

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
WESTERN DIVISION**

In re:

**LUNT SILVERSMITHS, INC.,

Debtor**

**Chapter 11
Case No. 09-32228(HJB)**

**ASSENTED TO MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I)
AUTHORIZING DEBTOR TO UTILIZE CASH COLLATERAL PURSUANT TO 11
U.S.C. § 363 AND GRANTING ADEQUATE PROTECTION TO PRE-PETITION
SECURED PARTY PURSUANT TO 11 U.S.C. §§ 361 AND 363, AND (II) SCHEDULING
FINAL HEARING PURSUANT TO BANKRUPTCY RULES 4001(b)**

(EMERGENCY DETERMINATION REQUESTED)

Lunt Silversmiths, Inc., as debtor and debtor in possession (the “Debtor” or “Lunt”), hereby moves this Court pursuant to sections 105(a), 361 and 363 of title 11 of the United States Code, §§ 101-1532 (as amended, the “Bankruptcy Code”), and Rule 4001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for the entry and approval of interim and final orders (a) authorizing it to utilize cash collateral in which Greenfield Commercial Credit (“Greenfield”) holds an interest in the amounts and for the purposes set forth in the budget attached hereto as Exhibit “A” (the “Budget”); (b) approving pursuant to Section 361 of the Bankruptcy Code the grant of a lien to Greenfield on post-petition assets on the same category of assets and with the same priority as was held by it in the Debtor’s pre-petition assets, as well as the other adequate protection as set forth herein; and (c) scheduling pursuant to Bankruptcy Rule 4001, a hearing (the “Final Hearing”) to consider entry of the Final Order. The Debtor requests that this Motion be determined on an emergency basis.

1. The provisions described in Bankruptcy Rule 4001(b)(1)(B)(i)-(iv) are as follows:
 - (a) ***Name of Each Entity with Interest in Cash Collateral.*** Greenfield Commercial Credit.
 - (b) ***Purposes of Use of Cash Collateral.*** Uses as set forth in the Budget, Exhibit "A".
 - (c) ***Duration of Use of Cash Collateral.*** Projected to be within ninety (90) days of the petition date.
 - (d) ***Liens, Cash Payments, or Other Adequate Protection to Be Provided to Each Entity with Interest in Cash Collateral.*** As adequate protection against diminution in the Prepetition Collateral arising from the Debtor's use of cash collateral, Greenfield is granted a lien on post-petition assets, to the extent of diminution resulting from use of cash collateral in and to the same extent and with the same priority as was held prepetition; as further adequate protection the Debtor has filed a motion seeking leave to sell its assets for a purchase price that will partially satisfy Greenfield.

JURISDICTION

2. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(m). Venue is proper in this Court pursuant to 28 U.S.C. § 1408. The statutory predicates for the relief sought herein are sections 105(a), 361 and 363 of the Bankruptcy Code.

BACKGROUND

3. On this date (the "Petition Date"), Lunt filed a voluntary petition pursuant to Chapter 11 of the Bankruptcy Code commencing the above-captioned case.

4. The Debtor is operating as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

5. No trustee or examiner has been appointed in the Debtor's Chapter 11 case, and no committees have been appointed or designated.

6. Lunt is a Massachusetts corporation that was formed in 2000 for the purpose of manufacturing and selling silver items for the home. Lunt is a wholly-owned subsidiary of Rogers Lunt and Bowlen Company that had been initially founded in 1902 and had been in the Lunt family for four generations. Most recently, in 2002, majority ownership of Rogers Lunt and Bowlen Company was acquired by James Lunt, President and Chief Executive Officer of the Debtor. Lunt's corporate headquarters are located at 298 Federal Street, Unit B, Greenfield, Massachusetts (the "Real Estate"). The Real Estate has approximately 15,000 square feet of office space and approximately 45,000 square feet of manufacturing facilities. The Real Estate also consists of approximately ten acres of open land, which is currently used by the City of Greenfield as recreational fields.

Lunt's Operations

7. For decades, Lunt has operated profitably as a leader among silver manufacturers in the United States, providing a wide range of silver products traditionally focused on silver tableware and giftware.

