

KELLER BENVENUTTI KIM LLP
425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105

1 **KELLER BENVENUTTI KIM LLP**
2 TOBIAS S. KELLER (Cal. Bar No. 151445)
3 (tkeller@kbbkllp.com)
4 DAVID A. TAYLOR (Cal. Bar No. 247433)
5 (dtaylor@kbbkllp.com)
6 THOMAS B. RUPP (Cal. Bar No. 278041)
7 (trupp@kbbkllp.com)
8 425 Market Street, 26th Floor
9 San Francisco, California 94105
10 Telephone: (415) 496-6723
11 Facsimile: (650) 636-9251

12 *Proposed Attorneys for the Debtors and*
13 *Debtors in Possession*

14 **UNITED STATES BANKRUPTCY COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**
16 **SANTA ROSA DIVISION**

17 In re:
18 LEFEVER MATTSON, a California
19 corporation, *et al.*,¹
20
21 Debtors.

Case No. _____ (CN) (Lead Case)

Chapter 11

(Joint Administration Requested)

**MOTION OF DEBTORS FOR
INTERIM AND FINAL ORDERS
(I) APPROVING CONTINUED USE OF
THE DEBTORS' CASH
MANAGEMENT SYSTEM AND BANK
ACCOUNTS; (II) AUTHORIZING THE
DEBTORS TO OPEN AND CLOSE
BANK ACCOUNTS; AND
(III) AUTHORIZING BANKS TO
HONOR CERTAIN PREPETITION
TRANSFERS**

Date: TBD

Time: TBD

Place: United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612

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26 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the
27 large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the
28 last four digits of their federal tax identification numbers is not provided herein. A complete list
of such information may be obtained on the website of the Debtors' proposed claims and noticing
agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd.,
Suite B, Citrus Heights, CA 95621.



1 LeFever Mattson, a California corporation (“LeFever Mattson”), and certain of its affiliates
 2 that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases
 3 (the “Chapter 11 Cases”), hereby move (the “Motion”) this Court pursuant to sections 105(a), 345,
 4 363, and 503(b)(1) of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 6003
 5 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for the entry of
 6 interim and final orders, in substantially the forms attached hereto as **Exhibit A** and **Exhibit B**,
 7 (i) approving the continued use of the current cash management system (the “Cash Management
 8 System”) and existing bank accounts (collectively the “Bank Accounts” and each individually, a
 9 “Bank Account”); (ii) authorizing, but not directing, the Debtors to open and close Bank Accounts;
 10 and (iii) authorizing, but not directing, all banks participating in the current Cash Management
 11 System (collectively, the “Banks”) to honor certain prepetition transfers. In support of this Motion,
 12 the Debtors respectfully represent as follows:

13 The facts and circumstances supporting this Motion are set forth in the *Declaration of*
 14 *Bradley D. Sharp in Support of Chapter 11 Petition and First Day Motions* (the “Sharp
 15 Declaration”), filed contemporaneously herewith and incorporated by reference herein.
 16 Capitalized terms used but not defined herein have the meanings given to them in the Sharp
 17 Declaration.

18 **MEMORANDUM OF POINTS AND AUTHORITIES**

19 **I. JURISDICTION AND VENUE**

20 This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334,
 21 the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24
 22 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules. This is a core proceeding pursuant
 23 to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

24 **II. BACKGROUND**

25 **A. General Background**

26 On the date hereof (the “Petition Date”), LeFever Mattson and the other Debtors filed
 27 voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to
 28 operate their businesses and manage their properties as debtors in possession pursuant to sections

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1 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committee of
2 unsecured creditors has been appointed in any case of the Debtors.

3 **B. LeFever Mattson**

4 LeFever Mattson manages a large real estate portfolio. Timothy LeFever and Kenneth W.
5 Mattson each own 50% of the equity in LeFever Mattson.

6 LeFever Mattson directly or indirectly controls or has ownership interests in 50 limited
7 partnerships (collectively, the “LPs”) and eight limited liability companies (collectively, the
8 “LLCs”), almost all of which are Debtors.² LeFever Mattson invests in real estate primarily
9 through the LLCs and the LPs. LeFever Mattson also owns a small number of properties directly.
10 This structure has allowed LeFever Mattson to pool capital by selling limited partnership or
11 membership interests to outside investors, while typically reserving an ownership interest for itself
12 as general partner or managing member.

13 LeFever Mattson also has ownership interests in four California corporations: Debtor
14 Home Tax Service of America, Inc., dba LeFever Mattson Property Management (the “Property
15 Manager”), which provides property management services, including to those properties owned
16 by the LPs and the LLCs; Debtor California Investment Properties, a California corporation (a real
17 estate brokerage), and non-debtors Pineapple Bear, a California corporation (which offers
18 hospitality and catering services), and Harrow Cellars, a California corporation (which operates a
19 winery and related businesses).

