

**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"), 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 after notice

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.

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. Greenfield claims to hold a prepetition security interest in substantially all of the Debtor's assets to secure a claim in the approximate amount of \$1,441,350.00

F. The Debtor now believes that a liquidation of its assets is in the best interest of the company and its creditors.

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

H. 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.

I. It appears to be 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.

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

K. 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"): January 6, 2010 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. Absent further court order after notice and hearing, any modification of the Cash Collateral Budget shall be subject to the approval of the Court and the right of the Debtor to use Cash Collateral shall terminate at the expiration of the Specified Period unless further extended by the Court;

4. The Debtor shall not pay any administrative expense other than as set forth in the Budget without the prior approval by this Court after notice and hearing;

5. As adequate protection, Greenfield is granted a postpetition security interest in all of the assets of the Debtor, other than any avoidance actions under Chapter 5 of the Bankruptcy Code and proceeds, to the extent of the validity, perfection, priority, enforceability and sufficiency of its prepetition security interest, but not more than any postpetition diminution in value of its prepetition collateral.

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

7. Until further Court order to the contrary, Greenfield may continue to collect directly the Debtor's Accounts Receivables into its Depository Account, fund the Debtor's continued operational expenses as set forth in the Budget, and apply any remainder to pay down the Debtor's principal indebtedness to Greenfield;

8. The Debtor shall have a claim pursuant to 11 U.S.C. 506(c) for all operational expenses as set forth within the Budget, up to and including the Specified Period, January 6, 2010 or until further order of the Court;

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

its claimed collateral, or (b) the extent, validity, allowability, enforceability, priority or status of its claimed prepetition 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 this case or the abandonment of any of the Debtor's property;

12. This Order shall become effective as of this date;

13. The Debtor shall serve notice 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; to all creditors; and to any attorney who has filed his appearance in this 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) David M. Bizar, Esquire, McCarter & English, LLP, 265 Franklin Street, Boston, MA 02110, local counsel to Greenfield Commercial Credit, (c) Greenfield Commercial Credit, 300 E. Long Lake Road, Suite 180, Bloomfield Hills, MI 48304, Attn: David Vigna, Esquire (vigna@greenfieldcredit.com), corporate counsel to Greenfield; (d) 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 (e) counsel to any statutory committee appointed in this case, so as to be received by such parties on or before January 4, 2010 at 5:00 p.m..

15. A final hearing on the Motion and a hearing on the further use of cash collateral will be held before this Court on January 6, 2010 at 9:00 a.m. in Springfield, Massachusetts.

Dated: December 22, 2009


HENRY J. BOROFF
UNITED STATES BANKRUPTCY JUDGE

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