8. Lunt's current financial challenges stem from three areas. First, in recent years, the consumer market has dramatically decreased its demand for traditional Lunt silver products. Additionally, the consumer market in the United States consolidated to a price-oriented retail focus. This was clearly evidenced when Federated Department Stores acquired a variety of other department store chains, and commanded an enormous scale and authority over the Lunt retail sale operation. As a result, pricing of traditional products became problematic. Additionally, raw materials in the form of silver bullion increased from approximately \$5 per ounce to approximately \$20 per ounce in less than twelve months, causing a direct reduction in gross margins. Finally, the global economic crisis in 2008 negatively impacted Lunt's existing credit

facilities, hampering its ability to produce goods and deliver in a timely manner. By the end of 2008, Lunt was forced to fund its losses through the collection and reduction of its accounts receivable.

9. Not surprisingly, the balance sheet's degradation put Lunt out of formula on its working capital Line of Credit with Greenfield.

Debt Structure

10. The Greenfield debt arises from a 2008 refinancing by Lunt of its then existing debt and, as of December 16, 2009, had an outstanding balance of approximately \$1,441, 350. Greenfield provided the funding to Lunt pursuant to a Loan Agreement dated as of May 28, 2008 ("Loan Agreement"), as amended from time to time. Specifically, Greenfield funded a \$4,000,000 revolving line of credit ("Line of Credit"), as evidenced by an Amended and Restated Revolving Credit Loan Note ("Note"), which matured on July 28, 2009. Greenfield and the Debtor are now operating under a Forbearance and Liquidation Agreement.

11. The Debtor's obligations to Greenfield under the Note are secured, pursuant to a Security Agreement also executed on or about May 28, 2008, by substantially all assets of the Debtor. Greenfield perfected its secured interest in the Greenfield Collateral through the filing of a UCC-1 Financing Statement with the Commonwealth of Massachusetts Secretary of State's Office on or about June 4, 2008. Greenfield does not have a mortgage on the Real Estate, and the property is unencumbered, with the exception of real estate taxes owed to the City of Greenfield in the approximate amount of \$147,000.

12. Lunt's remaining debt consists of approximately \$1,580,000 in trade payables as of December 15, 2009.

Reorganization Strategy

13. Lunt, in consultation with its advisors, determined that a sale of Lunt's assets was in the best interests of the company and its creditors. In furtherance of that strategy, James Lunt pursued and negotiated with Lunt's oldest competitor in the silver business, Reed and Barton Corporation ("R&B"), an agreement for the sale of its assets in a sale under §363 of the Bankruptcy Code.

14. Under the terms of an executed asset purchase agreement (the "APA"), R&B will purchase, subject to solicitation of higher and better offers and entry of an order of this Court approving the transaction, all assets of Lunt with the exception of those expressly excluded. Those assets to be purchased include certain finished goods, work in process, components, raw materials, spec samples, tools, inventory, intellectual property, sales collateral materials, customer and supplier records and UPC numbers (the "Acquired Assets"). The assets that are excluded from the scope to be acquired by R&B include the Real Estate, cash on hand, accounts receivable, certain equipment, inventory, furniture, and fixtures as of the closing date (the "Excluded Assets").

15. In consideration of the acquisition of the Acquired Assets, R&B has offered to pay cash consideration of \$700,000.

16. R&B, the proposed purchaser, is a Massachusetts corporation with a principal place of business in Massachusetts that conducts a worldwide silversmith business. Its CEO, as well as a minority shareholder of R&B, is Tim Riddle.

17. R&B, Tim Riddle, as well as all the other shareholders, officers and directors, are unrelated, disinterested parties and are not connected or associated directly or indirectly with Lunt.

18. Lunt anticipates that, if R&B is ultimately determined to be the winning bidder, James Lunt, the president of Lunt, will be offered temporary employment in the post-closing acquisition entity as a consultant. In the event that R&B is the successful bidder, James Lunt is currently negotiating the terms of a Consulting Agreement with R&B for three months and a Non-Competition Agreement for two years.

