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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

<p>14 In re:</p> <p>15 COLOREP, INC., a California corporation,</p> <p>16</p> <p>17 Debtor.</p> <p>18 Tax I.D. No. 94-3055023</p> <hr/> <p>20 In re:</p> <p>21 TRANSPRINT USA, INC., a Virginia corporation,</p> <p>22</p> <p>23 Debtor.</p> <p>24 Tax I.D. No. 94-3055026</p> <hr/>	<p>) Case No. 13-bk-27689-WB</p> <p>)</p> <p>) Chapter 11</p> <p>)</p> <p>) (Motion for Joint Administration With</p> <p>) Case No. 13-bk-27698-WB Pending)</p> <p>)</p> <p>) EMERGENCY MOTION FOR ORDER</p> <p>) PURSUANT TO 11 U.S.C. §§ 105 AND 363</p> <p>) AUTHORIZING (1) THE CONTINUED</p> <p>) MAINTENANCE OF CERTAIN EXISTING</p> <p>) BANK ACCOUNTS; (2) THE CONTINUED</p> <p>) USE OF EXISTING CASH MANAGEMENT</p> <p>) SYSTEM; AND (3) THE CONTINUED USE</p> <p>) OF EXISTING BUSINESS FORMS;</p> <p>) MEMORANDUM OF POINTS AND</p> <p>) AUTHORITIES IN SUPPORT THEREOF</p> <p>)</p> <p>)</p> <p>) <u>Hearing Date</u></p> <p>) Date: July 15, 2013</p> <p>) Time: 2:00 p.m.</p> <p>) Location: Courtroom 1375</p> <p>) 255 East Temple Street</p> <p>) Los Angeles, CA 90012</p>
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11 U.S.C. § 1051

11 U.S.C. § 3631

11 U.S.C. § 1107(a)4

11 U.S.C. § 11084

28 U.S.C. § 157(b)4

28 U.S.C. § 13344

28 U.S.C. § 14084

28 U.S.C. § 14094

STATUTES

Local Bankruptcy Rules 2081-1(a)1

Local Bankruptcy Rules 9075-1(a)1, 3

1 **TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE, THE OFFICE OF THE**
2 **UNITED STATES TRUSTEE, THE DEBTORS' TWENTY LARGEST UNSECURED**
3 **CREDITORS, THE DEBTORS' BANKS, THE DEBTORS' SECURED LENDER, OTHER**
4 **CREDITORS ASSERTING A SECURITY INTEREST IN OR LIEN UPON THE DEBTORS'**
5 **ASSETS, AND OTHER PARTIES IN INTEREST:**

6 Colorep, Inc. ("**Colorep**") and Transprint USA, Inc. ("**Transprint**"), the debtors and
7 debtors in possession in the above-captioned cases (together, the "**Debtors**") hereby move (the
8 "**Motion**") the Court for entry of an order, in substantially the form annexed hereto as Exhibit "1",
9 pursuant to sections 105 and 363 of chapter 11 of title 11 of the United States Code: (a) authorizing
10 continued use of certain existing bank accounts; (b) authorizing continued use of the existing cash
11 management system; (c) authorizing continued use of existing business forms (including, but not
12 limited to, letterhead, purchase orders and invoices); and (d) granting such other and further relief as
13 is just and proper.

14 The Debtors request, pursuant to Local Bankruptcy Rules 2081-1(a) and 9075-1(a),
15 that the Court schedule a hearing on this Motion on less than 2 court days notice, upon timely notice
16 to the Office of the United States Trustee ("**UST**"), the Debtors' twenty largest unsecured creditors,
17 the Debtors' banks, the Debtors' secured lender, other creditors asserting a security interest in or lien
18 upon the Debtors' assets, and other interested parties, if any (together, the "**Interested Parties**"). A
19 copy of this Motion was served, concurrent with the filing hereof with the Court, on the Interested
20 Parties by courier or overnight delivery.

