

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re: Chapter 11

CARDINAL HOMES, INC., Case No. 19-36275-KRH

Debtor.<sup>1</sup>

**MOTION FOR ENTRY OF ORDER (I) AUTHORIZING  
CONTINUED USE OF CASH MANAGEMENT SYSTEM, (II) AUTHORIZING  
CONTINUED USE OF EXISTING BUSINESS FORMS, (III) AUTHORIZING  
USE OF PREPETITION BANK ACCOUNT, AND (IV) WAIVING THE  
REQUIREMENTS OF SECTION 345(b) OF THE BANKRUPTCY CODE**

Cardinal Homes, Inc., the debtor and debtor in possession (the “Debtor”) in the above-captioned chapter 11 case (the “Case”), hereby moves the Court (the “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A**, pursuant to sections 105, 345, 363, 364(b), and 503(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), (i) authorizing the Debtor’s continued use of its existing cash management system,

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<sup>1</sup> The Debtor in this Chapter 11 Case and the last four digits of its taxpayer identification number are as follows: Cardinal Homes, Inc. (9112). The Debtor’s headquarters are located at 525 Barnesville Highway, Wylliesburg, VA 23976.

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Michael E. Hastings (Virginia Bar No. 36090)  
Brandy M. Rapp (Virginia Bar No. 71385)  
WHITEFORD, TAYLOR & PRESTON LLP  
Two James Center  
1021 E. Cary St., Suite 1700  
Richmond, Virginia 23219  
T: (804) 799-7859  
F: (804) 977-3295  
[mhastings@wtplaw.com](mailto:mhastings@wtplaw.com)  
[brapp@wtplaw.com](mailto:brapp@wtplaw.com)

*Proposed Counsel for the Debtor and  
Debtor in Possession*

authorizing the Debtor to continue to use its existing business forms, (iii) authorizing the Debtor to continue using its prepetition bank account, and (iv) waiving the requirements of section 345(b) of the Bankruptcy Code. In support of the Motion, the Debtor relies on the *Declaration of Bret A. Berneche, President and Chief Executive Officer of Cardinal Homes, Inc. In Support of Chapter 11 Petition* (the “First Day Declaration”)<sup>2</sup> concurrently filed herewith. In further support of the Motion, the Debtor respectfully represents as follows:

### **JURISDICTION**

1. The Court has jurisdiction over this Case and the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this Case and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The Debtor consents to the entry of a final judgment or order with respect to the Motion if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

3. The statutory and legal predicates for the relief requested herein are sections 105, 345, 363, 364(b), and 503(b) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004.

### **BACKGROUND**

4. On November 20, 2019, Alouette Holdings, Inc., the Debtor’s parent company, filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, commencing Case No. 19-36126-KRH.

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed in the First Day Declaration.

5. On the date hereof (the "Petition Date"), the Debtor commenced this case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

6. The Debtor is authorized to continue to operate its business and manage its property as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or statutory committee has been appointed in this Case by the Office of the United States Trustee (the "U.S. Trustee").

7. As is further discussed in the First Day Declaration, the Debtor commenced this chapter 11 case to effectuate the sale of the Debtor's assets pursuant to a Court-approved bidding and auction process for the benefit of all creditors.

8. A more detailed factual background regarding the Debtor and the commencement of this Case is set forth in the First Day Declaration.

**I. Cash Management System**

9. In the ordinary course of its business, the Debtor maintains a cash management system (the "Cash Management System"), which includes all activities necessary and pertinent to collecting and disbursing the Debtor's cash assets. The Cash Management System allows the Debtor to efficiently identify the Debtor's cash requirements. The Cash Management System is important to the efficient execution and achievement of the Debtor's business objectives, and, ultimately, to maximizing the value of the Debtor's estates.

10. The Cash Management System consists of one (1) bank account (the "Bank Account"), which is maintained at Wells Fargo Bank, N.A.

**II. Collections and Disbursements Process**

11. Customers remit payment to the company via wire or bank check. All cash and checks are deposited into the Bank Account. The company does not accept credit card payments.

12. The Debtor utilizes the Bank Account for all disbursements. Disbursements include, but are not limited to, payroll, benefits, shipping expenses, rent, insurance, loan repayments, and other cost of goods sold. Payroll and benefits are paid weekly on Friday, and all other disbursements are typically made weekly.