20 As of the Petition Date, Bradley D. Sharp has been appointed the Chief Restructuring
21 Officer of the Debtors. Since Mr. Sharp’s engagement on July 18, 2024, he has worked closely
22 with the Debtors in their efforts to maximize enterprise value in the wake of what, in retrospect
23 and on information and belief, was a decade or more of financial misconduct by Mr. Mattson.

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27 _____
28 ² Two LPs have not yet filed chapter 11 petitions.

C. The Debtor’s Cash Management System

The Property Manger manages all of the Properties, securing tenants, collecting rents (the “Rents”), and paying expenses. To do so efficiently, the Debtors maintain a cash management and disbursement system in the ordinary course of their operations—the Cash Management System. Attached to the Sharp Declaration as Exhibit 2 is a diagram of the Cash Management System. Through this Motion, the Debtors request entry of interim and final orders approving the continued use of their current Cash Management System, Bank Accounts, and business forms.

1. The Bank Accounts

The Debtors have approximately 54 accounts, the Bank Accounts,³ approximately 43 of which are maintained with Citizens Business Bank N.A. (“CB Bank”). The remaining accounts are with Exchange Bank, Umpqua Bank, Wells Fargo Bank, N.A., BMO Bank, N.A. dba Bank of the West, California Bank of Commerce, N.A., and First Bank (collectively, the “Banks”). Attached to the Sharp Declaration as Exhibit 3 is a schedule of the Debtors’ Bank Accounts in existence as of the Petition Date, including the titles and last four digits of the numbers of each (the “Bank Account Schedule”). CB Bank, Exchange Bank, Umpqua Bank, Wells Fargo Bank and BMO Bank are all FDIC-insured institutions and U.S. Trustee Authorized Depositories for debtors in possession in the Northern District of California. The Debtors have two Bank Accounts one at California Bank of Commerce and one at First Bank, that are not authorized depositories (collectively, the “Unauthorized Depository Accounts”). The Debtors are in the process of closing the Unauthorized Depository Accounts and transferring the funds to newly opened CB Bank accounts, which they expect will be accomplished within 30 days of the Petition Date.

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³ The Bank Accounts include the account (the “Windscape Account”) held by the Property Manager on behalf of Windscape Apartments, LLC (“Windscape”), debtor in case number 24-10417 (CN). That account, ending in 3175, was the subject of Windscape’s *Motion of Debtor for Order Approving Continued Use of Cash Management System, Bank Account, and Business Forms* [Windscape Dkt. No. 23] (the “Windscape Cash Management Motion”) which was granted on an interim basis. This Motion includes the Windscape Account and is intended to encompass and supersede the Windscape Cash Management Motion.

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1 The Property Manager holds a bank account in trust for its non-debtor, non-LeFever
2 Mattson related management clients. Those accounts are not debtor in possession accounts and,
3 as such, are not included on the Bank Account Schedule.⁴

4 Each of the LLCs and LPs with operating income has a trust account held by the Property
5 Manager, a Debtor in these Chapter 11 Cases, for that LLC's or LP's benefit. The Rents are
6 deposited into the Bank Account for the LLC or LP owner of that particular Property. This is done
7 through one of four methods: (1) automated clearing house ("ACH") deposits; (2) credit or debit
8 card payments; (3) checks; and (4) third-party payment systems.⁵ Over half of the Debtors'
9 apartment residents make automatic monthly payments through ACH or by credit or debit card.
10 Those payments are (and must be) set up through the Property Manager's online tenant portal and
11 are thereby automatically allocated to the appropriate Property and unit.

12 Disbursements are made from the Bank Accounts after being reviewed and approved by
13 the Property Manager. Essentially, each of the Bank Accounts acts as an operating account for the
14 beneficiary LLC or LP.

15 Closing the Bank Accounts would break the automated connection between those Banks
16 and the tenants' bank accounts, the credit and debit card companies, or third-party payment
17 systems. Tenants would then have to manually pay their rent by mailing checks to the Property
18 Manager, which would take longer to receive and add to the risk of payments being denied for
19 insufficient funds. Those without printed checks would need to go to the expense and hassle of
20 purchasing money orders or cashier's checks. Eventually, residents would be able to reconnect to
21 the automated system, but they would have to reinitiate the process themselves. All of the
22

23
24 ⁴ Property held by a debtor in trust for a third party is not property of the bankruptcy estate.
25 "Property held by a debtor merely as a bailee or an agent for a third-party is not property of the
26 estate within the meaning of § 541(a)(1)." *Interchange Bank v. Warde Elec. Contr. (In re Warde
Elec. Contr.)*, 308 B.R. 659, 664 (S.D.N.Y. 2004). See also *In re Nolan*, 618 B.R. 860, 866–67
(Bankr. C.D. Cal. 2020); *Brady v. United States, SBA (In re Specialty's Café Bakery, Inc.)*, 639
B.R. 548, 554 (Bankr. N.D. Cal. 2022).

27 ⁵ These include the walk-in payment system, WIPS, which allows residents to pay rent
28 with cash and Flexible Finance Inc. which is a rent-financing system that allows residents to pay
in two installments over the course of a month instead of the traditional monthly payment.