21 **SUMMARY OF RELIEF REQUESTED**

22 The operating guidelines (the "**Guidelines**") issued by the UST mandate that the
23 Debtors close all of their pre-petition bank accounts. In accordance with the Guidelines, the Debtors
24 intend to close all of their general operating accounts at Union Bank, N.A. (the "**Operating**
25 **Accounts**"), their funding accounts at Union Bank, N.A. (the "**Funding Accounts**") and their
26 general account at Wells Fargo (the "**General Account**") and open new debtor in possession
27 operating accounts (the "**DIP Operating Accounts**") and new funding accounts (the "**DIP Funding**
28 **Accounts**" and together with the DIP Operating Accounts, the "**DIP Accounts**") at an approved
depository. However, the Debtors require the immediate and uninterrupted use of certain pre-
petition deposit accounts (the "**Deposit Accounts**") during the 21-day period after the Petition Date,

1 through and including July 31, 2013, to ensure that payments made by their customers are timely
2 received and processed pending the dissemination of new account information to the Debtors'
3 customer. The receipt of receivables is essential to the success of the Debtors' ongoing business
4 operations pending the sale of their assets, as the Debtors will be using cash receipts to help fund
5 their ordinary course operating expenses, including payroll expenses, overhead expenses, and the
6 cost of acquiring necessary raw materials to meet customer demands and purchase parts and supplies
7 required for manufacturing. Closing even one of the Deposit Accounts before providing adequate
8 time for customers to receive and act on the new remittance instructions, would have an irrevocably
9 disruptive effect on the Debtors' operations and consequently diminish the going concern value of
10 the Debtors' businesses. Thus, the Debtors request a limited waiver, for 21 days after the Petition
11 Date, of the requirement that the Debtors close the Operating Accounts (the "**Waiver Period**").
12 During the Waiver Period, the Debtors will provide each of their customers notice that, at the end of
13 the Waiver Period, new Deposit Accounts will be opened with an approved depository. The Debtors
14 will not have any check-writing or wiring authority from the Deposit Accounts during the Waiver
15 Period, and will sweep all funds in the Deposit Accounts to the DIP Operating Accounts on a daily
16 basis. The Waiver Period will ensure that the Debtors are able to maintain an interrupted stream of
17 payments during the most critical period in these chapter 11 cases.

18 In addition, it is important that the Debtors have the authority, in their discretion and
19 business judgment, to continue the use of their existing cash management system and business forms
20 (including, but not limited to, letterhead, purchase orders and invoices). As described more fully in
21 the Memorandum of Points and Authorities below, changes to the Debtors' existing cash
22 management system, including its online banking functionality, would have a disruptive effect on
23 the Debtors' operations, with no attendant value to the Debtors' estates or creditors. Similarly, the
24 costs associated with requiring the Debtors to obtain new debtor in possession correspondence and
25 business forms would significantly outweigh the benefits associated with the new forms, if any,
26 especially in light of the fact that the Debtors will open new "debtor in possession" bank accounts
27 with checks designating their status as debtors in possession and intend to provide notice of these
28 chapter 11 cases to all of their creditors and other parties in interest. Thus, the Debtors seek

1 authority, in their discretion and business judgment, to maintain both their current cash management
2 system and their current business forms.

3 This Motion is based on the Memorandum of Points and Authorities below, the
4 evidence contained in the "Declaration Of Mark A. Fox In Support Of First Day Motions" (the "**Fox**
5 **Declaration**") filed concurrently herewith, the record in these cases, and the arguments, evidence,
6 and representations that may be presented at or prior to the hearing on this Motion.

7 **Any response, written or oral, to the Motion may be presented at the time of the**
8 **hearing on the Motion. See LBR 9075-1(a)(7).**

9 **WHEREFORE**, the Debtors respectfully request that this Court enter an order
10 (a) authorizing continued use of the certain existing bank accounts; (b) authorizing continued use of
11 the existing cash management system; (c) authorizing continued use of existing business forms
12 (including, but not limited to, letterhead, purchase orders and invoices); and (d) granting such other
13 and further relief as is just and proper.

