

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

In re:

LUNT SILVERSMITHS, INC.

DEBTOR

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

**FINAL 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**

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 after notice and a final hearing on the Motion, which was held on January 6, 2010 (the "Final Hearing") having considered the Motion

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 the record before the Court, and fore 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"), the Debtor 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. Pursuant to Bankruptcy Rule 4001, this Court held a preliminary hearing on the Motion on December 21, 2009 (the "Preliminary Hearing") and entered an Interim Order (I) Authorizing Debtor to Utilize Cash Collateral Pursuant to 11 U.S.C. § 361 and 363, and (II) Scheduling Final Hearing Pursuant to Bankruptcy rules 4001(b) and (c) ("Interim Order") on December 22, 2009, authorizing cash collateral use on an interim basis for the period from the Petition Date through the date of the Final Hearing.
- F. The Debtor filed notice of the Interim Order with this Court on December 22, 2009.
- G. Greenfield claims to hold a prepetition secured interest in substantially all of the Debtor's assets to secure a claim in the amount of approximately \$1,441,350.

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

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

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

K. 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.

L. 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 Final Order.

M. Good and sufficient cause has been shown for the entry of this Final Order.

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. No objection was filed to the Motion.

P. It has been represented that since the date of the Preliminary Hearing, Greenfield and the Debtor's counsel have reached an agreement whereby Greenfield has agreed to pay the reasonable and necessary attorneys' fees of both the Debtor's counsel and any counsel to an

unsecured creditors committees which are associated with the Debtor's liquidation during the Specified Period, in the aggregate amount not to exceed \$25,000.

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

1. The notice of the Motion and the Final Hearing on the Motion was appropriate and sufficient under the circumstances of this case and for the purpose of this Final Order.
2. The Debtor is authorized to use Cash Collateral on a final basis for the period from the Petition Date for a ninety day period (the "Specified Period") pursuant to the terms and conditions set forth in this Order;
3. 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");
4. Any modification of the Budget shall be subject to the approval of the Court after notice and hearing and 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 approval by this Court after notice and a hearing;
6. Greenfield shall carveout and pay the reasonable and necessary attorneys' fees of both the Debtor's counsel and counsel to any unsecured creditors committee, which are associated with the liquidation during the Specified Period, in an amount not to exceed an aggregate of \$25,000.

7. As adequate protection, Greenfield is granted a postpetition security interest in all of the assets, other than any avoidance actions under Chapter 5 of the Bankruptcy Code and proceeds thereof, to the extent 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;

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

9. Until further order to the contrary, Greenfield may continue to collect directly the Debtor's Accounts Receivables into its Depository Account to 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;

10. 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 until further order of the Court;

11. This Final 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;

12. Nothing contained in this Final 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 prepetition debt;

13. The terms and provisions of this Final 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 Debtor's property; and

14. This Final Order shall become effective immediately.

Dated: January 11, 2010


UNITED STATES BANKRUPTCY JUDGE

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