

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS

_____))
In re) Chapter 11, No. 15-_____-HJB
))
GML CONSTRUCTION, INC.))
))
))
Debtor))
_____)

**MOTION FOR INTERIM AND FINAL USE OF CASH COLLATERAL AND GRANT OF
ADEQUATE PROTECTION**

To the HONORABLE HENRY J. BOROFF, Bankruptcy Judge:

Now comes GML CONSTRUCTION, INC. ("Debtor" or "GML"), the Debtor in the above-captioned matter, through its counsel, the firm of Hendel & Collins, P.C., and it does hereby move this Court for the entry of an Order, pursuant to 11 U.S.C. §§ 105(a), 363 and 364(c), Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure, and Rule 4001-2 of Massachusetts Local Bankruptcy Rules, providing for the following relief: (i) authorizing the interim use of cash collateral; (ii) providing adequate protection to the Department of the Treasury, Internal Revenue Service, and (iii) scheduling a final hearing on the use of cash collateral. In support of this Motion, the Debtor represents as follows:

BACKGROUND

1. On January 16, 2015, the Debtor filed a Voluntary Petition pursuant to Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code") with the United States Bankruptcy Court

for the District of Massachusetts ("Court"). Pursuant to the provisions of Sections 1107 and 1108 of the Bankruptcy Code, the Debtor intends to continue its business and manage its affairs as a Debtor-In-Possession.

2. GML is a small construction company located at 20 Cottage Street in Wilbraham, Massachusetts. Its financial problems started several years ago when two major projects failed and the Debtor was unable to collect the outstanding accounts receivable. Forced to operate without a credit line or to obtain credit terms from its vendors, the Debtor accrued federal and state tax liabilities, which it has been unable to pay. The Debtor was ultimately forced to seek relief under Chapter 11 of the Bankruptcy Code when tax levies were placed on the Debtor's bank accounts and accounts receivable.

3. During the twelve-month period ending December 31, 2014, GML had gross revenues of \$1,973,232.00. Although the business did not operate profitably during this period, a closer analysis shows a significant improvement in the second half of the year. In addition, GML has recently signed a substantial contract, which management believes will serve as a basis for a successful reorganization.

JURISDICTION

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

PRELIMINARY STATEMENT

5. The Debtor, through this Motion, seeks authority to use such of its assets as may constitute cash collateral in accordance with the budget annexed hereto as Exhibit "A". The use of cash is necessary to enable the Debtor to continue uninterrupted operations, compensate employees, purchase materials, and pay other ongoing and usual necessary expenses incurred in the day to day operation of the business.

6. Due to the circumstances facing the business and the nature of the relief requested, the Debtor requests that an interim hearing on this Motion be scheduled as soon as possible as the use of cash is essential to avoid immediate and irreparable harm to the Debtor.

7. As of the commencement of this case, the principal assets of the business consisted of the following, which are approximated:

Cash	\$ 17,377.14
Accounts Receivable	\$ 426,819.67
Machinery, Equipment, Motor Vehicles, Office Equipment, and Supplies	\$ 367,700.00

8. As of the date of the filing of the Petition, the approximate liabilities of the Debtor include:

Secured Debts:

Internal Revenue Service	\$ 350,898.00
Vehicle and Equipment Liens	\$ 166,373.41

Unsecured Debts:

Department of Revenue	\$ 40,000.00
Trade Debt	\$ 220,446.55

9. The federal tax liens encumber all property and interests in property owned by the Debtor including, but not limited to, cash and accounts receivable.

RELIEF REQUESTED

10. The Debtor seeks authority to use cash and accounts receivable subject to the statutory liens of the Internal Revenue Service to permit the Debtor to continue operation of its business.

11. Absent the requested relief, the Debtor's business would cease, eliminating the well-paying jobs of fourteen (14) employees and significantly diminishing the value of the business as a going concern. The granting of relief, therefore, is in the best interests of the Debtor, its employees, and its secured and unsecured creditors.

