

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

In re:

SPARTAN BUSINESS
& TECHNOLOGY SERVICES, INC.
Debtor-in-Possession.

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* Case No. 18-KHK-10032
* (Chapter 11)
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ORDER GRANTING INTERIM AUTHORITY TO USE CASH COLLATERAL

On January 12, 2018, came on for hearing the Emergency Motion for Use of Cash Collateral (the “Motion”) [Doc. 23] filed by the Debtor an, the Debtor being represented by its counsel, Kevin P. Keech and Regions being represented by its counsel, Justin M, Reiner, Esq. There were no objections filed. On review of the pleadings filed and based on the record at the hearing, the Motion is granted in accordance with the terms and conditions set forth. Accordingly, the Court hereby finds and orders as follows:

1. This Chapter 11 case was commenced on January 4, 2018. The Court has jurisdiction under 28 U.S.C. § 1334. The Motion involves procedures that are core matters within the meaning of 28 U.S.C. § 157. Venue is properly laid in this District.
2. The Debtor is in immediate need of funds to continue its operations; and without immediate cash to operate its business and pay payroll, Debtor will not be able to reorganize.
3. Pursuant to Section 102(1) of the Bankruptcy Code, the notice and opportunity for hearing provided in connection with the Motion and this Order were appropriate under the circumstances of this case.
4. Associated Receivables Funding, Inc., A/R Funding, is a secured lender to the Debtor, having an interest in existing accounts receivable for which it previously provided funding to the Debtor.

5. A/R Funding's interest is secured solely by the accounts receivable of the Debtor.

6. Subject to the terms of this Order and the documents evidencing and securing the prior factoring agreements and the terms of this Order, the Debtor is authorized to use Cash Collateral in the ordinary course of Debtor's business pursuant to Section 363(c)(2)(A) of the Bankruptcy Code as set forth in the Debtor's budget attached as Exhibit "A" to the Motion and incorporated herein by reference (the "Budget").

7. As adequate protection against the diminution of the interests of Regions in the Prepetition Collateral that may result from the Debtor's use of Cash Collateral the Debtor and the Court hereby orders the following adequate protection:

- A. A/R Funding shall have replacement liens and security interests in accordance with 11 U.S.C. §§ 361(2) and 552(b) in and to all property of the estate of the type presently securing the Debtor's indebtedness to A/R Funding, namely the accounts receivable.
- B. To the extent the replacement liens and security interests granted pursuant to this Order are insufficient to secure any diminution in the value of A/R Funding's interests in the Pre-Petition Collateral, A/R Funding is granted an administrative priority claim pursuant to 11 U.S.C. § 507(b) to secure any such diminution in value. A/R Funding shall not be required (but may) to file any notices or financing statements or take any other action to obtain, maintain, and perfect the replacement liens and security interests granted by paragraph A, and said liens and security interests shall be deemed to secure the Loans;
- C. The automatic stay of 11 U.S.C. §362 is hereby modified to permit A/R Funding to take any action permitted under this Order;

8. The Debtor is authorized to use Cash Collateral, subject to the terms and conditions of this Order, for the payment of certain operating expenses which are necessary to prevent immediate and irreparable harm as contemplated by Bankruptcy Rule 4001, in accordance with the Budget.

9. The Debtor shall continue to maintain, insure and otherwise preserve and protect all Prepetition Collateral and post-petition Collateral in the same manner as may be required.

10. The Final Hearing shall be held on January 30, 2018 at 11:00 A.M. at the United States Bankruptcy Court in the Eastern District of Virginia, Alexandria Division to consider entry of the Final Cash Collateral Order; as soon as possible following entry of this Order, the Debtor shall serve copies of the Motion, this Order and the proposed Final Cash Collateral Order on: (a) the entities set forth on the list of the twenty (20) largest unsecured creditors of the Debtor; (b) the Office of the United States Trustee; (c) counsel to A/R Funding; and (d) all other creditors of the Debtor, including without limitation holders of known liens in and on any of the Debtor's assets; (f) any committee formed in accordance with Section 1102 of the Bankruptcy Code prior to the Final Hearing (or to counsel to such committee to the extent that counsel has been retained, even if such retention has not yet been approved by the Court); and (g) all persons requesting special notice in this bankruptcy case pursuant to Bankruptcy Rule 2002.

11. Any party-in-interest objecting to the entry of the proposed Final Cash Collateral Order shall file written objections with the Clerk of the Court for the United States Bankruptcy Court for the Eastern District of Virginia, Alexandria Division, no later than 4:00p.m. (Prevailing Local Time) on January 25, 2018, which objections shall be served so that the same are received on or before such date and time by: (a) counsel for the Debtor; (b) counsel for A/R Funding; and(c) the Office of the United States Trustee.

IT IS SO ORDERED.

Jan 12 2018

/s/ Klinette H. Kindred

HONORABLE KLINETTE H. KINDRED

U.S. BANKRUPTCY JUDGE

Copies to:

Entered on Docket: January 12, 2018

Justin M. Reiner,
Esq. US Trustee
List of 20 Largest Creditors
Associated Receivables
Funding, Inc.