14
15
16 Date: July 11, 2013

Respectfully submitted,

17
18 /s/ Margreta M. Morgulas

19 GARY E. KLAUSNER
20 MARGRETA M. MORGULAS, and
21 KIZZY L. JARASHOW
22 STUTMAN, TREISTER & GLATT
23 PROFESSIONAL CORPORATION

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28 [Proposed] Reorganization Counsel for
Debtors and Debtors in Possession

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **STATEMENT OF FACTS¹**

4 **A. Petition Date and Jurisdiction**

5 On July 10, 2013 (the "**Petition Date**"), the debtors and debtors in possession in the
6 above-captioned chapter 11 cases (together, the "**Debtors**"), commenced these cases by filing
7 voluntary petitions under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**").
8 Pursuant to Bankruptcy Code sections 1107(a) and 1108, the Debtors are continuing to manage their
9 financial affairs as debtors in possession.

10 This Court has jurisdiction over the Debtors, these chapter 11 cases and this Motion
11 pursuant to 28 U.S.C. §§ 1334 and 157(b), and venue is proper in this District pursuant to 28 U.S.C.
12 §§ 1408 and 1409.

13 **B. The Debtors' Business**

14 Originally founded as a technology development company in 1989, the company that
15 later became known as Colorep shifted its focus in 2003 to industrial printing applications. By 2005
16 Colorep had advanced its textile technology and had invented a patented process for dyeing and
17 decorating fabric known as AirDye®, which is widely regarded as revolutionary because it does not
18 result in water pollution and significantly reduces energy use, costs and time from design to market.

19 In 2007 Colorep began licensing AirDye® technology to manufacturers and resellers
20 in the home interior, hospitality and apparel industries, which licensing continues to be very
21 profitable for Colorep. Due to the success of the AirDye® technology, in September 2009, Colorep
22 began doing business as "AirDye Solutions."

23 At the end of 2007, Colorep acquired Transprint, a privately held, employee-owned
24 company, with headquarters and manufacturing facilities in Harrisonburg, Virginia.. Transprint, a
25 leading supplier of transfer-printing paper was a strategic and potentially lucrative acquisition for
26 Colorep as it gave Colorep access to manufacturing capabilities, a global customer base, and a
27 design library exceeding 15,000 unique designs. Transprint is the wholly-owned subsidiary of

28 ¹ Terms not otherwise defined herein shall have the same meanings ascribed to them in the preceding Motion.

1 Colorep. Colorep is owned by over 300 shareholders, with interests in 1 or more of the 5 series of
2 preferred stock (Series A-E) and/or in Colorep's common stock. customer relationships and employee
3 morale, and, most importantly, to try and resolve the operational issues faced by the Debtors.

4 From March through June 2013, the Debtors adjusted staffing to appropriate levels,
5 minimized overall expenditures and eliminated expenditures that did not directly support the
6 Debtors' production and research and development operations. Further, the Debtors have focused on
7 rebuilding the most valuable customer and vendor relationships and on minimizing the Debtors'
8 exposure with respect to those relationships that had historically not been profitable. Moreover, the
9 Debtors focused on improving inventory analysis and control with an aim to improving the Debtors'
10 ability to timely meet customer orders. Although significant cash shortages did not permit extensive
11 business development efforts, to the extent feasible, the Debtors have worked to expand the Debtors'
12 licensing activities to new, active markets around the globe.

13 Despite the significant improvements made since March 2013, it became clear in June
14 2013, that the Debtors could not continue to operate absent either a de-leveraging of their balance
15 sheet or significant, additional capital infusions. When it became clear that new capital would not be
16 available on reasonable terms, the Debtors determined that a chapter 11 process whereby the value
17 of the Debtors' assets could be maximized through an efficient sale process was the only feasible
18 alternative.

19 **C. Events Leading to Chapter 11 Filing**

20 In 2011, the Debtors began experiencing significant cash flow constraints, which
21 rendered the Debtors unable to pay ordinary course operating expenses, pay overhead, acquire
22 necessary raw materials to meet customer demands and purchase parts and supplies required for the
23 maintenance of their equipment and manufacturing and production facility in Virginia. As a result,
24 the quality and availability of the Debtors' product began to decline and its key vendor and customer
25 relationships eroded.

26 In or around June 2011, the Debtors entered into that certain Loan and Security
27 Agreement (as amended, supplemented and modified, the "**Meserole Prepetition Loan**
28 **Agreement**") with Meserole, LLC ("**Meserole**"). Pursuant to the Meserole Prepetition Loan

1 Agreement, the Debtors had the ability to access up to \$25 million on the terms and conditions set
2 forth in the Meserole Prepetition Loan Agreement. In exchange, the Debtors granted Meserole a
3 first priority secured lien on virtually all of their tangible and intangible assets.

