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8 UNITED STATES BANKRUPTCY COURT  
9 EASTERN DISTRICT OF CALIFORNIA  
10 SACRAMENTO DIVISION

11 In re:  
12 INTERNATIONAL  
MANUFACTURING GROUP, INC.,  
13

CASE NO.: 14-25820-D-11

Chapter 11

DCN: FWP-24

14 Date: June 10, 2015  
15 Time: 10:00 a.m.  
16 Courtroom: 34  
501 I Street, 6<sup>th</sup> Floor  
Sacramento, CA

17 **ORDER AUTHORIZING SECOND MOTION TO USE CASH COLLATERAL**

18 On June 10, 2015, the motion of Beverly N. McFarland, the duly-appointed and acting  
19 Chapter 11 Trustee (the "Trustee") in the above-referenced case, seeking an Order Authorizing  
20 Use of Cash Collateral (the "Motion") came on for hearing on the Court's 10:00 a.m. law and  
21 motion calendar (the "Hearing"). The Trustee appeared through her counsel, Thomas A.  
22 Willoughby. Other appearances were noted on the record. All capitalized terms used but not  
23 defined herein shall have the meanings given to them in the Motion.

24 The Court has considered the Motion and the matters reflected in the record of the  
25 Hearing, including the proposed cash collateral budget filed with the Motion, which is attached  
26 as Exhibit 1 and incorporated herein by this reference (the "Budget). The findings of fact and  
27 conclusions of law were stated orally on the record, and for good cause showing:

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June 10, 2015

CLERK, U. S. BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
0005544963

1 IT IS HEREBY ORDERED that:

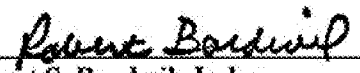
2 1. The Motion is granted on the terms and condition set forth below.

3 2. The Trustee is hereby authorized to use and disburse as that term is defined in  
4 section 363(a), including without limitation, all funds including the original \$612,000 deposit  
5 which represents proceeds from the sale of the IMG business assets plus any accrued interest  
6 contained in Rabobank NA account number ending in 6637, in accord with the Budget, and  
7 Rabobank NA is authorized and directed to release and unblock such funds immediately when  
8 presented with this Order by the Trustee.

9 3. Trustee is also authorized to close the blocked account upon transfer of all funds  
10 per this Court Order and the Trustee's instructions to Rabobank.

11 4. The Trustee is further authorized to spend in the aggregate up to a ten percent  
12 (10%) variance from the gross amount sought to be expended per quarter in the Budget during the  
13 Cash Collateral Period for actual and necessary costs and expenses that must be expended to  
14 preserve the assets of the estate.

15 **Dated:** June 11, 2015

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18 Robert S. Bardwil, Judge  
19 United States Bankruptcy Court  
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# **EXHIBIT 1**

**Case 14-25820 Filed 06/11/15 Doc 713**  
**International Manufacturing Group, Inc. and Consolidated Entities**

Cash Collateral Estimated Budget through March 31, 2016

Estimated Cash on Hand at May 7, 2015	1,195,482
Estimated Gross Proceeds - Mar Settlement	<u>190,000</u>
Estimated Unencumbered Funds on Hand [1]	<u>1,385,482</u>

BUDGET	Quarter 2 2015	Quarter 3 2015	Quarter 4 2015	Quarter 1 2016	TOTAL
Diamond McCarthy - Estimated Litigation Expense Reimbursement	87,500	87,500	87,500	87,500	350,000
Diamond McCarthy - Fee Percentage from Estimated Mar Settlement	63,333	-	-	-	63,333
Hank Spacone, Chapter 7 Trustee - Percentage from Estimated Mar Settlement	31,667	-	-	-	31,667
IMGF Funding - Percentage from Estimated Mar Settlement	25,333	-	-	-	25,333
Beverly McFarland, Chapter 11 Trustee - Fees and Expenses	222,789	-	-	-	222,789
Felderstein, Fitzgerald, Willoughby and Pascuzzi - Fees and Expenses [2]	411,875	-	-	-	411,875
Gabrielson & Company - Professional Fees and Expenses [2]	127,020	-	-	-	127,020
Teraoka, et al. - Professional Fees and Expenses [2]	12,571				12,571
Joseph & Cohen - Professional Fees and Expenses [2] & [4]	63,459				63,459
Karen Rushing - Estimated Bookkeeping and Financial Research	7,500	7,500	7,500	7,500	30,000
Estimated State Income Taxes	6,000	-	-	9,600	15,600
Trustee Bond	-	-	-	8,500	8,500
Storage Unit	-	-	-	2,600	2,600
Capital Network Solutions - Estimated IT Services	5,000	500	500	500	6,500
US Trustee Quarterly Fees	6,500	975	975	975	9,425
Estimated Administrative Expenses	625	625	625	625	2,500
Postage Machine - Estimated Final Invoice	750	-	-	-	750
Waste Management - Estimated Final Pick Up and Dump Costs	900	-	-	-	900
Estimated Final Utilities	500	-	-	-	500
Quarterly and Total Reserve Budget	<u>1,073,323</u>	<u>97,100</u>	<u>97,100</u>	<u>117,800</u>	<u>1,385,323</u>

Funds In Excess of Budget	160
Proceeds from Sale of Real Property (Blocked Acct) [3]	<u>364,913</u>
Total Funds In Excess of Budget Reserve	<u>365,073</u>

**Footnotes:**

- [1] The "Estimated Unencumbered Funds" include approximately \$600,000 that is subject to potential unknown and unperfected liens or interests ("Unrecorded Liens"). Filed concurrently herewith is a motion to estimate such Unrecorded Liens at \$-0-. The cash collateral motion presumes the funds that may be subject to Unrecorded Liens will not be used to pay the proposed interim professional fees.
- [2] Payment of 70% of professional fees and 100% of expenses - Through March 31, 2015:
- |                                     | 100% Fees         | 100% Expenses    | 70% Fees Paid     | 100% Exp Paid    | Total             |
|-------------------------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Felderstein, Fitzgerald, Willoughby | 540,916.00        | 33,234.24        | 378,641.20        | 33,234.24        | 411,875.44        |
| Gabrielson & Company                | 175,385.50        | 4,250.64         | 122,769.85        | 4,250.64         | 127,020.49        |
| Joseph & Cohen                      | 87,976.35         | 1,875.68         | 61,583.45         | 1,875.68         | 63,459.12         |
| Teraoka, et al.                     | 17,767.50         | 133.28           | 12,437.25         | 133.28           | 12,570.53         |
|                                     | <u>822,045.35</u> | <u>39,493.84</u> | <u>575,431.75</u> | <u>39,493.84</u> | <u>614,925.58</u> |
- [3] Filed concurrently herewith are interim fee application by these professionals seeking approval for payment of these requested fees and expenses
- [4] The \$364,913 proceeds of the F Street Sale were deposited in a blocked account and the cash collateral motion does not seek to use these funds.
- [4] Though both estates are jointly and severally liable for 100% of the Committee's professional costs, for the purposes of this cash collateral motion only, it is assumed that IMG will pay 70% of Committee Counsel's allowed present interim fees and costs. The ultimate allocation between the estates will be addressed at a later time.