other Loans for which they were originally pledged as security, and the balances of the Consolidated Notes and Other Loans are more particularly described and incorporated by reference on the Schedule attached to the Motion as Exhibit “C” and republished as Exhibit “1” hereto.

7.

The Tracts are subject to a cross-collateralization agreements which were confirmed and acknowledged as part of that certain Forbearance Agreement executed by the Borrowers on February 26, 2016, incorporated by reference and attached as Exhibit “D” to the Motion, as well as that certain JOINT STIPULATION OF RENASANT BANK, CONSOLIDATED POULTRY & EGG CO., INC., JAMES SKEFOS AND SKEFCO PROPERTIES, INC. FOR TRIAL ON THE MERITS OF THE MOTION OF RENASANT BANK FOR PRECAUTIONARY RELIEF FROM THE AUTOMATIC STAY PROVISIONS OF SECTION 362(A) OF THE UNITED STATES BANKRUPTCY CODE AND FOR OTHER RELIEF AND THE ADVERSARY PROCEEDING, CONSOLIDATED POULTRY & EGG CO., INC. VS. RENASANT BANK;

ADVERSARY NO. 17-00168 (“Joint Stipulation”). The Forbearance Agreement, which was executed by Skefos as President of Consolidated; Skefos as President of Skefco; Skefos as President of 14 South Second Street Corporation; and Skefos, Individually, provides that each and every one of the Tracts shall serve as collateral for each and every one of the Consolidated Notes and Other Loans which is further affirmed by the terms and conditions of the Joint Stipulation.

8.

Of the Tracts, three (3) properties (Macon, Mariana and Parkland) were foreclosed by Renasant prior to Consolidated’s petition date and the proceeds credited to either the Consolidated Notes or Other Loans, or the cost of collection, appraisals, etc. which credits are reflected in the balances stated above. Five (5) properties (Vance, Corning, Clifton, Warner & Tudor) were sold by the Debtor prior to Consolidated’s petition date and proceeds applied similarly to the Notes or the cost of collection, appraisals, etc. Another property (Poplar) was refinanced prior to Consolidated’s petition date with a release amount applied similarly to the Notes or the cost of collection, appraisals, etc.

9.

Pursuant to the various Deeds of Trust encumbering the Tracts that have not been sold or foreclosed which secure the Consolidated Notes and Other Loans or related Assignment of Rents and Leases, the Debtor irrevocably assigned, granted and conveyed to the Bank all rents, leases and profits of the Tracts and moreover, conveyed to Renasant the right, power and authority to collect such rents, leases and profits. As such, the commercial rentals derived from any leaseholds arising out of or related to the Tracts constitutes Renasant’s cash collateral (“Cash Collateral”) as defined by 11 U.S.C. § 363(a).

10.

11 U.S.C. § 363(c)(2) prohibits the Debtor from using any Cash Collateral in its possession unless all interested parties consent thereto or upon authorization by the Court. As memorialized by the letter to Debtor's counsel attached hereto as Exhibit "2," Renasant does not consent to the Debtor's use of the Cash Collateral and the Court has not authorized use of same.

11.

Renasant respectfully requests this Court to enter an order prohibiting or restricting the Debtor's use of the Cash Collateral and requiring the Debtor to segregate and turn over to Renasant any Cash Collateral in its possession or possession of the respective tenants to the real property. Renasant further requests the entry of an order requiring the Debtor to provide an accounting of all Cash Collateral used by them and their insiders and/or affiliates since the petition date.

12.

For other good and sufficient reasons to be assigned at a hearing regarding this matter.

WHEREFORE, because of the exigent circumstances represented by the potential unauthorized use of Renasant's Cash Collateral, the Bank respectfully requests that this motion be set for hearing at the Court's earliest convenience. Following the conclusion of same, Renasant respectfully requests the entry of an order prohibiting or restricting the Debtor from using any Cash Collateral in its or respective tenants' possession and, moreover, requiring them to segregate and turn over to Renasant any Cash Collateral in its possession. Furthermore, that said order expressly require the Debtor to provide an accounting to Renasant of all Cash Collateral used by it and its insiders and/or affiliates since the petition date. Renasant prays for such other general and specific relief as this Court may deem just.

THIS, the 23rd day of October, 2017.

Respectfully submitted,

RENASANT BANK

/s/ D. Andrew Phillips

JAMES P. WILSON, JR. (TNB #018959)

DAVID W. HOUSTON, III (MSB #6275)

D. ANDREW PHILLIPS (MSB #8509)

ROSAMOND H. POSEY (MSB #101247)

OF COUNSEL:

MITCHELL, McNUTT & SAMS, P.A.