4 Unfortunately, the Meserole loan did not result in the stabilization of the Debtors'
5 operations as had been hoped. Accordingly, throughout 2012, the Debtors continued to experience
6 cash shortages and, therefore, were unable to purchase necessary raw materials and timely produce
7 ordered product. Further, the Debtors were unable to sustain the quality of the product they did
8 produce as they lacked the capital necessary to improve or even perform necessary service and
9 repairs to the equipment utilized in their production process. The Debtors' inability to timely meet
10 demand and resolve the increasing quality control issues resulted in material cancellations and an
11 ever-shrinking customer base.

12 The Debtors' working capital constraints also resulted in their inability to meet their
13 obligations to their employees in a timely and consistent manner. This resulted in significant morale
14 issues and ultimately in the loss of many key employees in 2012, which further diminished their
15 capacity to fulfill customer orders and meet obligations to vendors.

16 By the end of 2012, the situation had worsened and the Debtors went through a
17 number of "dark" periods during which time production halted completely and employees went
18 unpaid.

19 In March 2013, the Debtors, with the consent of their primary secured lenders, hired
20 Mark A. Fox of The Fox Group as the Chief Restructuring Officer and interim Chief Executive
21 Officer. Since that time, the Debtors have worked to improve customer relationships and employee
22 morale, and, most importantly, to try and resolve the operational issues faced by the Debtors.

23 From March through June 2013, the Debtors adjusted staffing to appropriate levels,
24 minimized overall expenditures and eliminated expenditures that did not directly support the
25 Debtors' production and research and development operations. Further, the Debtors have focused on
26 rebuilding the most valuable customer and vendor relationships and on minimizing the Debtors'
27 exposure with respect to those relationships that had historically not been profitable. Moreover, the
28 Debtors focused on improving inventory analysis and control with an aim to improving the Debtors'

1 ability to timely meet customer orders. Although significant cash shortages did not permit extensive
2 business development efforts, to the extent feasible, the Debtors have worked to expand the Debtors'
3 licensing activities to new, active markets around the globe.

4 Despite the significant improvements made since March 2013, it became clear in June
5 2013, that the Debtors could not continue to operate absent either a de-leveraging of their balance
6 sheet or significant, additional capital infusions. When it became clear that new capital would not be
7 available on reasonable terms, the Debtors determined that a chapter 11 process whereby the value
8 of the Debtors' assets could be maximized through an efficient sale process was the only feasible
9 alternative.

10 **D. The Prepetition Bank Accounts**

11 **1. The Funding Accounts.**

12 Prior to the Petition Date, the Debtors maintained two (2) funding accounts at Union
13 Bank, N.A. (the "**Funding Accounts**"). The Funding Accounts held money funded under the
14 Debtors' prepetition loan agreement. Funds in the Funding Accounts were swept to the Debtors'
15 operating accounts to pay operating expenses on an as needed basis. On the Petition Date, the
16 Debtors will close these accounts and open new debtor in possession funding accounts (the "**DIP**
17 **Funding Accounts**") that will hold money funded under the Debtors' postpetition financing facility.

18 **2. The Operating Accounts.**

19 Prior to the Petition Date, the Debtors maintained three (3) operating account at
20 Union Bank, N.A., one (1) in the name of Colorep, bearing Account No. 1100970506 (the "**Colorep**
21 **Operating Account**"), and two (2) in the name of Transprint, bearing Account Nos. 3340060708
22 and 4100004181 (the "**Transprint Operating Accounts**" and together with the Colorep Operating
23 Account, the "**Operating Accounts**"). Each of the Operating Accounts were funded by
24 disbursements from their company's respective deposit accounts (described below). Through their
25 Operating Accounts, the Debtors paid their vendors, payroll and other operational expenses. On the
26 Petition Date, the Debtors will close their Operating Accounts and open new debtor in possession
27 accounts (the "**DIP Operating Accounts**") with an approved depository. Funds from the Debtors'
28 existing Deposit Accounts (defined below), will be swept daily into the DIP Operating Accounts,

1 and will be used to pay the Debtors' obligations to vendors, employees and other ordinary course
2 operational expenses.