**III. The Debtor's Existing Business Forms and Check Stock**

13. In the ordinary course of business, the Debtor uses its pre-printed checks and business forms. To minimize expenses to its estate and avoid unnecessarily confusing its employees, customers, and suppliers, the Debtor believes it is appropriate to continue to use its checks, correspondence, and other business forms (including, without limitation, letterhead, purchase orders, and invoices) (collectively, the "Business Forms") as such forms were in existence immediately before the Petition Date—without reference to the Debtor's status as debtors in possession—rather than requiring the Debtor to incur the expense and delay of ordering entirely new business forms. When the Debtor uses all existing check stock it will re-order with a debtor in possession identifier.

**RELIEF REQUESTED**

14. By this Motion, the Debtor requests that the Court enter an order, pursuant to sections 105, 345, 363, 364(b), and 503(b), of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, (i) authorizing the Debtor's continued use of its existing cash management system, (ii) authorizing the Debtor to continue to use existing business forms, (iii) authorizing the Debtor to continue using prepetition bank accounts, and (iv) waiving the requirements of section 345(b) of the Bankruptcy Code.

**BASIS FOR RELIEF**

**I. Maintaining the Existing Cash Management System Is Important to the Debtor's Ongoing Operations.**

15. The maintenance of the Debtor's current Cash Management System is important for the Debtor's successful operation, as well as the preservation and enhancement of the value of the Debtor's assets.

16. The Debtor's request for authorization to continue to use its Cash Management System is consistent with section 363(c)(1) of the Bankruptcy Code, which authorizes a debtor in possession to "use property of the estate in the ordinary course of business, without notice or a hearing." 11 U.S.C. § 363(c)(1). Section 363(c)(1) is intended to provide a debtor in possession with the flexibility to engage in the ordinary transactions required to operate its business. *See, e.g., In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992); *see also In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007). Included within the purview of section 363(c) is a debtor's ability to continue the routine transactions necessitated by its cash management system. *See Amdura Nat'l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10th Cir. 1996). Nevertheless, the Debtor brings this Motion out of an abundance of caution, to the extent any aspect of the Cash Management System could be considered as outside the ordinary course of business for purposes of section 363(c).

17. Courts in this district have granted the same or similar relief on numerous occasions. *See e.g., In re Gymboree Group, Inc.*, No. 19-30258 (KLP) (Bankr. E.D. Va. Jan. 17, 2019)(authorizing the debtors to continue using the cash management system maintained by the debtors prepetition); *In re Toys "R" Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Oct. 24, 2017)(same); *In re Gymboree Corp.*, No. 17-32986 (KLP) (Bankr. E.D. Va. July 13, 2017)); *In re Penn Virginia Corp.*, No. 16-32395 (KLP) (Bankr. E.D. Va. June 9, 2016)(same); *In re Alpha*

*Natural Res., Inc.*, No. 15-33896 (KRH) (Bankr. E.D. Va. Oct. 8, 2015) (same); *In re Patriot Coal Corp.*, No. 15-32450 (KLP) (Bankr. E.D. Va. May 13, 2015) (same); *In re James River Coal Coal*, No. 14-31848 (Bankr. E.D. Va. April 10, 2014)(same); *In re AMF Bowling Worldwide, Inc.*, Case No. 12-36494 (Bankr. E.D. Va. Nov. 13, 2012)(same). For these reasons, the Debtor should be permitted to continue its Cash Management System.

**II. The Court Should Authorize the Debtor to Maintain Existing Bank Accounts and Continue to Use Its Existing Business Forms.**

18. The U.S. Trustee has set forth certain operating and reporting requirements for chapter 11 cases (the “U.S. Trustee Guidelines”) that require debtors in possession to, among other things: (a) establish one debtor in possession bank account for all estate monies required for the payment of taxes, including payroll taxes; (b) close all existing bank accounts and open new debtor in possession accounts; (c) maintain a separate debtor in possession account for cash collateral; and (d) obtain checks that bear the designation “debtor in possession”. These requirements are designed to provide a clear line of demarcation between prepetition and post-petition claims and payments, and to help protect against the inadvertent payment of prepetition claims by preventing banks from honoring checks drawn before the Petition Date.

19. Enforcement of the U.S. Trustee Guidelines during this Case would severely disrupt the Debtor’s ordinary financial operations. Accordingly, the Debtor respectfully requests that the Court allow it to operate the Bank Account as such account was maintained in the ordinary course of business before the Petition Date.

