



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed December 31, 2018

United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE:

EST GROUP, LLC

DEBTOR

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CASE NO: 18-45031-mxm11

CHAPTER 11

Hearing Date: December 28, 2018

Hearing Time: 1:00 P.M.

**AGREED ORDER AUTHORIZING (I) INTERIM USE OF CASH COLLATERAL,
(II) PROVIDING ADEQUATE PROTECTION, AND
(III) AND GRANTING RELATED RELIEF**

On December 26, 2018, EST Group, LLC, a Texas limited liability company, debtor-in-possession, (the "Debtor"), filed its Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Use of Cash Collateral, (II) Providing Adequate Protection, and (III) Granting Related Relief [Document No. 7] (the "Motion"), pursuant to 11 U.S.C. §§ 105, 361, 363 and Federal Rule of Bankruptcy Procedure 4001. Due to the exigent circumstances recited in the

Motion and the Debtor's immediate need to use cash collateral, the Court held an emergency hearing on December 28, 2018 to consider the Motion. The Debtor appeared through its proposed counsel and presented documentary evidence and testimony from its President, Tim Spires. The Motion recites that the Debtor has two secured creditors with interests in cash collateral, Chase Bank, N.A. ("Chase") and Dell Marketing, LLC ("Dell"). Chase, Dell, and the Office of the United States Trustee appeared through their respective counsel. Dell cross-examined Mr. Spires and present documentary evidence. The Court has reviewed the Motion, the evidence presented, and the arguments of counsel.

The Court finds that Chase and Dell assert liens and have interests in cash collateral as that term is defined in 11 U.S.C. § 363(a). The Motion recites that Chase has a first lien position on all assets of the Debtor and that Dell has a second lien position on such assets behind Chase. The Court accepts the Debtor's description of the relative lien priority between Chase and Dell for purpose of this Order only. The Motion makes no representations regarding the perfection of such asserted liens, and the Court makes no such findings at this time.

The Court finds that the Debtor has given notice of the Motion and the emergency hearing to Chase and Dell that is adequate under the circumstances. The Court notes that the Debtor requested only interim relief in the emergency hearing.

The Court finds that the Debtor should be granted interim authority to use cash collateral of Chase and Dell for a period of fourteen (14) days, in accordance with the proposed Interim Budget attached to the Motion, with four (4) exceptions set forth below, and that the Debtor would suffer immediate and irreparable harm if such authority to use cash collateral were denied. A true and correct copy of the Interim Budget is attached hereto, incorporated herein by this reference, and marked as Exhibit "1." The Court notes most of expenditures consist of payroll,

payroll taxes, reimbursements for employee travel, sales taxes, and the reimbursement of travel costs for the Debtor's outside CFO, Craig Schwimmer.

The Court finds that the Interim Budget is reasonable under circumstances and should be approved as filed, except as follows: (1) Armely-Allen ISD \$11,280; (2) Portal Architects–Allen ISD, \$8,260; (3) Promark-City of Murphy, \$12,068; and (4) Tech Data-BNFS, TAM, DiMare Fresh (the “Denied Expenditures”). These four (4) expense items appear to be payment for pre-petition goods and services and should not be paid without further notice to creditors and opportunity to be heard.

The Debtor proposes and the Court finds that the interests of Chase and Dell in cash collateral may be adequately protected for fourteen (14) days by the Debtor doing the following: (1) spending only the funds set forth in its Interim Budget for the fourteen (14) day period and only for the purposes set forth therein; (2) granting replacement liens to Chase and Dell on new accounts receivable and proceeds; and (3) the Debtor maintaining its assets and operations for fourteen (14) days. *See* 11 U.S.C. § 363(b) and Federal Rule of Bankruptcy Procedure 4001(b).