3 **3. The Deposit Accounts.**

4 The Debtors also maintain three (3) deposit accounts, two (2) in the name of Colorep,
5 bearing Account Nos. 1441098918 and 3523000028 (the "**Colorep Deposit Accounts**"), and one (1)
6 in the name of Transprint, bearing Account No. 3523000044 (the "**Transprint Deposit Account**")
7 and together with the "**Colorep Deposit Accounts**," the "**Deposit Accounts**"). A list of the Debtors'
8 Deposit Accounts is attached hereto as Exhibit "2." The Deposit Accounts are all maintained at
9 Union Bank, N.A., and are used to collect customer remittances, which in turn are used to fund
10 essential business expenses such as payroll through the Operating Accounts. Prior to the Petition
11 Date, the Deposit Accounts were manual transfer accounts, and the funds in the Deposit Accounts
12 were transferred to the Operating Accounts on an as-needed basis. Generally, funds from the
13 Deposit Accounts were transferred to the Operating Accounts (and/or the General Account,
14 described below) approximately three to four times per week. After the Petition Date, the Debtors
15 will not have the ability to write checks or make wires from the Deposit Accounts, and the Deposit
16 Accounts will be swept daily into the DIP Operating Accounts. The Debtors' intend to close all
17 existing Deposit Accounts no later than sixty (60) days after the Petition Date, and will open new
18 debtor in possession deposit accounts (the "**DIP Deposit Accounts**") with an approved depository.

19
20 **4. The General Account**

21 Prior to the Petition Date, the Debtors maintained one general account at Wells Fargo,
22 bearing Account No. 2050000472204 (the "**General Account**" and together with the Funding
23 Accounts, the Operating Accounts and the Deposit Accounts, the "**Prepetition Accounts**"). This
24 account was used for the occasional check that would get mailed to the Debtors' office instead of its
25 lock box. The funds in the General Account were used for operations, and could be wired out
26 directly to vendors or wired into the Transprint Operating Account ending in 4181. On the Petition
27 Date, the Debtors will close the General Account.

1 **E. The Debtors' Cash Management System.**

2 Prepetition, the Debtors accessed and controlled the Prepetition Accounts from their
3 offices through the use of the on-line banking system. In the ordinary course of business, the
4 centralized on-line banking system was utilized to transfer monies collected by the Debtors to fund
5 business operations. The banking system also facilitated cash forecasting and reporting, and allowed
6 the Debtors to monitor collections and disbursement of funds, and maintain control over the
7 administration of the various bank accounts. The Debtors' online banking functionality and all other
8 procedures that the Debtors use to transfer and monitor funds among accounts allow the Debtors to
9 conduct business in the ordinary course, and collectively comprise the Debtors' "Cash Management
10 System." The benefits that the Cash Management System provide are critical to the Debtors'
11 collection, disbursement, and movement of cash, and the Debtors are seeking the ability to continue
12 utilizing its Cash Management System after the Petition Date.

13 The Cash Management System assures prompt receipt and allocation of funds and the
14 generation of timely and accurate financial information necessary to manage the Debtors' operations.
15 Failure to preserve the Cash Management System in essentially the same manner as it existed pre-
16 petition, particularly at a time when the Debtors are subject to the operational dislocation attendant
17 to these chapter 11 filings, would severely disrupt the Debtors' ordinary financial affairs and
18 business operations, and would likely interfere significantly with efforts to preserve and maximize
19 value.

20 **II.**

21 **ARGUMENT**

22 **A. The Debtors Should be Allowed to Maintain Certain Essential Bank Accounts.**

23 The UST has established certain Guidelines for debtors in possession in order to
24 supervise the administration of chapter 11 cases. These Guidelines require chapter 11 debtors to,
25 among other things: (a) close all existing bank accounts immediately upon filing; (b) establish one
26 general debtor in possession account for all estate monies into which all receipts should be deposited
27 and through which all disbursements should be made; (c) establish one debtor in possession tax
28 account; (d) establish one debtor in possession payroll account; and (e) obtain checks and/or bank

1 signature cards for all debtor in possession accounts which bear the designation "debtor in
2 possession" and prominently feature the debtor's chapter 11 case number.