19. Lunt has used the R&B APA as a base around which it has built a plan to liquidate its assets. The \$700,000 sale proceeds in the proposed R&B sale transaction will reduce the secured debt to Greenfield dollar for dollar.

20. As of the date of the Petition, Lunt is owed approximately \$392,000 in accounts receivables (the "AR"), which is an Excluded Asset. The AR are mailed and deposited directly to a depository account held by Greenfield (the "Depository Account") at Wells Fargo. Lunt intends that the post-petition AR will continue to be deposited in Greenfield's Depository Account in the same manner and will be applied to Lunt's indebtedness to Greenfield on the Note.

21. Additional funds are anticipated from the sale of Excluded Assets, including the sale of the Real Estate. It is anticipated this will pay Greenfield any deficiency of the secured debt after the liquidation of all of Greenfield's collateral and generate a significant dividend for unsecured creditors.

RELIEF REQUESTED

22. Lunt is seeking authority to use cash collateral and grant adequate protection as set forth herein.

23. Pending entry of the final order, Lunt requests that the Court authorize it, on an interim basis, to (i) use cash collateral as set forth herein; (ii) provide adequate protection to

Greenfield; (iii) approve the proposed notice of the Final Hearing; and to (iv) schedule the Final Hearing.

Use of Cash Collateral and Proposed Adequate Protection

24. The Debtor is seeking approval from the Court for the Debtor to use the Greenfield Cash Collateral, which is intended to fund post-petition operations and the continued liquidation of the Debtor's assets. Lunt, therefore, requires use of cash on-hand and post-petition collections to fund budgeted expenses.

25. Pursuant to the Loan Agreement, the Depository Account is maintained at Wells Fargo.

26. The customers of the Debtor remit payments directly to the Depository Account. The Debtor believes that the deposited receipts may constitute "cash collateral" as defined in 11 U.S.C. § 363(a).

27. As of the Petition Date, the Debtor had cash on deposit in its operating account the amount of approximately \$3,500. The account in which the cash is held is with TD Bank, N.A. The Debtor has insufficient funds to operate without the use of Cash Collateral.

28. Greenfield's claim is secured by a lien on essentially all assets and the proceeds and products thereof, except the Real Estate.

29. In order for Lunt to address its working capital needs and fund its reorganization efforts, Lunt requires the use of cash, cash equivalents and the products and proceeds of prepetition collateral of Greenfield (the "Cash Collateral"). The use of Cash Collateral will provide Lunt with the necessary capital with which to continue to sell its assets, pay its employees, maximize value, and pursue a liquidation plan under Chapter 11. The Debtor must employ the funds presently collected in the Depository Account and the funds which will come

into the Depository Account on a daily basis. The estimated amounts needed for each category of expenses are set forth in Exhibit "A".

30. Greenfield will be adequately protected through the liens on post-petition assets being granted to secure any diminution in its prepetition collateral resulting from use of the Cash Collateral. In addition, use of cash collateral will enable the Debtor to consummate a sale to R&B and other prospective purchasers that will provide for partial, if not full, payment to Greenfield, providing further adequate protection.

31. The Debtor requests that this Motion be determined on an emergency basis, because without use of Cash Collateral the Debtor will not be able to operate or fund its liquidation.

The Use of Cash Collateral Should Be Approved

32. Under section 363(c)(2) of the Bankruptcy Code, a debtor in possession may use cash collateral if either "(a) each entity that has an interest in such cash collateral consents; or (b) the Court, after notice and a hearing, authorizes such use ... in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2).

33. The Debtor requires the use of Cash Collateral to fund its day-to-day liquidation operations. Indeed, absent such relief, the Debtor's business will cease operations immediately. The interests of Greenfield in the Debtor's Cash Collateral will be protected by the adequate protection set forth above.

The Proposed Adequate Protection Should Be Authorized

34. Section 363(e) of the Bankruptcy Code provides that, "on request of an entity that has an interest in property used ... or proposed to be used ..., the Court, with or without a hearing,

shall prohibit or condition such use ... as is necessary to provide adequate protection of such interest.” 11 U.S.C. § 363(e).