ADEQUATE PROTECTION

12. Based upon the value of the Debtor's assets, as estimated herein, the claims of secured creditors are adequately protected. The granting of a post-petition replacement lien in future accounts receivable and other property of the Debtor shall serve as adequate protection of the claims of the Internal Revenue Service.

NOTICE

13. In accordance with the provisions of MLBR 4001-2, notice of this Motion has been given to (i) the Office of the United States Trustee, (ii) the Department of Treasury, Internal Revenue Service, (iii) the largest twenty (20) creditors in the Debtor's Estate, (iv) all creditors having requested notice pursuant to Rule 2002, and (v) the Debtor.

14. The Debtor requests that notice of the final hearing to be scheduled by the Court be deemed sufficient by service of the Interim Order on parties requesting notice, the top twenty (20) creditors in each case, taxing entities, the Department of Treasury, Internal Revenue Service, the Office of the United States Trustee, and on any statutory committee of creditors appointed by the Office of the United States Trustee.

WHEREFORE, the Debtor respectfully requests the entry of the an Order, in substantially the same form as the attached proposed Order, authorizing the use of cash collateral, providing adequate protection to the Internal Revenue Service, scheduling a final hearing on the Motion, prescribing the form and manner of the notice of the final hearing, and providing such other and further relief as the Court may deem just and proper.

GML CONSTRUCTION, INC.

Dated: January 16, 2015

By: /s/ Henry E. Geberth, Jr.
HENRY E. GEBERTH, JR., ESQ.
(BBO No. 187940)
For HENDEL & COLLINS, P.C.
101 State Street
Springfield, MA 01103
Tel. (413) 734-6411
hgeberth@hendelcollins.com

EXHIBIT "A"

60 Day Cash Budget

January 20, 2015 - March 20, 2015

INCOME:

Collection A/R \$250,000.00

TOTAL INCOME \$250,000.00

EXPENSES:

Equipment Payments \$10,000.00

Auto Expense Fuel Maintenance \$4,500.00

Fuel Expense \$20,000.00

Insurance \$24,000.00

Materials \$30,000.00

Office Expense \$2,200.00

Gross Payroll \$100,000.00

Accounting \$4,000.00

Rent \$7,000.00

Repairs/Building \$1,500.00

Repairs/Equipment \$12,000.00

Shop Supplies \$2,500.00

Utility Expenses (Heat, Light) \$4,500.00

TOTAL EXPENSES \$222,200.00

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS

_____))
In re) Chapter 11, No. 15-_____-HJB
))
GML CONSTRUCTION, INC.))
))
))
Debtor))
_____)

**INTERIM ORDER ON MOTION FOR USE OF CASH COLLATERAL AND
GRANT OF ADEQUATE PROTECTION**

At Springfield, in said District, on this ____ day of January,
2015.

Upon the Motion of GML CONSTRUCTION, INC. ("Debtor"), the Debtor and the Debtor-In-Possession in the above case, seeking the entry of an Order authorizing the use of such property of the Estate as may constitute cash collateral ("Motion"), upon notice and hearing, for good cause shown, it is hereby

ORDERED that the Motion is granted on an interim basis, subject to the terms and conditions of this Order; and it is further

ORDERED that the Debtor is authorized to use cash collateral on an interim basis, to pay such usual and necessary operating costs that are (i) consistent with the Bankruptcy Code, applicable Bankruptcy Rules, and the Massachusetts Local Bankruptcy Rules; (ii) provided for in the budget annexed to the Motion as Exhibit "A"; and (iii) authorized by any and all Orders of this Court; and it is further

ORDERED that, in consideration of the authorization of the Debtor's use of cash collateral, the Internal Revenue Service is hereby granted a continuing and uninterrupted post-petition lien in all of the Debtor's assets (other than causes of action and claims under Chapter 5 of the United States Bankruptcy Code or proceeds thereof) to the extent of the validity, perfection, priority, enforceability and sufficiency of its pre-petition liens and to the extent of any diminution in value of its pre-petition collateral; and it is further