20. The Debtor uses numerous Business Forms in the ordinary course of its business. In order to minimize expenses to its estate, the Debtor requests authority to continue using its existing prepetition Business Forms without reference to its status as debtor in possession or any other alteration. The Debtor also requests that it be authorized to continue to use its existing check

stock, without reference to its status as debtor in possession, until all such checks have been used. The Debtor submits that parties in interest will not be prejudiced if the Debtor is authorized to continue to use its existing checks and Business Forms. The Debtor will be sending a notice of commencement of this chapter 11 case to all creditors. Most parties doing business with the Debtor undoubtedly will be aware of its status as debtor in possession; thus, changing checks immediately is unnecessary and unduly burdensome.

21. In other chapter 11 cases, courts, including in this jurisdiction, have granted substantially similar relief. *See e.g., In re Gymboree Group, Inc.*, No. 19-30258 (KLP) (Bankr. E.D. Va. Jan. 17, 2019)(authorizing the debtors' continued use of preprinted check stock without a "Debtor in Possession" marking until the supply is exhausted); *In re Toys "R" Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Oct. 24, 2017)(same); *In re Gymboree Corp.*, No. 17-32986 (KLP) (Bankr. E.D. Va. July 13, 2017); *In re Penn Virginia Corp.*, No. 16-32395 (KLP) (Bankr. E.D. Va. June 9, 2016)(same); *In re Alpha Natural Res., Inc.*, No. 15-33896 (KRH) (Bankr. E.D. Va. Oct. 8, 2015) (same); *In re Patriot Coal Corp.*, No. 15-32450 (KLP) (Bankr. E.D. Va. May 13, 2015) (same); *In re James River Coal Coal*, No. 14-31848 (Bankr. E.D. Va. April 10, 2014)(same); *In re AMF Bowling Worldwide, Inc.*, Case No. 12-36494 (Bankr. E.D. Va. Nov. 13, 2012)(same). Similar authorization is likewise appropriate in this Case.

**III. The Court Should Authorize the Bank to Continue to Maintain, Service, and Administer the Bank Account in the Ordinary Course of Business.**

22. The Debtor respectfully requests that the Court authorize Wells Fargo, N.A. (the "Bank") at which the Bank Account is maintained to continue to maintain, service, and administer the Bank Account as accounts of the debtor in possession, without interruption and in the ordinary course of business. In this regard, the Bank should be authorized and directed to receive, process, honor and pay any and all checks and other instructions, and drafts payable through, drawn or

directed on the Bank Account after the Petition Date by holders, makers or other parties entitled to issue instructions with respect thereto.

23. The Debtor further requests that the Court authorize the Bank to accept and honor all representations from the Debtor as to which checks, drafts or wires should be honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts or wires are dated before or after the Petition Date. The Debtor also requests that, to the extent the Bank honors a prepetition check or other item drawn on any account either (a) at the direction of the Debtor; (b) in a good-faith belief that the Court has authorized such prepetition check or item to be honored; or (c) as a result of an innocent mistake made despite the above-described protective measures, the Bank shall not be deemed to be liable to the Debtor or its estate on account of such prepetition check or other item honored post-petition. The Debtor respectfully submits that such relief is reasonable and appropriate because the Bank is not able to independently verify or audit whether a particular item may be paid in accordance with a Court order or otherwise. The Debtor further requests that the Bank be authorized to (a) honor the Debtor's directions with respect to the opening, re-opening, and closing of the Bank Account, and (b) accept and hold, or invest, the Debtor's funds in accordance with the Debtor's instructions: provided in each case that the Bank shall not have any liability to any party for relying on such representations.

**IV. The Deposit and Investment Requirements of Section 345(b) of the Bankruptcy Code Should be Waived**

24. Section 345(a) of the Bankruptcy Code authorizes deposit or investment of the money of the estate, such as cash, as "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." 11 U.S.C. § 345(a). Although section 345(a) generally requires that, with respect to deposits and investments that are not "insured or guaranteed by the United States or by a department, agency or instrumentality of the



United States or backed by the full faith and credit of the United States,” the estate must require a bond in favor of the United States secured by the undertaking of a U.S. Trustee approved corporate surety, the court is permitted to dispense with this undertaking “for cause.” 11 U.S.C. § 345(b).