1 foregoing would slow the Property Manager's receipt of the Rents, thus disturbing and delaying
2 the Debtors' cash flow.

3 Closing the Bank Accounts would also be a significant administrative burden for the
4 Debtors. With over 50 accounts collecting income from over 946 individual units, closing the
5 existing Bank Accounts and opening new ones would take a potentially overwhelming amount of
6 staff time, in addition to the time necessary to reestablish the automated receipts and payments.
7 At a time when the Debtors' employees are already taxed with the chapter 11 reporting
8 requirements, recreating the Debtors' entire Cash Management System would unnecessarily
9 hamper the Debtors' ability to smoothly transition into Chapter 11.

10 2. The Cash Management Fees

11 From time to time, and in the ordinary course of business, the Debtors incur certain
12 obligations for the maintenance of the Cash Management System. These obligations primarily
13 consist of amounts owed to the Banks for the maintenance of and services related to the Bank
14 Accounts (the "Cash Management Fees"). The Cash Management Fees for the Bank Accounts are
15 withdrawn from the Bank Accounts periodically throughout the month depending on the service
16 needed. The total of the Cash Management Fees averages approximately \$2,000 per month. The
17 Debtors estimate that, other than the September prepetition Cash Management Fees, there are no
18 other accrued, unpaid, and undisputed prepetition amounts outstanding as of the date hereof on
19 account of the Cash Management Fees. Accordingly, the Debtors seek authorization to pay any
20 Cash Management Fees up to an aggregate amount of \$5,000 on an interim basis.

21 3. The Business Forms

22 In the ordinary course of business, the Debtors issue checks and use a variety of business
23 forms, including, but not limited to, leases and invoices (collectively, the "Business Forms"). To
24 prevent disruption to residents, tenants, suppliers and other vendors from new forms or otherwise
25 complying with Bankruptcy Local Rule 2015-1(a), pursuant to this Motion, the Debtors seek
26 authority to continue using its Business Forms substantially in the form used immediately prior to
27 the Petition Date, without reference therein to the Debtors' status as "Debtors in Possession." The
28 Debtors do not believe that any prejudice will be suffered by any party if this relief is granted.

1 **III. RELIEF REQUESTED**

2 The Debtors request authorization to continue using their Cash Management System, Bank
3 Accounts, and Business Forms. As described above, such allowance will benefit the Debtors’
4 estates by maintaining consistency in their receipt of Rents and prevent disruption for their tenants
5 and creditors, aiding the consistency of the Debtors’ cash flow as they begin these Chapter 11
6 Cases.

7 **IV. AUTHORITY FOR RELIEF REQUESTED**

8 The Debtors’ ability to continue to use their Cash Management System in the ordinary
9 course of business is essential to their operations, and abandoning or modifying it would cause
10 them to significantly alter their business operations. The Cash Management System benefits the
11 Debtors by enabling them to: (a) control and monitor corporate funds; (b) ensure cash availability
12 through the timely collection of Rents; and (c) reduce costs and administrative expenses by
13 facilitating the movement of funds. For the reasons set forth herein, the Debtors submit that it is
14 appropriate for the Court to grant the relief requested by this Motion.

15 **A. Continuation of the Cash Management System Is in the Best Interests of the**
16 **Debtor and All Other Parties in Interest**

17 Section 363(c)(1) of the Bankruptcy Code authorizes a debtor to “use property of the estate
18 in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). The
19 purpose of this section is to provide a debtor with the flexibility to engage in the ordinary
20 transactions required to operate its business without excessive oversight by its creditors or the
21 court. *Meoli v. Am. Med. Serv. of San Diego*, 287 B.R. 808, 817 n.3 (S.D. Cal. 2003) (stating that
22 363(c)(1) is designed to provide “wide-ranging management authority over the debtor”); *see also*
23 *In re First Protection, Inc.*, 440 B.R. 821, 833 (B.A.P. 9th Cir. 2010) (a debtor may “enter into
24 transactions, including the sale or lease of property of the estate, in the ordinary course of business,
25 without notice or a hearing, and to use property of the estate in the ordinary course of business
26 without notice or a hearing” when the debtor’s business is being operated under sections 1107 and
27 1108 of the Bankruptcy Code); *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992)
28 (“Section 363 is designed to strike [a] balance, allowing a business to continue its daily operations

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1 without excessive court or creditor oversight and protecting secured creditors and others from
2 dissipation of the estate’s assets.”) (citations omitted); *In re Celsius Network LLC*, 2023 Bankr.
3 LEXIS 187, at *6 (Bankr. S.D.N.Y. Jan. 26, 2023). Included within the purview of section 363(c)
4 of the Bankruptcy Code is a debtor’s ability to continue “routine transactions” necessitated by a
5 debtor’s cash management system. *See, e.g., In re OccMeds Billing Servs., Inc.*, Case No. 07-
6 28444, 2008 WL 73690, at *3 (Bankr. E.D. Cal. Jan. 3, 2008) (noting that so long as bank accounts
7 are not a creditor’s cash collateral, “the debtor does not need the permission of the court to use
8 them in ordinary course of its business”); *In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796
9 (Bankr. D. Del. 2007) (noting that courts have shown a reluctance to interfere in a debtor’s making
10 of routine, day-to-day business decisions) (citations omitted). Accordingly, the Debtors believe
11 they are authorized pursuant to section 363(c)(1) of the Bankruptcy Code to continue the
12 collection, concentration, and disbursement of cash pursuant to their Cash Management System as
13 described above.