3 In accordance with the Guidelines, the Debtors will close all of their Prepetition
4 Accounts, with the sole exception of the Debtors' Deposit Accounts, which Deposit Accounts shall
5 remain open and subject to the prepetition deposit account control agreements in favor of Meserole.
6 By this Motion, the Debtors seek a limited, 21-day waiver of the UST's requirement that their
7 Deposit Accounts, described above and listed on Exhibit "2" hereto, be closed and new debtor in
8 possession deposit accounts be opened post-petition.² During the 21 day waiver period (the
9 "**Waiver Period**"), the Debtors will make sure that each of their customers knows that they will be
10 opening new DIP Deposit Accounts and should forward any and all future payments to the DIP
11 Deposit Accounts. The Debtors believe that the Waiver Period is necessary to ensure that payments
12 made by the Debtors' customers to the Debtors are timely received and processed during the period
13 immediately following the bankruptcy filing. Because the Debtors' will be using cash receipts to
14 help fund its ordinary course operating expenses, the timely receipt of receivables is essential to the
15 success of the Debtors' ongoing business operations pending the sale of their assets. Closing even
16 one of the Deposit Accounts, each of which is an integral link in a cash management structure
17 erected to ensure that the Debtors' expenses are properly funded, would have an irrevocably
18 disruptive effect on the Debtors' operations and consequently diminish the going concern value of
19 the Debtors' businesses pending the sale of their assets.

20 Courts have acknowledged that a bankruptcy court has the discretionary authority to
21 allow the continued use of existing, pre-petition bank accounts. See, e.g., In re Grant Broadcasting
22 of Philadelphia, Inc., 75 B.R. 819, 820 (E.D. Pa. 1987) (referring to order authorizing use of cash
23 collateral and pre-petition bank accounts); In re New York City Shoes, Inc., 78 B.R. 426, 427
24 (Bankr. E.D. Pa. 1987) (debtor depositing post-petition funds into pre-petition bank accounts). Here,
25 the Debtors are only seeking to maintain their Deposit Accounts for a short period of time after the
26 Petition Date, during which time they will alert their customers that they will be opening new

27 _____
28 ² On or before sixty (60) days after the Petition Date, the Debtors will close all of their existing Deposit Accounts and
open new DIP Deposit Accounts at an approved depository.

1 accounts and direct such customers to make future payments into the new debtor in possession
2 accounts. In addition, the Debtors will have no authority to write checks or make wires from the
3 Deposit Accounts during the Waiver Period. The Deposit Accounts will be used solely for receipt of
4 deposits from their customers, and the funds in the Deposit Accounts will be swept daily into the
5 Debtors' DIP Operating Accounts.

6 The Debtors believe that it is crucial that the Deposit Accounts remain open during
7 the Waiver Period so that they maintain an uninterrupted stream of payments from their customers.
8 If the requirement to close all pre-petition bank accounts and open only one general account is
9 enforced in these cases, such requirement would cause enormous disruption to the Debtors' business
10 and its ability to timely meet their payment needs during a critical time in these chapter 11 cases.

11 The Debtors represent that, if the relief requested in this Motion is granted, they will
12 not pay, and Union Bank, N.A. will be directed not to pay, any debts incurred before the Petition
13 Date other than those authorized by this Court. The Debtors reserve the right to issue replacements
14 for dishonored checks relating to pre-petition obligations for which the Court subsequently approves
15 payment.

16 **B. The Debtors Should Be Allowed to Maintain the Cash Management System.**

17 The Cash Management System and related procedures utilized by the Debtors
18 constitute ordinary, usual and essential business practices, and are similar to those used by other
19 comparable corporate enterprises. The Cash Management System provides significant benefits to
20 the Debtors, including the ability to: (a) control corporate funds centrally, (b) ensure availability of
21 funds when necessary, and (c) reduce administrative expenses by facilitating the movement of funds
22 and the development of more timely and accurate balance and presentment information.

23 Furthermore, the use of a centralized Cash Management System reduces interest expenses by
24 enabling the Debtors to utilize all funds within the system to fund the cash requirements of the
25 Debtors.