25. The Court’s ability to excuse strict performance of the requirements of section 345(b) of the Bankruptcy Code “for cause” arises from the 1994 amendments to the Bankruptcy Code. The legislative history of those amendments provides, in pertinent part, as follows:

Section 345 of the Code governs investments of the funds of bankruptcy estates. The purpose[] is to make sure that funds of a bankrupt that are obliged to creditors are invested prudently and safely with the eventual goal of being able to satisfy all claims against the bankruptcy estate. Under current law, all investments are required to be FDIC insured, collateralized or bonded. While this requirement is wise in the case of a smaller debtor with limited funds that cannot afford a risky investment to be lost, *it can work to needlessly handcuff larger, more sophisticated debtors*. This section would amend the Code to allow the courts to approve investments other than those permitted by section 345(b) for just cause, thereby overruling *In re Columbia Gas Systems, Inc.*, 33 F.3d 294 (3d Cir. 1994).

*In re Serv. Merch. Co.*, 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999) (quoting H.R. Rep. No. 103-835, at 46-47 (1994), *reprinted in* 1994 U.S.C.C.A.N. 3340, 3355).

26. In determining whether the “cause” standard under section 345(b) of the Bankruptcy Code has been met, courts consider a “totality of the circumstances analysis,” utilizing the following factors: (a) the sophistication of the debtors’ business; (b) the size of the debtors’ business operations; (c) the amount of the funds involved; (d) the bank ratings (Moody’s and Standard and Poor) of the financial institutions where the debtor in possession funds are held; (e) the complexity of the case; (f) the safeguards in place within the debtor’s own business of insuring the safety of the funds; (g) the debtor’s ability to reorganize in the face of a failure of one or more of the financial institutions; (h) the benefit to the debtor; (i) the harm, if any, to the estate; and (j) the reasonableness of the debtor’s request for relief from the section

345(b) requirements in light of the overall circumstances of the case. *In re Serv. Merch.*, 240 B.R. at 896.

27. Here, cause exists to grant a waiver of the requirements of section 345(b) of the Bankruptcy Code as the Bank Account does not typically contain balances in excess of the \$250,000 limit guaranteed by the Federal Deposit Insurance Corporation (“FDIC”). The Bank Account is with a reputable banking institution. The costs associated with satisfying the requirements of section 345(b), in the event the account balance exceeds the FDIC insured limit, make satisfying such requirements impracticable. Therefore, the Court may grant a waiver of the section 345(b) requirement.

**IMMEDIATE RELIEF IS NECESSARY**

28. Bankruptcy Rule 6003 provides that the relief requested in this Motion may be granted if the “relief is necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003. As set forth throughout this Motion, any disruption of the current Cash Management System would substantially diminish or impair the Debtor’s efforts in this chapter 11 case to preserve and maximize the value of its estate.

29. For this reason and those set forth above, the Debtor respectfully submits that Bankruptcy Rule 6003(b) has been satisfied and the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtor and its estates.

**WAIVER OF ANY APPLICABLE STAY**

30. The Debtor also requests that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtor seeks

in this Motion is necessary for the Debtor to operate its business without interruption and to preserve value for their estates. Accordingly, the Debtor respectfully requests that the Court waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

### **NOTICE**

31. Notice of this Motion has been given to: (i) the Office of the United States Trustee; (ii) the Office of the United States Attorney for the Eastern District of Virginia, (iii) Internal Revenue Service, (iv) the Bank; (v) counsel for the proposed DIP Lender; (vi) the Debtor's twenty (20) largest unsecured creditors; (vii) the Debtor's pre-petition secured lenders and its counsel, if known; (viii) all parties that have filed a financing statement asserting a lien in any of the Debtor's assets; and (ix) any party that has filed a request for notice with the Court. The Debtor submits that, under the circumstances, no other or further notice of the Motion is required.

32. No previous request for the relief sought herein has been made by the Debtor to this or any other court.

### **CONCLUSION**

WHEREFORE, for the reasons set forth herein and in the First Day Declaration, the Debtor respectfully requests that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested in the Motion and such other and further relief as is just and proper.

Dated: December 2, 2019

CARDINAL HOMES, INC.