14 The Cash Management System constitutes an ordinary-course and essential business
15 practice, providing significant benefits to the Debtors, including the ability to control corporate
16 funds, ensure the maximum availability of funds when and where necessary, reduce administrative
17 expenses by facilitating the movement of funds, and ensure the availability of timely and accurate
18 account balance information consistent with prepetition practices. Accordingly, the continued use
19 of the Cash Management System without interruption is vital to the success of these Chapter 11
20 Cases.

21 The Court may also rely on its equitable powers under section 105 of the Bankruptcy Code
22 to grant the relief requested in this Motion. Section 105(a) of the Bankruptcy Code empowers the
23 Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the
24 provisions of this title.” 11 U.S.C. § 105(a). Accordingly, the Court may authorize the Debtors to
25 continue to maintain the Cash Management System. Under section 1107(a) of the Bankruptcy
26 Code “the debtor in possession has the same fiduciary duties and liabilities as a Trustee. When
27 the debtor is a corporation, corporate officers and directors are considered to be fiduciaries both to
28 the corporate debtor in possession and to the creditors.” *In re Anchorage Nautical Tours, Inc.*, 145

1 B.R. 637, 643 (B.A.P. 9th Cir. 1992); *see also In re Curry & Sorensen, Inc.*, 57 B.R. 824, 828
2 (B.A.P. 9th Cir. 1986).

3 As stated, if the Debtors are required to significantly alter the way in which they collect
4 and disburse cash throughout the Cash Management System, their operations will likely experience
5 disruptions, which will negatively impact the Debtors' estates to the detriment of all parties in
6 interest.

7 In furtherance of the foregoing, the Debtors request that the Banks be authorized to
8 continue to administer the Bank Accounts as they were maintained prepetition, without
9 interruption, in the ordinary course of business. The Banks should also be authorized to pay any
10 and all drafts, wires, and ACH transfers issued on the Bank Accounts for payment of any claims
11 arising before the Petition Date, to the extent payment of such claims are approved by an order of
12 the Bankruptcy Court, in each case so long as sufficient funds exist in these accounts.

13 The Debtors also request that the Banks be allowed to continue to charge their ordinary
14 Cash Management Fees and to offset those fees against credits based on usage and cash balances
15 in the same manner they did prepetition.

16 For the foregoing reasons, continuation of the Cash Management System is necessary,
17 appropriate, and in the best interests of the Debtors, their estates, and all other parties in interest in
18 these Chapter 11 Cases and should be authorized as requested herein.

19 **B. Maintenance of the Debtor's Existing Bank Accounts and Business Forms Is**
20 **Warranted**

21 The *United States Trustee Chapter 11 Operating and Reporting Guidelines for Debtors in*
22 *Possession* (the "UST Guidelines") generally require that a chapter 11 debtor, among other things:
23 (i) establish debtor-in-possession accounts for all estate monies required for the payment of taxes
24 (including payroll taxes); (ii) close all existing bank accounts and open new debtor-in-possession
25 accounts at banks that are designated as "authorized depositories" by the U.S. Trustee; (iii) obtain
26 checks that bear the designation "Debtor-in-Possession"; and (iv) reference the debtor's
27 bankruptcy case number and type of account on each such check. These requirements are designed
28 to establish a clear line of demarcation between prepetition and postpetition claims and payments

1 and to help protect against a debtor's inadvertent payment of prepetition claims by preventing
2 banks from honoring checks drawn before the commencement of a debtor's chapter 11 case.

3 In these Chapter 11 Cases, strict enforcement of the UST Guidelines would disrupt the
4 Debtors' ordinary financial operations by reducing efficiencies, increasing administrative burdens,
5 and creating unnecessary expenses. As stated, with the exception of the Unauthorized Depository
6 Accounts, which will be closed shortly, the Debtors' Bank Accounts are maintained at banks
7 designated as "authorized depositories" by the U.S. Trustee. The opening of new bank accounts
8 would increase operating costs and delay or decrease the collection of Rents, which would
9 negatively impact the Debtors' ability to operate their businesses, to the detriment of all parties in
10 interest.