Good cause appearing, it is therefore, ORDERED that:

1. The Motion is granted in part and denied in part, as set forth herein, on an interim basis only;
2. The Debtor's 14 day Interim Budget is approved, except for the Denied Expenditures;
3. The denial herein of authority to pay the Denied Expenditures is without prejudice to the Debtor's right to seek authority to pay the Denied Expenditures in the future, pursuant to a motion to assume executory contracts, a motion to pay critical vendors; and/or as part of the final hearing on Debtor's motion for authority to use cash collateral;

4. Pursuant to 11 U.S.C. §§ 361, 363(a) and (b), and Federal Rule of Bankruptcy Procedure 4001(b), except as set forth herein, the Debtor is authorized to use cash collateral of Chase and Dell on an interim basis for 14 days in accordance with the Interim Budget;
5. The Debtor is authorized and directed to provide adequate protection of the interests of Chase and Dell in cash collateral for the 14 day period of the Interim Budget by doing the following: (1) spending only the funds set forth in its Interim Budget for fourteen (14) days and only for the purposes set forth therein, as such spending is limited by this Order; (2) granting replacement liens to Chase and Dell on new accounts receivable, proceeds of such accounts, cash and deposits in any such depository accounts; and (3) the Debtor maintaining its assets and operations for 14 days;
6. The Court hereby sets a final hearing for consideration of the Motion on January 14, 2019, at 9:30 A.M., in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth, Texas, in the Courtroom of the Honorable Mark X. Mullin. Such setting was announced in open Court. The Debtor shall file a Notice of Hearing no later than January 3, 2019.
7. Pending a final hearing, the Court may modify or extend this interim Order, after notice and hearing or by the mutual agreement of the Debtor, Chase, and Dell presented as an agreed order.

*** END OF ORDER ***

AGREED AS TO FORM:

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Estimated 2 week Plan
January 1-January 15, 2019

		Due Dates	P&L Timing	Notes
Initial Cash Estimate				
		as of December 22, 2018 (reflects 1/1 payroll already scheduled)		
Beg Cash on Hand	\$ 452,000		January	
Collection Estimate	\$ 175,000			
Total Cash Estimate:	\$ 627,000			

Expenses / Payables				
Critical Expenses/Payables				
Employee				
Payroll (15th)	\$ 165,000	1/15/2018	January	
Employment Taxes (1st)	\$ 46,100	1/1/2018	January	
Employee Expense Reimbursements	\$ 2,500	1/5/2018	December	
			December	
Total Critical EE:	\$ 213,600			

Operating - Payables (Recurring)				
Armely - Allen ISD	\$ 11,280	12/30/2018	November	
Portal Architects - Allen ISD	\$ 8,260	12/7/2018	November	
Promark - City of Murphy	\$ 12,068	1/4/2019	December	
Tech Data - BNSF, TAMU, DiMare Fresh	\$ 43,925	1/7/2019	November	
Total Critical Operating:	\$ 75,533			

Travel				
Estimated Travel for Sales & Delivery	\$ 15,000	1/2-1/14/19	January	
Total Critical Travel	\$ 15,000			

Professional, Legal, Accounting				
Total Professional, Legal, Accounting	\$ -			

Critical Sales - Payables				
Total Critical Sales - Payables	\$ -			* Will be asking for permission to order equipment

Sales Tax Payables				
Total Estimated Sales Taxes:	\$ 2,500	1/20/2019	December	

Credit Agreements: CREDITORS				
Chase LOC	\$ -	1/20/2019	January	
Dell	\$ -	1/10/2019	January	Already Paid
Total Critical Credit Agreements	\$ -			

Ongoing Professional, Legal, Accounting				
Whitaker Chalk	\$ -	1/15/2019	January	
Sutton Frost	\$ -	1/15/2019	January	
Pom Ventures				
Travel	\$ 2,500	1/15/2019	January	
Professional, Legal, Accounting	\$ 2,500			

Total Critical Expenses	\$ 309,133			
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Cash Adjustments

Total Ending Balance:	\$ 317,867			
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Prepay Orders				
In Que: ESTIMATE*	\$ -		November	