

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

In re:

LUNT SILVERSMITHS, INC.

DEBTOR

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

**MOTION OF DEBTOR FOR ORDER AUTHORIZING DEBTOR
TO MAINTAIN EXISTING BANK ACCOUNTS**

(EMERGENCY DETERMINATION REQUESTED)

Lunt Silversmiths, Inc. ("Lunt") or the "Debtor", the debtor and debtor-in-possession in the above-captioned Chapter 11 case, hereby moves (the "Motion"), pursuant to sections 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, for a waiver of certain of the local operating guidelines imposed by the Office of the United States Trustee in Chapter 11 cases in this District to permit the Debtor to maintain existing bank accounts. The Debtor respectfully requests that the Court considers this Motion on an emergency basis. In support of this Motion, the Debtor states the following:

BACKGROUND

1. On this Date, (the "Petition Date"), the Debtor filed a Voluntary petition pursuant to Chapter 11 of the Bankruptcy Code commencing the above-captioned case.
2. The Debtor is operating as a debtor-in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

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

4. The Debtor 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.

DEBTOR'S ACCOUNTS AND CASH MANAGEMENT SYSTEM

5. The Debtor maintains four accounts with TD Bank, N.A. in connection with its on ongoing business: an Operating account, a Payroll Account and two Credit Card Processing Accounts, one for American Express and the other for Visa and Mastercard.

6. The Debtor is in the process of closing the Operating Account and opening a debtor-in-possession account at TD Bank, N.A., an approved depository, and otherwise complying with the U.S. Trustee guidelines regarding this account. The balance in the Operating Account will be transferred to this new Operating Account. The Debtor is not requesting any relief with regard to this main checking account.

7. Greenfield Commercial Credit ("Greenfield") is the Debtor's only secured creditor. Greenfield provided the funding to the Debtor pursuant to a Loan Agreement dated as of May 28, 2008, 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, which matured on July 28, 2009. Greenfield and the Debtor are now operating under a Forbearance and Liquidation Agreement.

8. As of December 16, 2009, the Debtor owed Greenfield approximately \$1,441,350 on the Line of Credit.

9. Greenfield controls a lockbox account at Wells Fargo where the Debtor's accounts receivables are collected and applied to pay down the Line of Credit ("Depository").

RELIEF REQUESTED

10. Through this Motion, the Debtor respectfully requests that the Court waive certain of the requirements adopted by the Office of the United States Trustee for this Region, which mandate, among other things, the closure of the Debtor's pre-petition bank accounts and the opening of debtor-in-possession accounts at authorized depositories and seeks authority to maintain its payroll account and two credit card processing accounts. The Debtor also seeks permission to allow Greenfield to continue to control the Depository, collect the Debtor's accounts receivables through that account and apply them to pay down the Line of Credit and to fund the Debtor's continued operational expenses as set forth in the Debtor's Assented to Motion for Entry of Interim and Final Orders Authorizing Debtor To Utilize Cash Collateral.

11. The Debtor recognizes that it must close the Operating Account in order to ensure that checks for prepetition services are not submitted for payment after the petition date. The Payroll Account, and Credit Card Processing Accounts, however, serve limited purposes and are not used by the Debtor to pay ongoing operating expenses.

12. The Payroll Account is funded and then swept by its payroll service, Check Writers, Inc., for payment of all payroll related costs.

13. The two Credit Card Processing Accounts are not used by the Debtor to pay expenses, but rather to receive payments from its customers for goods sold. All deposits are then transferred to the Operating Account. Any delay in processing and receiving these payments could only serve to disrupt the flow of cash into the estate. Given this, the Debtor does not believe that there is any valid need to close the Credit Card Processing Accounts. After the

filing, any post-petition credit card receipts will be able to be immediately transferred to the new Operating Account, once open and active.

14. Based on the circumstances of this case and the limited nature of the relief sought by the Debtor, the Debtor submits that allowance of this Motion is appropriate. The Office of the United States Trustee will be closely monitoring the Debtor's day-to-day operations and ensuring the Debtor is properly tracking its financial data. The purpose of the U.S. Trustee Guidelines will still be served, and no party will be harmed, if the relief is granted.

15. The relief requested is similar to that granted by Courts in this jurisdiction in recent Chapter 11 cases. *See, e.g., In re Syratech Corporation*, Case No. 05-11062 (Bankr. D. Mass. 2005); *In re Divine, Inc.*, Case No. 03-11472); *In re Arch Wireless*, Case No. 01-47330 (Bank. D. Mass. 2001).

16. The Debtor requests that this Motion be considered on an emergency basis to ensure continuation of the Debtor's business operations without disruption and minimize the impact of the Debtor's transition into bankruptcy on its post-petition performance.

WHEREFORE, Lunt Silversmiths, Inc. respectfully requests that this Court enter an Order.

- (1) authorizing the Debtor to maintain the accounts and its cash management system in the manner outlined herein;
- (2) deeming this system to be in compliance with the guidelines of the Office of the United States Trustee; and
- (3) granting any, such other relief as is just and equitable.

Respectfully submitted,

SHATZ, SCHWARTZ AND FENTIN, P.C.

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Dated: December 18, 2009

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