35. Section 361 of the Bankruptcy Code sets forth the forms of adequate protection, which include periodic cash payments, additional liens, replacement liens, and other forms of relief. 11 U.S.C. § 361.

36. What constitutes adequate protection must be decided on a case-by-case basis. *See In re O’Connor*, 808 F.2d 1393, 1396 (10th Cir. 1987); *In re Martin*, 761 F.2d 472 (8th Cir. 1985); *In re Shaw Indus., Inc.*, 300 B.R. 861, 865 (Bankr. W.D. Pa. 2003). The focus of the requirement is to protect a secured creditor from diminution in the value of its interest in the particular collateral during the period of use. *See In re Swedeland Dev. Group, Inc.* 16 F.3d 552, 564 (3d Cir. 1994) (“The whole purpose of adequate protection for a creditor is to insure that the creditor receives the value for which he bargained pre-bankruptcy.”)

37. Use of Cash Collateral will enable the Debtor to orderly liquidate its assets in a timely manner. That sale will provide for partial payment to Greenfield. Enabling the Debtor to provide payment, complete with the grant of liens on post-petition assets, affords adequate protection. Conversely, inability to use Cash Collateral will result in cessation of business operations and a liquidation that yields a fraction of Greenfield’s claim.

Interim Approval Should Be Granted

38. Bankruptcy Rule 4001(b) provides that a final hearing on a motion to use cash collateral may not be commenced earlier than fifteen (15) days after the service of such motion. Upon request, however, the Court is empowered to conduct a preliminary expedited hearing on the motion and authorize the use of cash collateral and the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to a debtor’s estate pending a final hearing.

39. Pursuant to Bankruptcy Rule 4001(b) the Debtor requests that the Court conduct an emergency preliminary hearing on this motion and (a) authorize the Debtor to use Cash Collateral on an interim basis, pending entry of a final order, in order to (i) maintain and finance the operations of the Debtor, and (ii) avoid immediate and irreparable harm and prejudice to the Debtor's estates and all parties in interest, and (b) schedule a hearing to consider entry of a final order.

40. The Debtor has an urgent and immediate need for cash to continue to operate. Absent authorization from the Court to use cash collateral, as requested, on an interim basis pending a final hearing on the Motion, the Debtor will be immediately and irreparably harmed. The interim relief requested is therefore critical to preserving and maintaining the going concern value of the Debtor and facilitating its liquidation efforts.

41. The Debtor submits that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor for the reasons set forth herein, Bankruptcy Rule 6003 has been satisfied.

42. To implement the foregoing, the Debtor seeks a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the ten-day stay under Bankruptcy Rule 6004(h).

WHEREFORE the Debtor respectfully requests entry of an order, substantially in the form attached hereto as Exhibit "B," granting the relief requested herein, and such other and further relief as is just.

Respectfully submitted,

LUNT SILVERSMITHS, INC.

By its proposed counsel,

SHATZ, SCHWARTZ AND FENTIN, P.C.

By: /s/ Edward V. Sabella

Edward V. Sabella, Esquire

esabella@ssfpc.com

BBO #436820

Steven Weiss, Esquire

sweiss@ssfpc.com

BBO #545619

L. Alexandra Hogan, Esquire

lahogan@ssfpc.com

BBO #672561

1441 Main Street – Suite 1100

Springfield, MA 01103

Telephone - (413) 737-1131

Facsimile - (413) 736-0375

Dated: December 18, 2009

Exhibit A

Chapter 11 Debtor, Lunt Silversmiths, Inc., Case No. 09-32228 (HJB)