ORDERED that the post-petition liens granted by this Interim Order shall be valid and fully perfected without any further action by the Debtor or the Internal Revenue Service; and it is further

ORDERED that the Interim Order and the Debtor's right to use cash collateral shall terminate upon:

1. The conversion of the case to Chapter 7;
2. The appointment of a Chapter 11 Trustee;
3. The entry of a final, unappealable Order terminating the Debtor's right to use cash collateral; or
4. The entry of a final unappealable Order confirming a Plan of Reorganization;

and it is further

ORDERED that a final hearing on the Debtor's use of cash collateral will be held on _____ at _____, at the United States Bankruptcy Court located at 300 State Street, Springfield, Massachusetts. Any party wishing to oppose the entry of the final Order must file a written Objection to the Motion for Use of Cash Collateral with the United States Bankruptcy Court for the District of Massachusetts, 300 State Street, Springfield, Massachusetts, 01103 and serve such Objection upon counsel to the Debtor, Hendel & Collins, P.C., 101 State Street, Springfield, Massachusetts 01103, with a copy to the Office of the United States Trustee, 226 Main Street, Worcester, Massachusetts 01068. Any and all Objections must be received by parties entitled to notice on or before 4:00 p.m. on _____, 2015. Only those Objections that are timely filed and served will be considered by the Court.

Dated:

HONORABLE HENRY J. BOROFF
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS

In re)
) Chapter 11, No. 15-3
)
GML CONSTRUCTION, INC.)
)
)
Debtor)
)
)

CERTIFICATE OF SERVICE

I, HENRY E. GEBERTH, JR., of the law firm of HENDEL & COLLINS, P.C., 101 State Street, Springfield, Massachusetts do hereby certify that I caused a copy of the attached Motion to be served via first class mail and/or the Court's CM/ECF System upon each of the parties listed on the attached Exhibit "A" on the 16th day of January, 2015.

Dated: January 16, 2015

/s/ Henry E. Geberth, Jr.
HENRY E. GEBERTH, JR., ESQ.
(BBO No. 187940)
For HENDEL & COLLINS, P.C.
101 State Street
Springfield, MA 01103
Tel. (413) 734-6411
hgeberth@hendelcollins.com

Exhibit "A"

James Wong
MASSACHUSETTS DEPARTMENT OF REVENUE
P.O. Box 7010
Boston, MA 02204
Telephone: (617) 626-3875
Fax: (617) 626-2330
Email: wongj@dor.state.ma.us

Dennis McCarthy
INTERNAL REVENUE SERVICE
Attn: Bankruptcy Unit
P.O. Box 9112
Boston, MA 02203-9112
Telephone: (617) 565-4959

PRIDE
246 Cottage Street
Springfield, MA 01104-4002
Telephone: (413) 737-6992
Fax: (413) 737-5852

GREENWOOD CREDIT UNION
2669 Post Road
Warwick, RI 02886
Telephone: (401) 739 4600
Email: info@greenwoodcu.org

DUFAULT, VANN & CARELLA
P.O. Box 401
Chicopee, MA 01021
Telephone: (413) 543-6177
Fax: (413) 543-4040

TED ONDRICK CO., LLC
58 Industry Road
Chicopee, MA 01020
Telephone: (413) 592-2081
Fax: (413) 592-7451

FORD MOTOR COMPANY
1 American Road
Dearborn, MI 48126
Telephone: (800) 392-3673

ADLER TANK RENTALS
916 Southbridge Road
Auburn, MA 01501
Telephone: (908) 462-9800
Fax: (908) 561-6474

ARROW CONCRETE, INC.
560 Salmon Brook Street
Granby, CT 06035
Telephone: (860) 653-5063
Fax: (860) 653-0257

BLUE CROSS BLUE SHIELD
P.O. Box 371318
Pittsburg, PA 15250-7318
Telephone: (800) 262-2583

CHADWICK & BAROSS, INC.
237 Sheep Davis Road
Concord, NH 03301
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P.O. Box 12010
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VACUUM TRUCK RENTALS
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