11 The Debtors believe that their transition into chapter 11 will be significantly smoother and
12 more orderly, with minimum disruption and harm to the Debtors' operations, if the Bank Accounts
13 are continued following the Petition Date with the same account numbers. By preserving business
14 continuity and avoiding the disruption and delay to the Debtors' collection and disbursement
15 procedures that would necessarily result from closing the Bank Accounts and opening new
16 accounts, all parties in interest, including employees, vendors, customers, and creditors, will be
17 best served. The confusion that would otherwise result, absent the relief requested herein, would
18 ill-serve the Debtors' estates. Accordingly, the Debtors respectfully request authority to maintain
19 the Bank Accounts in the ordinary course of business.

20 In the ordinary course of business, the Debtors conduct transactions by debit, wire, ACH,
21 and other similar methods. Accordingly, to avoid any disruption or claims against the Debtors,
22 the Debtors are seeking to continue their prepetition debit, wire, and ACH practices during the
23 Chapter 11 Cases.

24 Although the Debtors request that they be allowed to maintain their prepetition Bank
25 Accounts, the bank at which such accounts are kept must adhere to certain guidelines. Specifically,
26 unless otherwise ordered by this Court, the Banks shall not honor or pay any check issued on
27 account of a prepetition claim. The Banks may honor any checks issued on account of prepetition
28 claims only where this Court has specifically authorized such checks to be honored. Furthermore,

1 the Debtors request that the Banks be authorized to accept and honor all representations from the
2 Debtors as to which checks should be honored or dishonored consistent with any order(s) of this
3 Court, whether or not the checks are dated prior to, on, or subsequent to the Petition Date. The
4 Banks shall not be liable to any party on account of following the Debtors' instructions or
5 representations regarding which checks should be honored. Should the Banks honor a prepetition
6 check, draft, wire transfer, ACH transfer or other debit drawn on Bank Accounts (a) at the direction
7 of the Debtors to honor such prepetition check or item, (b) in a good faith belief that the Court has
8 authorized such prepetition item to be honored, (c) as a result of an innocent mistake made despite
9 the implementation of customary item handling procedures, or (d) consistent with its past practices
10 under the Cash Management System, the Banks shall not be deemed to be, nor shall be, liable to
11 the Debtors or their estates or otherwise in violation of the proposed interim and final orders.
12 Further, the Debtors request that the Banks shall have no liability for any operational processing
13 errors that are the result of human error.

14 To minimize expenses, the Debtors should also be permitted to maintain and continue to
15 use documents providing banking information substantially in the forms existing immediately
16 before the Petition Date. Strict compliance with the UST Guidelines, which require reprinting
17 such documents, would unnecessarily increase the Debtors' expenses and would risk confusing
18 the Debtors' tenants, suppliers, and counterparties. Accordingly, the Debtors believe it is
19 appropriate to continue to use all documents providing banking information as they were in
20 existence prior to the commencement of these Chapter 11 Cases, without any reference to the
21 Debtors' current status as debtors in possession.

22 In short, any benefits of the Debtors' strict compliance with the UST Guidelines would be
23 far outweighed by the resulting expense, inefficiency, and disruption to the Debtors' business.
24 Accordingly, the Debtors request authority to maintain their Bank Accounts and documents
25 providing banking information during the Chapter 11 Cases. Furthermore, the Debtors seek a
26 waiver of the UST Guidelines to the extent that requirements outlined therein otherwise conflict
27 with (i) the Debtors' existing practices under the Cash Management System, (ii) any action taken
28

1 by the Debtors in accordance with the proposed interim and final orders, or (iii) any other order
2 entered in these Chapter 11 Cases.

3 **V. RESERVATION OF RIGHTS**

4 Nothing contained herein is intended to be or shall be construed as (i) an admission as to
5 the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party
6 in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement,
7 contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if the
8 Court grants the relief sought herein, any payment made pursuant to the Court's order is not
9 intended to be and should not be construed as an admission to the validity of any claim or a waiver
10 of the Debtors' rights to dispute such claim subsequently.

11 **VI. REQUEST FOR IMMEDIATE RELIEF AND WAIVER OF STAY**

12 Bankruptcy Rule 6003 provides that, to the extent relief is necessary to avoid immediate
13 and irreparable harm, a bankruptcy court may issue an order granting "a motion to use, sell, lease,
14 or otherwise incur an obligation regarding property of the estate, including a motion to pay all or
15 part of a claim that arose before the filing of the petition" before 21 days after filing of the petition.
16 As described herein, allowing the Debtors to maintain the Cash Management System benefits the
17 Debtors by enabling them to: (a) control and monitor corporate funds; (b) ensure cash availability;
18 and (c) reduce costs and administrative expenses by facilitating the movement of funds.
19 Accordingly, the Motion satisfies the requirements for immediate entry of an order granting the
20 relief requested herein pursuant to Bankruptcy Rule 6003. Similarly, the Debtors request a waiver
21 of the notice requirements under Bankruptcy Rule 6004(a) and any stay of the order granting the
22 relief requested herein pursuant to Bankruptcy Rule 6004(h). As explained above, the relief
23 requested herein is necessary to avoid immediate and irreparable harm to the Debtors.
24 Accordingly, cause exists to justify the waiver of the notice requirements under Bankruptcy Rule
25 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice
26 requirements and stay apply.