Cash Disbursements

| Description | Days 1-30 | | | Days 31-60 | | | Days 61-90 | | |
|---------------------------------|-----------|------------------|-----------|------------------|-----------|------------------|------------|--|--|
| | | | | | | | | | |
| Wages and Employer Taxes | \$ | 15,224.00 | \$ | 12,408.00 | \$ | 8,360.00 | | | |
| Mandate Medicare Premium | \$ | 5,800.00 | \$ | - | \$ | - | | | |
| Equipment Leasing | \$ | 1,500.00 | \$ | - | \$ | - | | | |
| Freight | \$ | 1,500.00 | \$ | 500.00 | \$ | - | | | |
| Electric-power & supplier | \$ | 3,000.00 | \$ | 2,000.00 | \$ | 1,000.00 | | | |
| Natural Gas | \$ | 1,000.00 | \$ | 1,000.00 | \$ | 500.00 | | | |
| Oil | \$ | 6,000.00 | \$ | 4,000.00 | \$ | 3,000.00 | | | |
| Shipping supplies/Postage | \$ | 300.00 | \$ | 300.00 | \$ | 100.00 | | | |
| Snow Removal & Maintenance | \$ | 1,000.00 | \$ | 1,000.00 | \$ | 500.00 | | | |
| Office Supplies and Misc. | \$ | 300.00 | \$ | 200.00 | \$ | 100.00 | | | |
| Workers Comp/Casualty Insurance | \$ | 5,000.00 | \$ | 5,000.00 | \$ | - | | | |
| Phone | \$ | 500.00 | \$ | 400.00 | \$ | 200.00 | | | |
| Waste Removal | \$ | 100.00 | \$ | 300.00 | \$ | 300.00 | | | |
| Internet | \$ | 500.00 | \$ | 500.00 | \$ | 250.00 | | | |
| Trustee's Quarterly Fees | \$ | - | \$ | - | \$ | 2,000.00 | | | |
| Total Cash Disbursements | \$ | 41,724.00 | \$ | 27,608.00 | \$ | 16,310.00 | | | |

Breakdown of Employee Wages and Employer Taxes

| | | | | | | |
|------------------------------|-----------|------------------|-----------|------------------|-----------|-----------------|
| James Lunt | \$ | 4,800.00 | \$ | 4,800.00 | \$ | 2,400.00 |
| Shipping Employee | \$ | 1,280.00 | \$ | 640.00 | \$ | 640.00 |
| G/L Employee | \$ | 1,920.00 | \$ | 1,920.00 | \$ | 1,280.00 |
| Inventory Employee | \$ | 2,560.00 | \$ | 1,920.00 | \$ | 1,280.00 |
| Sales Employee | \$ | 1,280.00 | \$ | - | \$ | - |
| Misc. Labor | \$ | 2,000.00 | \$ | 2,000.00 | \$ | 2,000.00 |
| Total Wages | \$ | 13,840.00 | \$ | 11,280.00 | \$ | 7,600.00 |
| Taxes 10% | \$ | 1,384.00 | \$ | 1,128.00 | \$ | 760.00 |
| Total Wages and Taxes | \$ | 15,224.00 | \$ | 12,408.00 | \$ | 8,360.00 |

Exhibit B

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
WESTERN DIVISION**

In re:

LUNT SILVERSMITHS, INC.

DEBTOR

**Chapter 11
Case No. 09-32228 (HJB)**

**INTERIM ORDER (I) AUTHORIZING DEBTOR TO UTILIZE CASH
COLLATERAL PURSUANT TO 11 U.S.C. 363 AND GRANTING
ADEQUATE PROTECTION TO PRE-PETITION SECURED PARTY PURSUANT TO
11 U.S.C. §§ 361 AND 363, AND (II) SCHEDULING FINAL HEARING PURSUANT TO
BANKRUPTCY RULES 4001(b)**

UPON CONSIDERATION OF the Motion (the "Motion")¹ of Lunt Silversmiths, Inc., the above-captioned debtor and debtor-in-possession (the "Debtor" or "Lunt"), seeking entry of an interim and final orders pursuant to Sections 105(a), 361 and 363 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), and Rule 4001 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authorizing it to (a) utilize cash collateral in which Greenfield Commercial Credit ("Greenfield") holds an interest in the amounts and for the purposes set forth in the Motion; (b) approving pursuant to sections 361 and 363 of the Bankruptcy Code of the grant of a lien to Greenfield on post-petition assets on the same category of assets and with the same priority as was held by it in the Debtor's prepetition assets as well as the other adequate protection set forth in the Motion; and (c) scheduling, pursuant to Bankruptcy Rule 4001, a hearing (the "Final Hearing") to consider entry of the Final Order, and