/s/ Michael E. Hastings

Michael E. Hastings (Virginia Bar # 36090)  
Brandy M. Rapp (Virginia Bar # 71385)  
WHITEFORD, TAYLOR & PRESTON LLP  
Two James Center  
1021 E. Cary St., Suite 1700  
Richmond, Virginia 23219  
T: (804) 799-7859  
F: (804) 977-3295  
[mhastings@wtplaw.com](mailto:mhastings@wtplaw.com)  
[brapp@wtplaw.com](mailto:brapp@wtplaw.com)

*Proposed Counsel for the Debtor and  
Debtor in Possession*

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re:

Chapter 11

CARDINAL HOMES, INC.,

Case No. 19-36275-KRH

Debtor.<sup>1</sup>

**ORDER (I) AUTHORIZING CONTINUED USE OF CASH MANAGEMENT SYSTEM,  
(II) AUTHORIZING CONTINUED USE OF EXISTING BUSINESS FORMS AND (III)  
AUTHORIZING USE OF PREPETITION BANK ACCOUNTS, AND (IV) WAIVING  
THE REQUIREMENTS OF SECTION 345(b) OF THE BANKRUPTCY CODE**

This matter came before the Court upon the *Debtor's Motion for Entry of Order (I) Authorizing Continued Use of Cash Management System, (II) Authorizing Continued Use of Existing Business Forms, (III) Authorizing Use of Prepetition Bank Account, and (IV) Waiving the Requirements of Section 345(b) of the Bankruptcy Code* (the "Motion").<sup>2</sup> The Motion was filed by the above-captioned debtor and debtor in possession (the "Debtor"). The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b). This is a core proceeding

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<sup>1</sup> The Debtor in this Chapter 11 Case and the last four digits of its taxpayer identification number are as follows: Cardinal Homes, Inc. (9112). The Debtor's headquarters are located at 525 Barnesville Highway, Wylliesburg, VA 23976.

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Michael E. Hastings (Virginia Bar No. 36090)  
Brandy M. Rapp (Virginia Bar No. 71385)  
WHITEFORD, TAYLOR & PRESTON LLP  
Two James Center  
1021 E. Cary St., Suite 1700  
Richmond, Virginia 23219  
T: (804) 799-7859  
F: (804) 977-3295  
[mhastings@wtplaw.com](mailto:mhastings@wtplaw.com)  
[brapp@wtplaw.com](mailto:brapp@wtplaw.com)

*Proposed Counsel for the Debtor and  
Debtor in Possession*

pursuant to 28 U.S.C. § 157(b)(2). Venue of this chapter 11 case (the “Chapter 11 Case”) in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. Upon due notice, the Court conducted a hearing on the Motion on December 3, 2019 (the “Hearing”). Based on the information presented to the Court at the Hearing, it appearing that notice of the Hearing was appropriate under the circumstances, and after due deliberation and cause appearing therefore; it is hereby

ORDERED, ADJUDGED and DECREED that:

1. The Motion is **GRANTED**, stated herein, on an interim basis pending a final hearing thereon, which is hereby scheduled for December \_\_, 2019 at \_:00 p.m. in the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, 701 E. Broad Street, Courtroom 5000, Richmond, Virginia 23219 (the “Final Hearing”), with any objections to be filed and served so as to be received on or before December \_\_, 2019. If no objections are filed and served in accordance with this Order, no Final Hearing will be held and the Motion is approved by this Order becoming final, and no further order approving the Motion will be required.

2. The Debtor is authorized, but not directed, in the reasonable exercise of its business judgment, (i) to designate, maintain and continue to use, with the same account number, the bank account in existence on the Petition Date (the “Bank Account”); (ii) to use, in their present form, checks and other documents related to the Bank Account; and (iii) to treat the Bank Account for all purposes as accounts of the Debtor as “Debtor in Possession.”

3. Wells Fargo, N.A. (the “Bank”), the financial institution at which the Bank Account is maintained, is hereby authorized and directed to continue to service and administer the Bank Account as an account of the Debtor as debtor in possession without interruption and in the usual and ordinary course, and to receive, process, honor and pay any and all checks and

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings set forth in the Motion.

drafts drawn on the Bank Account after the Petition Date by the holders or makers thereof, as the case may be; provided however, that any check that the Debtor advises the Bank to have been drawn or issued by the Debtor before the Petition Date may be honored by the Bank only if specifically authorized by order of this Court.

4. The Debtor and the Bank (i) may, without further order of this Court, agree to and implement changes to the cash management systems and procedures in the ordinary course of business, including, without limitation, the opening and closing of bank accounts with notice to the United States Trustee and counsel to any official committee appointed in this case; and (ii) in the course of providing cash management services to the Debtor, the Bank is authorized and directed, without further Order of this Court, to continue to deduct from the Bank Account, the Bank's customary fees and expenses associated with the nature of the deposit and cash management services rendered to the Debtor.