27 **VII. NOTICE**

28 Notice of this Motion will be provided to (i) the United States Trustee; (ii) the Secured

1 Lenders; (iii) the parties listed on the Debtors' consolidated *Consolidated List of Creditors Who*
2 *Have the 30 Largest Unsecured Claims and Are Not Insiders*; (iv) the Banks; and (v) those persons
3 who have formally appeared in these Chapter 11 Cases and requested service pursuant to
4 Bankruptcy Rule 2002. Based on the urgency of the circumstances surrounding this Motion and
5 the nature of the relief requested herein, the Debtors respectfully submit that no further notice is
6 required.

7 **WHEREFORE**, the Debtors respectfully request that the Court enter Interim and Final
8 Orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, granting the relief
9 requested herein and for such other and further relief.

10
11 Dated: September 12, 2024

KELLER BENVENUTTI KIM LLP

12
13 By: /s/ Thomas B. Rupp

14 Thomas B. Rupp

15 *Proposed Attorneys for the Debtors and*
16 *Debtors in Possession*
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Exhibit A
(Proposed Interim Order)

1 **KELLER BENVENUTTI KIM LLP**
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3 (tkeller@kbbkllp.com)
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17 In re:

18 LEFEVER MATTSON, a California
19 corporation, *et al.*,¹

20 Debtor.

21 Lead Case No. ___ - _____ (CN)

22 (Jointly Administered)

23 Chapter 11

24 **[PROPOSED] INTERIM ORDER**
25 **(I) APPROVING CONTINUED USE**
26 **OF THE DEBTORS' CASH**
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28 **BANK ACCOUNTS;**
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1 Upon consideration of the *Motion of Debtors for Order (I) Approving Continued Use of*
2 *the Debtors' Cash Management System and Bank Accounts; (II) Authorizing the Debtors to Open*
3 *and Close Bank Accounts; and (III) Authorizing Banks to Honor Certain Prepetition Transfers*
4 (the "Motion"),² filed by the above-captioned debtors and debtors in possession (the "Debtors");
5 the Court having reviewed the Motion and the Sharp Declaration and having considered the
6 statements of counsel and the evidence adduced with respect to the Motion at a hearing before the
7 Court (the "Hearing"); and the Court having found that (i) the Court has jurisdiction to consider
8 the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order*
9 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule
10 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
11 District of California; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409;
12 (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) notice of the Motion and the
13 Hearing was sufficient under the circumstances; and (v) good cause exists to waive the
14 requirements imposed by Bankruptcy Rules 6003 and 6004, to the extent they are applicable; and
15 after due deliberation the Court having determined that the relief requested in the Motion is in the
16 best interests of the Debtors, their estates, and their creditors and necessary to prevent immediate
17 and irreparable harm to the Debtors and their estates; and good and sufficient cause having been
18 shown;

19 **IT IS HEREBY ORDERED THAT:**

- 20 1. The Motion is granted on an interim basis.
- 21 2. The Debtors are authorized, but not directed, to maintain the Cash Management
22 System in substantially the same form as described in the Motion.
- 23 3. The Debtors are authorized, but not directed, to maintain their current Cash
24 Management System and Bank Accounts without interruption.
- 25 4. The Debtors are further authorized to (i) designate, maintain, and continue to use
26 any or all of their existing Bank Accounts, including those listed on the Schedule of Bank Accounts

27 _____
28 ² Capitalized terms not otherwise defined herein shall have the meanings given to them in
the Motion.

1 attached as Exhibit 3 to the Sharp Declaration, with the account numbers existing immediately
2 before the Petition Date, (ii) deposit funds in, and withdraw funds from, such accounts by all usual
3 means, including, without limitation, checks, wire transfers, ACH transfers, and other debits,
4 (iii) pay any bank fees or other charges associated with the Bank Accounts, whether arising before
5 or after the Petition Date, and (iv) treat their prepetition Bank Accounts for all purposes as debtor
6 in possession accounts.

7 5. With the exception of the Unauthorized Depository Accounts, the Debtors are not
8 required to (a) close existing Bank Accounts and open new debtor-in-possession accounts or
9 (b) establish specific Bank Accounts for tax payments. The Debtors may transfer funds into, out
10 of, and through the Cash Management System using ordinary transfer methods in accordance with
11 the Debtors' prepetition practice. The Debtors shall continue to maintain records with respect to
12 all transfers of cash so that all transactions may be readily ascertained, traced, and recorded
13 properly.

14 6. The Debtors are authorized, but not directed, to pay and/or reimburse the Banks in
15 the ordinary course of business for any Cash Management Fees arising prior to or after the Petition
16 Date, and the Banks are authorized to charge and offset against credits owing to the Debtors any
17 Cash Management Fees.

18 7. The Debtors are authorized, but not directed, to continue to use their existing
19 Business Forms without alteration or change and without the designation "Debtor-in-Possession"
20 imprinted upon them.