¹ Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Assented to Motion for Entry of Interim and Final Orders Authorizing Debtor to Utilize Cash Collateral.

after notice and a hearing, having considered the Motion and the record before the Court, and for good cause shown, it is hereby FOUND AND DETERMINED as follows:

A. This Court has jurisdiction over the Case, and over the property affected hereby pursuant to 28 U.S.C. Section 1334. This is a core proceeding pursuant to 28 U.S.C. Section 157(b)(2).

B. On or about December 18, 2009 (the "Petition Date"), Lunt filed a voluntary petition pursuant to Chapter 11 of the Bankruptcy Code commencing the above-captioned case (the "Case").

C. The Debtor is operating as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

D. No trustee or examiner has been appointed in the Debtor's Chapter 11 case, and no committees have been appointed or designated in the Case as of the date hereof.

E. Prior to the Petition Date, the Debtor and Greenfield entered into an agreement dated May 28, 2008, pursuant to which Greenfield made available to the Debtor a revolving line of credit, in the principal amount of \$4,000,000 ("Line of Credit") as evidenced by an Amended and Restated Revolving Credit Loan Note ("Note") which matured on July 28, 2009. Greenfield and the Debtor are now operating under a Forbearance and Liquidation Agreement.

F. The Debtor's obligations to Greenfield under the Note are secured, pursuant to a Security Agreement also executed on or about May 28, 2008, by substantially all assets of the Debtor and the proceeds and products thereof (the "Greenfield Collateral"). Greenfield perfected its secured interest in the Greenfield Collateral through the filing of a UCC-1 Financing Statement with the Commonwealth of Massachusetts Secretary of State's Office on or about June 4, 2008.

G. As of December 16, 2009, the Debtor was obligated to Greenfield in the amount of approximately \$1,441,350.

H. Lunt has determined that a liquidation of Lunt's assets is in the best interest of the company and its creditors.

I. In order for Lunt to address its working capital needs and fund its liquidation efforts, Lunt requires the use of cash, cash equivalents and the products and proceeds of prepetition collateral of Greenfield (the "Cash Collateral").

J. Thus, an immediate need exists for the Debtor to obtain funds with which to meet the ordinary cash needs of the Debtor for the payment of actual expenses of the Debtor necessary to (a) maintain and preserve its assets and maximize their value, (b) pay its employees, (c) continue to sell its assets, and (d) pursue a liquidation plan under Chapter 11. The ability of the Debtor to perform its liquidation process requires the use of Cash Collateral, absent which immediate and irreparable harm will result to the Debtor, its estate, its creditors and the possibility of a successful liquidation. Entry of this Order is necessary to avoid such immediate and irreparable harm pending a final hearing.

K. The relief requested in the Motion is necessary, essential and appropriate for the preservation of Lunt's assets and liquidation of the Debtor's business.

L. It is in the best interest of the Debtor, its estate and its creditors that the Debtor be allowed to use Cash Collateral in accordance with the terms of this Order.

M. Good and sufficient cause has been shown for the entry of this Order. Among other things, the entry of this Interim Order will enable the Debtor to sell its assets and increase the possibility for a successful liquidation.

N. The terms and conditions governing the Debtor's use of Cash Collateral, taken as a whole are fair and reasonable under the circumstances and constitute a reasonably equivalent exchange.

O. Prior to the Petition Date, Greenfield collected directly Lunt's Accounts Receivables into its lockbox account and applied those funds to pay down Lunt's indebtedness to Greenfield.

P. Notice of the hearing on the Motion provided by the Debtor constitutes adequate notice under the circumstances in accordance with Bankruptcy Rule 4001(b) and Bankruptcy Code Section 102(1) and in light of the nature and urgency of the relief requested.