P.O. Box 1366
Columbus, MS 39703
(662) 328-2316
jwilson@mitchellmcnutt.com

P.O. Box 7120
Tupelo, MS 38802
(662) 842-3871
dhouston@mitchellmcnutt.com

P.O. Box 947
Oxford, MS 38655-0947
(662) 234-4845
aphillips@mitchellmcnutt.com
rposey@mitchellmcnutt.com

CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of October, 2017, a copy of the foregoing Motion was served on the parties listed below by first-class mail, postage prepaid, unless said party is a registered CM/ECF participant who has consented to electronic notice, and the Notice of Electronic Filing indicates that Notice was electronically mailed to said party:

Eugene G. Douglas, Esquire
2820 Summer Oaks Drive
Bartlett, TN 38134
gene@douglassrunger.com

Daniel Lofton, Esquire
Craig & Lofton
2400 Poplar Avenue, Suite 210
Memphis, TN 38112
dlofton@craigandloftonlaw.com

Karen P. Dennis, Esquire
200 Jefferson Avenue, Suite 400
Memphis, TN 38103
Karen.P.Dennis@usdoj.gov

Stephen Vescovo, Esquire
Lewis Thomason
40 South Main Street, Suite 2900
Memphis, TN 38103
svescovo@lewthomason.com

Clifton E. Darnell, Esquire
8602 Farmington Blvd., Suite 4
Germantown, TN 38139
c-darnell@mindspring.com

Toof Brown
1347 Harbert Ave.
Memphis, TN 38104
toof@wherelaw.com

DATED, this the 23rd day of October, 2017.

/s/ D. Andrew Phillips

BORROWER	ACCOUNT NUMBER	DATE OF LAST RENEWAL	PAY OFF AT PETITION DATE	COLLATERAL ADDRESS	PROPERTY OWNERSHIP	SOLD/RELEASED
Skefco Properties Inc.	478-1	6.22.12	\$132,898.79	14 and 16 S. Second Street	Skefco Properties Inc.	Still have a lien
Skefco Properties Inc.	803-3	7.26.10	\$12,748.90	3610 Democral Road	Skefco Properties Inc.	Still have a lien
James J. Skefco	590-1	6.22.12	\$8,754.21	1328-1330 Overton Park	James J. Skefco	Still have a lien
James J. Skefco	590-3	12.10.16	\$979.06	1712 Corning Avenue; 2935 Tudor Road; 1700 Warner Drive; and 1064 Clinton Road	James J. Skefco	All sold by Debtor
Consolidated Poultry & Egg	325-1	7.20.15	\$343,200.65	2940 Lotus Road	Consolidated Egg & Poultry	Not sold or released
Consolidated Poultry & Egg	255-1	10.5.15	\$6,924.06	1173 Vance; 3568 Poplar; 1822 Manila, 3574-3586 Lamar (3584 Hwy 78); 3384 Thomas; and 426 St. Paul	James J. Skefco owns all but the 426 St. Paul and Skefco Properties owns that	Vance was sold by Debtor; Debtor refinanced Poplar and it was released. 1822 Manila, 3574-3586 Lamar (3584 Hwy 78); 3384 Thomas; and 426 St. Paul we still

TOTAL **\$505,505.67**



LAW OFFICES
MITCHELL, MCNUTT & SAMS

A PROFESSIONAL ASSOCIATION

105 SOUTH FRONT STREET
POST OFFICE BOX 7120
TUPELO, MISSISSIPPI 38802-7120
(662) 842-3871
FACSIMILE (662) 842-8450

215 FIFTH STREET NORTH
POST OFFICE BOX 1266
COLUMBUS, MISSISSIPPI 39703-1366
(662) 328-2316
FACSIMILE (662) 328-8335

D. ANDREW PHILLIPS
DIRECT (662) 234-4845
EMAIL: aphillips@mitchellmcnutt.com

1216 VAN BUREN
POST OFFICE BOX 947
OXFORD, MISSISSIPPI 38655
(662) 234-4845
FACSIMILE (662) 234-9071

September 26, 2017

508 WALDRON STREET
POST OFFICE BOX 1209
CORINTH, MISSISSIPPI 38835-1209
(662) 286-9931
FACSIMILE (662) 286-8984

22 NORTH FRONT STREET,
SUITE 1030
MEMPHIS, TENNESSEE 38103
(901) 527-2585
FACSIMILE (901) 527-2361

200 SOUTH MONTGOMERY STREET,
SUITE 203
ST. ARKANSAS, MISSISSIPPI 392759
(662) 270-0283
FACSIMILE (662) 842-8450

VIA EMAIL AND REGULAR MAIL

Eugene G. Douglas, Esquire
2820 Summer Oaks Drive
Bartlett, TN 38134

Daniel Lofton, Esquire
Craig & Lofton
2400 Poplar Avenue, Suite 210
Memphis, TN 38112

RE: James Skefos
U.S. Bankruptcy Court for the Western District of Tennessee
Chapter 11 Case No. 17-28243

Dear Gene and Daniel:

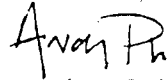
Pursuant to Notes, Deeds of Trust, Forbearance Agreement dated February 26, 2016, attached to Renasant's MOTION OF RENASANT BANK FOR PRECAUTIONARY RELIEF FROM THE AUTOMATIC STAY PROVISIONS OF SECTION 362(A) OF THE UNITED STATES BANKRUPTCY CODE AND FOR OTHER RELIEF [Dkt. #13] filed in In Re: Consolidated Poultry & Egg Co., Inc., Case No. 17-25324, as well as that certain JOINT STIPULATION OF RENASANT BANK, CONSOLIDATED POULTRY & EGG CO., INC., JAMES SKEFOS AND SKEFCO PROPERTIES, INC. FOR TRIAL ON THE MERITS OF THE MOTION OF RENASANT BANK FOR PRECAUTIONARY RELIEF FROM THE AUTOMATIC STAY PROVISIONS OF SECTION 362(A) OF THE UNITED STATES BANKRUPTCY CODE AND FOR OTHER RELIEF AND THE ADVERSARY PROCEEDING, CONSOLIDATED POULTRY & EGG CO., INC. VS. RENASANT BANK; ADVERSARY NO. 17-00168 [Dkt. #50], the debtor assigned, inter alia, monthly rentals to the Bank arising from its various commercial properties located in Shelby County, Tennessee. Pursuant to 11 U.S.C. § 363, those rentals constitute the "cash collateral" of Renasant. This shall serve notice to the debtor that Renasant does not consent to the use of its cash collateral and, accordingly, the debtor may not use same absent the Bank's consent or order of the Court. Further, until either event occurs, these funds should be segregated and accounted for accordingly.



Should you have any questions, please call.

Very truly yours,

MITCHELL, McNUTT & SAMS, P.A.

A handwritten signature in black ink, appearing to read "Andrew Phillips". The signature is written in a cursive, slightly slanted style.

D. Andrew Phillips

DAP:dlh

cc: Steve Vescovo (via email)

LAW OFFICES
MITCHELL, MCNUTT & SAMS
A PROFESSIONAL ASSOCIATION

105 SOUTH FRONT STREET
POST OFFICE BOX 7,220
TUPELO, MISSISSIPPI 38802-7120
(662) 842-3871
FACSIMILE (662) 842-8450

215 FIFTH STREET NORTH
POST OFFICE BOX 1366
COLUMBUS, MISSISSIPPI 39703-1366
(662) 328-2316
FACSIMILE (662) 328-4315

D. ANDREW PHILLIPS
DIRECT (662) 234-4845
EMAIL aphillips@mitchellmcnutt.com

1216 VAN BUREN
POST OFFICE BOX 947
OXFORD, MISSISSIPPI 38655
(662) 234-4845
FACSIMILE (662) 234-9071

508 WALDRON STREET
POST OFFICE BOX 1200
CORINTH, MISSISSIPPI 38835-1200
(662) 286-0931
FACSIMILE (662) 286-8951

22 NORTH FRONT STREET,
SUITE 1030
MEMPHIS, TENNESSEE 38103
(901) 525-2583
FACSIMILE (901) 527-2101

210 SOUTH MONTGOMERY STREET
SUITE 203
NARROWGATE, MS 39759
(662) 270-6283
FACSIMILE (662) 842-8450

September 26, 2017

VIA EMAIL AND REGULAR MAIL

Eugene G. Douglas, Esquire
2820 Summer Oaks Drive
Bartlett, TN 38134

Daniel Lofton, Esquire
Craig & Lofton
2400 Poplar Avenue, Suite 210
Memphis, TN 38112

RE: Skefco Properties, Inc.
U.S. Bankruptcy Court for the Western District of Tennessee
Chapter 11 Case No. 17-28262

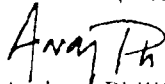
Dear Gene and Daniel:

Pursuant to Notes, Deeds of Trust, Forbearance Agreement dated February 26, 2016, attached to Renasant's MOTION OF RENASANT BANK FOR PRECAUTIONARY RELIEF FROM THE AUTOMATIC STAY PROVISIONS OF SECTION 362(A) OF THE UNITED STATES BANKRUPTCY CODE AND FOR OTHER RELIEF [Dkt. #13] filed in In Re: Consolidated Poultry & Egg Co., Inc., Case No. 17-25324, as well as that certain JOINT STIPULATION OF RENASANT BANK, CONSOLIDATED POULTRY & EGG CO., INC., JAMES SKEFOS AND SKEFCO PROPERTIES, INC. FOR TRIAL ON THE MERITS OF THE MOTION OF RENASANT BANK FOR PRECAUTIONARY RELIEF FROM THE AUTOMATIC STAY PROVISIONS OF SECTION 362(A) OF THE UNITED STATES BANKRUPTCY CODE AND FOR OTHER RELIEF AND THE ADVERSARY PROCEEDING, CONSOLIDATED POULTRY & EGG CO., INC. VS. RENASANT BANK; ADVERSARY NO. 17-00168 [Dkt. #50], the debtor assigned, inter alia, monthly rentals to the Bank arising from its various commercial properties located in Shelby County, Tennessee. Pursuant to 11 U.S.C. § 363, those rentals constitute the "cash collateral" of Renasant. This shall serve notice to the debtor that Renasant does not consent to the use of its cash collateral and, accordingly, the debtor may not use same absent the Bank's consent or order of the Court. Further, until either event occurs, these funds should be segregated and accounted for accordingly.

Should you have any questions, please call.

Very truly yours,

MITCHELL, McNUTT & SAMS, P.A.


D. Andrew Phillips

DAP:dlh

cc: Steve Vescovo (via email)