21 8. The Banks are authorized to accept and hold, or invest, the Debtor's funds in
22 accordance with the Debtors' instructions, provided, in each case, that the Banks shall not have
23 any liability to any party for relying on such representations. Nothing contained herein is intended
24 to or shall modify the Debtors' obligations under section 345 of the Bankruptcy Code.

25 9. The Banks are authorized, but not directed, to accept and honor all representations
26 from the Debtors regarding which checks, drafts, wires, or ACH transfers should be honored or
27 dishonored consistent with any order of this Court, whether such checks, drafts, wires, or ACH
28 transfers are dated prior to, on, or subsequent to the Petition Date; provided, however, that to the

1 extent the Debtors direct the Banks to dishonor any disbursements or the Banks inadvertently
 2 dishonor any disbursements, the Debtors may issue replacement disbursements consistent with the
 3 orders of this Court. The Banks shall not be liable to any party on account of: (i) following the
 4 Debtors' instructions or representations as to any order of this Court; (ii) honoring any prepetition
 5 check or item in a good faith belief that the Court has authorized such prepetition check or item to
 6 be honored; or (iii) an innocent mistake made despite implementation of reasonable item-handling
 7 procedures.

8 10. The Banks are further authorized to: (i) honor the Debtors' directions with respect
 9 to the opening and closing of any Bank Accounts and (ii) accept and hold, or invest, the Debtors'
 10 funds in accordance with the Debtors' instructions, provided, in each case, that the Banks shall not
 11 have any liability to any party for relying on such representations.

12 11. Nothing contained in the Motion or this Order is intended to be or shall be construed
 13 as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors'
 14 or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any
 15 claim against the Debtors; (iii) a waiver of any claims or causes of action that may exist against
 16 any creditor or interest holder; or (iv) an approval, assumption, adoption, or rejection of any
 17 agreement, contract, lease, program, or policy between the Debtors and any third party under
 18 section 365 of the Bankruptcy Code.

19 12. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

20 13. The requirements of Bankruptcy Rule 6004(a) are waived.

21 14. Notwithstanding the provisions of Bankruptcy Rules 6004(h), this Interim Order
 22 shall be immediately effective and enforceable upon its entry.

23 15. A hearing to consider the relief requested in the Motion on a final basis is set for
 24 [____], 2024, at [____] (Pacific Time). Any objections to granting the relief requested on
 25 a final basis must be filed with the Court and served on counsel for the Debtor by [____], 2024.

26 16. The Debtors are hereby authorized to take such actions and to execute such
 27 documents as may be necessary to implement the relief granted by this Order.

28

1 17. The Court retains exclusive jurisdiction with respect to all matters arising from or
2 related to the implementation, interpretation, and enforcement of this Order.

3 ** END OF ORDER **
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KELLER BENVENUTTI KIM LLP
425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105

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425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105

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EXHIBIT B
(Proposed Final Order)

1 **KELLER BENVENUTTI KIM LLP**
 2 TOBIAS S. KELLER (Cal. Bar No. 151445)
 3 (tkeller@kbbkllp.com)
 4 DAVID A. TAYLOR (Cal. Bar No. 247433)
 5 (dtaylor@kbbkllp.com)
 6 THOMAS B. RUPP (Cal. Bar No. 278041)
 (trupp@kbbkllp.com)
 425 Market Street, 26th Floor
 San Francisco, California 94105
 Telephone: (415) 496-6723
 Facsimile: (650) 636-9251

7 *Proposed Attorneys for the Debtors and*
 8 *Debtors in Possession*

9 **UNITED STATES BANKRUPTCY COURT**
 10 **NORTHERN DISTRICT OF CALIFORNIA**
 11 **SANTA ROSA DIVISION**

KELLER BENVENUTTI KIM LLP
 425 MARKET STREET, 26TH FLOOR
 SAN FRANCISCO, CALIFORNIA 94105

12
 13 In re:
 14 LEFEVER MATTSON, a California
 15 corporation, *et al.*,¹
 16 Debtors.

Lead Case No. ___ - ____ (CN)

(Jointly Administered)

Chapter 11

[PROPOSED] FINAL ORDER
(I) APPROVING CONTINUED USE
OF THE DEBTORS' CASH
MANAGEMENT SYSTEM AND
BANK ACCOUNTS;
(II) AUTHORIZING THE DEBTORS
TO OPEN AND CLOSE BANK
ACCOUNTS; AND
(III) AUTHORIZING BANKS TO
HONOR CERTAIN PREPETITION
TRANSFERS

1
 26 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the
 27 large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the
 28 last four digits of their federal tax identification numbers is not provided herein. A complete list
 of such information may be obtained on the website of the Debtors' claims and noticing agent at
<https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B,
 Citrus Heights, CA 95621.