26 The operation of the Debtors' businesses requires that the Cash Management System
27 continue during the pendency of these chapter 11 cases. The Debtors' Cash Management System
28 allows the Debtors to centrally manage all of their cash flow needs and includes the necessary

1 accounting controls to enable the Debtors, as well as creditors and the Court, to trace funds through
2 the system and ensure that all transactions are adequately documented and readily ascertainable.
3 The Debtors will continue to maintain detailed records reflecting all transfers of funds after the
4 Petition Date. Requiring the Debtors to adopt new, segmented cash management systems at this
5 early and critical stage of these cases would be expensive, create unnecessary administrative
6 problems, and be much more disruptive than productive. Any disruption could have a severe and
7 adverse impact upon the Debtors' ability to reorganize. Moreover, as a practical matter, it would not
8 be possible to establish a new cash management and disbursement system without substantial
9 additional costs and expenses to the Debtors' bankruptcy estates and a significant disruption of the
10 Debtors' business operations. Consequently, maintenance of the existing Cash Management System
11 is not only essential, but is in the best interests of all creditors and other parties in interest.
12
13

14 **C. The Debtor Should Be Authorized To Use Existing Business Forms**

15 In order to minimize expenses to its estate, the Debtors also request that they be
16 authorized, in their discretion and business judgment, to continue to use all correspondence and
17 business forms (including, but not limited to, letterhead, purchase orders and invoices) existing
18 immediately prior to the Petition Date without reference to the Debtors' status as debtors in
19 possession. The Debtors' checks will designate their status as "debtors in possession."³

20 Parties doing business with the Debtors undoubtedly will be aware of the Debtors'
21 status as debtors in possession as a result of the size of this case and any press coverage in the
22 affected areas. Moreover, parties in interest will receive direct notice of the commencement of the
23 Debtors' case, and any payments made by the Debtors will be made from newly opened "debtor in
24 possession" accounts at a UST-approved depository.

25 Changing correspondence and business forms would be expensive, unnecessary, and
26 burdensome to the Debtors' estates and disruptive to the Debtors' business operations and would not

27 ³ As described above, the Debtors will not have any check writing authority from their existing Deposit Accounts, and
28 will be opening a new "debtor in possession" funding account and new debtor in possession operating accounts. The
checks for those accounts will include the debtor in possession designation.

1 confer any benefit upon those dealing with the Debtors. For these reasons, the Debtors request that
2 they be authorized to use existing correspondence and business forms (including, but not limited to,
3 letterhead, purchase orders and invoices) without being required to place the label "Debtor-in-
4 Possession" on each.

5 Courts in other major cases have routinely granted the same or similar relief to
6 chapter 11 debtors. In re Interco Inc., 130 B.R. 301 (Bankr. E.D. Mo. 1991); In re Johnson, 106
7 B.R. 623 (Bankr. D. Neb. 1989).

8 **III.**

9 **CONCLUSION**

10 **WHEREFORE**, the Debtors respectfully request that this Court enter an order:

11 (a) authorizing continued use of the certain existing bank accounts; (b) authorizing continued use of
12 the existing cash management system; (c) authorizing continued use of existing business forms
13 (including, but not limited to, letterhead, purchase orders and invoices); and (d) granting such other
14 and further relief as is just and proper.

15
16 Date: July 11, 2013

Respectfully submitted,

17
18 /s/ Margreta M. Morgulas

19 GARY E. KLAUSNER,
20 MARGRETA M. MORGULAS, and
21 KIZZY L. JARASHOW
STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION

22 [Proposed] Reorganization Counsel for
23 Debtors and Debtors-in-possession
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Exhibit "1"

1 GARY E. KLAUSNER (STATE BAR NO. 69077)
2 MARGRETA M. MORGULAS (STATE BAR NO. 224950), and
3 KIZZY L. JARASHOW (*Pro Hac Vice Application Pending*), Members Of
4 STUTMAN, TREISTER & GLATT
5 PROFESSIONAL CORPORATION
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7 Los Angeles, CA 90067
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11 mmorgulas@stutman.com
12 kjarashow@stutman.com