BASED UPON the foregoing findings and conclusions, and upon the record made before this Court at the Preliminary Hearing, and good and sufficient cause appearing therefor, it is hereby **ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:**

1. The Debtor is authorized to use Cash Collateral on an interim basis for the period from the Petition Date through the date of the Final Hearing (the "Specified Period):

_____ pursuant to the terms and conditions set forth in this Order;

2. Except as otherwise expressly provided herein, Cash Collateral may be used during the Specified Period solely up to the amounts and substantially for the purposes identified in the cash collateral budget attached hereto as Exhibit "A" (the "Budget");

3. Any modification of the Cash Collateral Budget shall be subject to the approval in writing of Greenfield and shall be filed by the Debtor with the Court, together with evidence of such approval, before the expiration of the then current Budget. However, any extension of this Order or any material modification of this Order requires further notice and order;

4. The right of the Debtor to use Cash Collateral shall terminate at the expiration of the Specified Period;

5. The Debtor shall not pay any administrative expense other than as set forth in the Budget without the prior written consent of Greenfield or approval by this Court after notice to Greenfield and a hearing;

6. Provided that the liens and security interests of Greenfield in the Pre-Petition Collateral are valid, perfected, enforceable and unavoidable, pursuant to Sections 361 and 363(e) of the Bankruptcy Code, as adequate protection to Greenfield for any diminution of the value of the Pre-Petition Collateral arising from the Debtor's use of cash collateral, Greenfield is granted a replacement lien on post-petition assets, other than any avoidance actions under Chapter 5 of the Bankruptcy Code and proceeds thereof, to the extent of diminution resulting from use of Cash Collateral to the same extent and with the same priority as was held prepetition. As further adequate protection, the Debtor has filed a motion seeking leave to sell its assets to Reed and Barton Corporation;

7. The Debtor shall provide Greenfield with copies of the Debtor's monthly United States Trustee operating reports;

8. Greenfield shall be permitted to continue to collect directly Lunt's Accounts Receivables into its Depository Account apply those funds to pay down Lunt's indebtedness to Greenfield and to fund the Debtor's continued operational expenses as set forth in the Budget;

9. This Order shall be sufficient and conclusive evidence of the enforceability of the replacement liens and security interests, without the necessity of filing or recording any financing statement or other instrument or document, or taking any other act, which may otherwise be required under state or federal law, rule or regulation of any jurisdiction to validate

or perfect the replacement liens and security interests or to entitle Greenfield to the priority granted herein;

10. Nothing contained in this Order shall prejudice the right of any party in interest with requisite standing to object to or to challenge (a) the validity, extent, perfection, enforceability, priority, or avoidability of the security interests and liens of Greenfield in and to the Greenfield Collateral, or (b) the extent, validity, allowability, enforceability, priority or status of the Pre-Petition Debt;

11. The terms and provisions of this Order shall survive the entry of any order confirming a plan of liquidation or converting any of the Case to a case under Chapter 7 of the Bankruptcy Code, the dismissal of the Case or the abandonment of any of the Pre-Petition Collateral or any of the Post Petition Collateral, and shall continue in the Case and in any successor case(s);

12. This Order shall become effective immediately;

13. The Debtor shall serve a copy of this Order within three (3) business days after its entry upon the United States Trustee, counsel to Greenfield, counsel to any committee appointed under Section 1102 of the Bankruptcy Code, if one has been appointed and if not, to Debtor's twenty (20) largest Rule 1007(d) unsecured creditors, and any party that has requested notice in the Case;

14. Any objection to the Debtor's further use of Cash Collateral or the entry of a final order on the Motion shall be in writing and shall be filed with the Bankruptcy Court and served on (a) Shatz, Schwartz and Fentin, P.C., 1441 Main Street, Springfield, Massachusetts 01103, Attn: Edward V. Sabella, Esq. (esabella@ssfpc.com), proposed counsel to the Debtor; (b) Greenfield Commercial Credit, 300 E. Long Lake Road, Suite 180, Bloomfield Hills, MI 48304,

Attn: David Vigna, Esquire (vigna@greenfieldcredit.com), counsel to Greenfield; (c) the Office of the United States Trustee, District of Massachusetts, 446 Main Street, 14th Floor, Worcester, MA 01608, Attn: Richard T. King (USTPRegion01.WO.ECF@USDOJ.GOV); and (d) counsel to any statutory committee appointed in this case, so as to be received by such parties on or before _____, 2009 at ____: ____ m.