5. No later than the close of business on the third business day following entry of this Order, the Debtor shall make reasonable efforts to provide the Bank a list (the "Pre-Petition Check List") of applicable checks that have not been honored prior to the Petition Date (the "Pre-Petition Checks"), designate whether or not such Pre-Petition Checks should be honored pursuant to any orders entered by the Court, and confirm that the Bank's reasonable reliance on the Pre-Petition Check List in connection with its honoring or dishonoring of a Pre-Petition Check, as the case may be, shall not constitute a violation of this Order.

6. The Bank shall implement reasonable handling procedures designed to effectuate the terms of this Order, and no Bank that implements such handling procedures and then honors a prepetition check or other item drawn on any account that is the subject of this Order either (i) at the direction of the Debtor to honor such prepetition check or item, (ii) in good faith belief that

the Court has authorized such prepetition check or item to be honored, or (iii) as a result of an innocent mistake made despite implementation of such handling procedures, shall be deemed in violation of this Order.

7. The Debtor may continue to fund its business and operations, through the Bank Account.

8. The Debtor shall maintain detailed records reflecting all transfers of funds under the terms and conditions providing for by the existing agreement, if any, with the institutions participating in the Debtor's Cash Management System. In connection with the ongoing utilization of its Cash Management System, the Debtor shall continue to maintain detailed records with respect to all transfers of cash so that all transaction may be readily ascertained, traced and recorded properly on the applicable accounts.

9. Nothing contained herein shall prevent the Debtor from opening any new bank accounts or closing any existing bank account as it may deem necessary and appropriate with notice to the United States Trustee, the Debtor's prepetition secured lenders, and to any official committee appointed in this case; provided, however, that any new account shall be with a bank that is insured by the Federal Deposit Insurance Corporation and authorized by U.S Trustee.

10. The Debtor is authorized to continue to use its existing business and correspondence forms until such time as it is reasonably able to effectuate the necessary changes required to add "Debtor in Possession" to such forms, provided that in the case of any of the Debtor's preprinted forms, the Debtor is authorized to continue to use its existing supplies of such forms until depleted and upon depletion, any new checks or forms will bear the legal "Debtor in Possession."



11. The Debtor is authorized to continue utilizing the Cash Management System to manage its cash, in a manner consistent with the Debtor's prepetition practice.

12. The requirement that the Debtor comply with section 345(b) of the Bankruptcy Code is hereby waived.

13. The Debtor is authorized and empowered to take all actions necessary to implement the relief granted in this Order.

14. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

15. The requirements of Bankruptcy Rule 6003 are satisfied.

16. The Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation of this Order.

17. Within two (2) business days following entry of this Order, the Debtor shall serve, by United States mail, first-class postage prepaid, a copy of this Order on: (i) the Office of the United States Trustee; (ii) the Office of the United States Attorney for the Eastern District of Virginia, (iii) Internal Revenue Service, (iv) the Bank; (v) counsel for the proposed DIP Lender; (vi) the Debtor's twenty (20) largest unsecured creditors; (vii) the Debtor's pre-petition secured lenders and their counsel, if known; (viii) all parties that have filed a financing statement asserting a lien in any of the Debtor's assets; and (ix) any party that has filed a request for notice with the Court.

Dated: \_\_\_\_\_

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE

Entered on Docket \_\_\_\_\_

WE ASK FOR THIS:

/s/ Michael E. Hastings

Michael E. Hastings (Virginia Bar No. 36090)

Brandy M. Rapp (Virginia Bar No. 71385)

WHITEFORD, TAYLOR & PRESTON LLP

Two James Center

1021 E. Cary St., Suite 1700

Richmond, Virginia 23219

T: (804) 799-7859

F: (804) 977-3295

[mhastings@wtplaw.com](mailto:mhastings@wtplaw.com)

[brapp@wtplaw.com](mailto:brapp@wtplaw.com)

*Proposed Counsel for the Debtor and Debtor in Possession*

Local Rule 9022-1(C) Certification

The foregoing Order was endorsed by and/or served upon all necessary parties pursuant to Local Rule 9022-1(C).

/s/ Michael E. Hastings

Michael E. Hastings