[Proposed] Reorganization Counsel
for Debtors and Debtors in Possession

Debtors' Mailing Address:
Colorep, Inc. and Transprint USA, Inc.
1000 Pleasant Valley Road
Harrisonburg, VA 22801-9790

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

14 In re:) Case No. 13-bk-27689-WB
15)
16 COLOREP, INC.,) Chapter 11
17 a California corporation,)
18) (Motion for Joint Administration With
19 Debtor.) Case No. 13-bk-27698-WB Pending)

18 Tax I.D. No. 94-3055023)
19) **ORDER PURSUANT TO 11 U.S.C. §§ 105**
20 In re:) **AND 363 AUTHORIZING (1) THE**
21) **CONTINUED MAINTENANCE OF**
22) **CERTAIN EXISTING BANK ACCOUNTS;**
23) **(2) THE CONTINUED USE OF EXISTING**
24) **CASH MANAGEMENT SYSTEM; AND (3)**
25) **THE CONTINUED USE OF EXISTING**
26) **BUSINESS FORMS**

23 Debtor.)
24) **Hearing Date**
25) Date: July 15, 2013
26) Time: 2:00 p.m.
27) Location: Courtroom 1375
28) 255 East Temple Street
Los Angeles, CA 90012

1 Upon review and consideration of the "Emergency Motion for Order Pursuant to 11
2 U.S.C. §§ 105 and 363 Authorizing (1) The Continued Maintenance Of Certain Existing Bank
3 Accounts; (2) The Continued Use Of Existing Cash Management System; And (3) The Continued
4 Use Of Existing Business Forms" (the "**Motion**")¹, filed by the debtors and debtors in possession
5 (together, the "**Debtors**") in the above-captioned chapter 11 cases, as well as the "Declaration of
6 Mark A. Fox In Support Of Emergency First Day Motions" (the "**Fox Declaration**"), all other
7 pleadings and evidence submitted in connection with the Motion, and the arguments of counsel, the
8 Court hereby finds that:

9 1. Notice was appropriate under the circumstances; and
10 2. Good cause exists to grant the relief requested in the Motion and authorize
11 continued maintenance of certain existing bank accounts, the use of the Debtors' existing Cash
12 Management System, and the use of the Debtors' existing business forms.

13 **THEREFORE, IT IS ORDERED THAT:**

14 1. The Motion is granted in its entirety.
15 2. The Debtors are authorized to continue to maintain their existing deposit
16 accounts set forth in Exhibit "2" of the Motion (the "**Deposit Accounts**") for 21 days after the
17 Petition Date, through and including July 31, 2013.
18 3. The Debtors shall not write checks or make wires from the Deposit Accounts
19 during that 21 day period.
20 4. The Debtors shall sweep all funds from the Deposit Accounts to new debtor in
21 possession operating accounts on a daily basis.
22 5. On or before the end of the 21-day period, the Debtors shall close their
23 Deposit Accounts and open new debtor in possession deposit accounts at an approved depository
24 institution.
25 6. The Debtors are authorized to continue to use their existing Cash Management
26 System.

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28 ¹ All capitalized terms not explicitly defined herein shall have the same definition ascribed to them as in the Motion.

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7. The Debtors are authorized to continue to use their existing business forms
(including, but not limited to, letterhead, purchase orders and invoices).

###

Presented by:

/s/ Margreta M. Morgulas
Gary E. Klausner,
Margreta M. Morgulas, and
Kizzy L. Jarashow, members of
STUTMAN, TREISTER & GLATT, P.C.
[Proposed] Reorganization Counsel
for Debtors and Debtors in Possession

Exhibit "2"

Exhibit 2

Debtors' Deposit Accounts

Bank Name and Contact Information	Account Number(s)	Description
Union Bank of California Attn: Jose Duenes 1980 Saturn St. Monterey Park, CA 91755 Phone: 909-244-1254	Account No. 1441098918	Colorep Deposit Account
Union Bank of California Attn: Jose Duenes 1980 Saturn St. Monterey Park, CA 91755 Phone: 909-244-1254	Account No. 3523000028	Colorep Deposit Account
Union Bank of California Attn: Jose Duenes 1980 Saturn St. Monterey Park, CA 91755 Phone: 909-244-1254	Account No. 3523000044	Transprint Deposit Account