15. A final hearing on the Motion will be held before this Court on _____, 2009 at ____: ____ m.

Dated: December __, 2009

UNITED STATES BANKRUPTCY JUDGE

09\0185\Cash Collateral\CashCollateralOrder.4803

Exhibit A

Chapter 11 Debtor, Lunt Silversmiths, Inc., Case No. 09-32228 (HJB)

Cash Disbursements

| Description | Days 1-30 | | | Days 31-60 | | | Days 61-90 | | |
|---------------------------------|-----------|------------------|-----------|------------------|-----------|------------------|------------|--|--|
| | | | | | | | | | |
| Wages and Employer Taxes | \$ | 15,224.00 | \$ | 12,408.00 | \$ | 8,360.00 | | | |
| Mandate Medicare Premium | \$ | 5,800.00 | \$ | - | \$ | - | | | |
| Equipment Leasing | \$ | 1,500.00 | \$ | - | \$ | - | | | |
| Freight | \$ | 1,500.00 | \$ | 500.00 | \$ | - | | | |
| Electric-power & supplier | \$ | 3,000.00 | \$ | 2,000.00 | \$ | 1,000.00 | | | |
| Natural Gas | \$ | 1,000.00 | \$ | 1,000.00 | \$ | 500.00 | | | |
| Oil | \$ | 6,000.00 | \$ | 4,000.00 | \$ | 3,000.00 | | | |
| Shipping supplies/Postage | \$ | 300.00 | \$ | 300.00 | \$ | 100.00 | | | |
| Snow Removal & Maintenance | \$ | 1,000.00 | \$ | 1,000.00 | \$ | 500.00 | | | |
| Office Supplies and Misc. | \$ | 300.00 | \$ | 200.00 | \$ | 100.00 | | | |
| Workers Comp/Casualty Insurance | \$ | 5,000.00 | \$ | 5,000.00 | \$ | - | | | |
| Phone | \$ | 500.00 | \$ | 400.00 | \$ | 200.00 | | | |
| Waste Removal | \$ | 100.00 | \$ | 300.00 | \$ | 300.00 | | | |
| Internet | \$ | 500.00 | \$ | 500.00 | \$ | 250.00 | | | |
| Trustee's Quarterly Fees | \$ | - | \$ | - | \$ | 2,000.00 | | | |
| Total Cash Disbursements | \$ | 41,724.00 | \$ | 27,608.00 | \$ | 16,310.00 | | | |

Breakdown of Employee Wages and Employer Taxes

| | | | | | | |
|------------------------------|-----------|------------------|-----------|------------------|-----------|-----------------|
| James Lunt | \$ | 4,800.00 | \$ | 4,800.00 | \$ | 2,400.00 |
| Shipping Employee | \$ | 1,280.00 | \$ | 640.00 | \$ | 640.00 |
| G/L Employee | \$ | 1,920.00 | \$ | 1,920.00 | \$ | 1,280.00 |
| Inventory Employee | \$ | 2,560.00 | \$ | 1,920.00 | \$ | 1,280.00 |
| Sales Employee | \$ | 1,280.00 | \$ | - | \$ | - |
| Misc. Labor | \$ | 2,000.00 | \$ | 2,000.00 | \$ | 2,000.00 |
| Total Wages | \$ | 13,840.00 | \$ | 11,280.00 | \$ | 7,600.00 |
| Taxes 10% | \$ | 1,384.00 | \$ | 1,128.00 | \$ | 760.00 |
| Total Wages and Taxes | \$ | 15,224.00 | \$ | 12,408.00 | \$ | 8,360.00 |