1 Upon consideration of the *Motion of Debtors for Order (I) Approving Continued Use of*
2 *the Debtors' Cash Management System and Bank Accounts; (II) Authorizing the Debtors to Open*
3 *and Close Bank Accounts; and (III) Authorizing Banks to Honor Certain Prepetition Transfers*
4 (the "Motion"),² filed by the above-captioned debtors and debtors in possession (the "Debtors");
5 the Court having reviewed the Motion and the Sharp Declaration and having considered the
6 statements of counsel and the evidence adduced with respect to the Motion at a hearing before the
7 Court (the "Hearing"); and the Court having found that (i) the Court has jurisdiction to consider
8 the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order*
9 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule
10 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
11 District of California; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409;
12 (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and (iv) notice of the Motion and the
13 Hearing was sufficient under the circumstances; and after due deliberation the Court having
14 determined that the relief requested in the Motion is in the best interests of the Debtors, their
15 estates, and their creditors; and good and sufficient cause having been shown;

16 **IT IS HEREBY ORDERED THAT:**

- 17 1. The Motion is granted on a final basis.
- 18 2. The Debtors are authorized, but not directed, to maintain the Cash Management
19 System in substantially the same form as described in the Motion.
- 20 3. The Debtors are authorized, but not directed, to maintain their current Cash
21 Management System and Bank Accounts and without interruption.
- 22 4. The Debtors are further authorized to (i) designate, maintain, and continue to use
23 any or all of their existing Bank Accounts, including those listed on the Schedule of Bank Accounts
24 attached as Exhibit 3 to the Sharp Declaration, with the account numbers existing immediately
25 before the Petition Date, (ii) deposit funds in, and withdraw funds from, such accounts by all usual
26 means, including, without limitation, checks, wire transfers, ACH transfers, and other debits,

27 _____
28 ² Capitalized terms not otherwise defined herein shall have the meanings given to them in
the Motion.

(iii) pay any bank fees or other charges associated with the Bank Accounts, whether arising before or after the Petition Date, and (iv) treat their prepetition Bank Accounts for all purposes as debtor in possession accounts.

5. With the exception of the Unauthorized Depository Accounts, the Debtors are not required to (a) close existing Bank Accounts and open new debtor-in-possession accounts or (b) establish specific Bank Accounts for tax payments. The Debtors may transfer funds into, out of, and through the Cash Management System using ordinary transfer methods in accordance with the Debtors’ prepetition practice. The Debtors shall continue to maintain records with respect to all transfers of cash so that all transactions may be readily ascertained, traced, and recorded properly.

6. The Debtors are authorized, but not directed, to pay and/or reimburse the Banks in the ordinary course of business for any Cash Management Fees arising prior to or after the Petition Date, and the Banks are authorized to charge and offset against credits owing to the Debtors any Cash Management Fees.

7. The Debtors are authorized, but not directed, to continue to use their existing Business Forms without alteration or change and without the designation “Debtor-in-Possession” imprinted upon them.

8. The Banks are authorized to 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. Nothing contained herein is intended to or shall modify the Debtor’s obligations under section 345 of the Bankruptcy Code.

9. The Banks are authorized, but not directed, to accept and honor all representations from the Debtors regarding which checks, drafts, wires, or ACH transfers should be honored or dishonored consistent with any order of this Court, whether such checks, drafts, wires, or ACH transfers are dated prior to, on, or subsequent to the Petition Date; provided, however, that to the extent the Debtors direct the Banks to dishonor any disbursements or the Banks inadvertently dishonor any disbursements, the Debtors may issue replacement disbursements consistent with the orders of this Court. The Banks shall not be liable to any party on account of: (i) following the

KELLER BENVENUTTI KIM LLP
425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105

1 Debtors’ instructions or representations as to any order of this Court; (ii) honoring any prepetition
2 check or item in a good faith belief that the Court has authorized such prepetition check or item to
3 be honored; or (iii) an innocent mistake made despite implementation of reasonable item-handling
4 procedures.

5 10. The Banks are further authorized to: (i) honor the Debtors’ directions with respect
6 to the opening and closing of any Bank Accounts and (ii) accept and hold, or invest, the Debtors’
7 funds in accordance with the Debtors’ instructions, provided, in each case, that the Banks shall not
8 have any liability to any party for relying on such representations.

9 11. Nothing contained in the Motion or this Order is intended to be or shall be construed
10 as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors’
11 or any appropriate party in interest’s rights to dispute the amount of, basis for, or validity of any
12 claim against the Debtors; (iii) a waiver of any claims or causes of action that may exist against
13 any creditor or interest holder; or (iv) an approval, assumption, adoption, or rejection of any
14 agreement, contract, lease, program, or policy between the Debtors and any third party under
15 section 365 of the Bankruptcy Code.

16 12. The Debtors are hereby authorized to take such actions and to execute such
17 documents as may be necessary to implement the relief granted by this Order.

18 13. The Court retains exclusive jurisdiction with respect to all matters arising from or
19 related to the implementation, interpretation, and enforcement of this Order.

20 ** END OF ORDER **
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425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105