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7 Bankruptcy Counsel for eStyle, Inc.,
Debtor and Debtor in Possession
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10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

13 In re
14 **ESTYLE, INC.**, a Delaware corporation,
dba babystyle, Cadeau, and Cadeau
15 Designs,

16 Debtor.
17
18

19 Tax Id # 95-4712564
20
21
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Case No. 2:08-bk-13518-SB

Chapter 11

**ORDER GRANTING DEBTOR'S
EMERGENCY MOTION FOR ORDER
APPROVING USE OF CASH
COLLATERAL AND GRANTING OF
REPLACEMENT LIENS ON A FINAL
BASIS, AND SETTING HEARING FOR
CONTINUED USE OF CASH
COLLATERAL** *(modified by Court)*

DATE: April 17, 2008
TIME: 2:00 pm.
PLACE: U.S. Bankruptcy Court
Courtroom 1575
255 East Temple Street
Los Angeles, CA 90012

23
24 On April 17, 2008, the Emergency Motion for Interim and Final Orders
25 Authorizing Use of Cash Collateral Pursuant to Section 363(c) of the Bankruptcy Code
26 and Rule 4001(b) of the Federal Rules of Bankruptcy Procedure (the "Motion"), filed by
27 the debtor and debtor in possession, eStyle, Inc., a Delaware corporation, dba babystyle,
28 Cadeau, and Cadeau Designs (the "Debtor"), came on for final hearing before the

FILED & ENTERED

APR 25 2008

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY fortier DEPUTY CLERK

1 Honorable Samuel L. Bufford, United States Bankruptcy Judge, presiding. Appearances
2 are reflected in the record. The Court previously granted the Motion on an interim basis
3 pursuant to an order (the "Interim Order") entered in this case on March 26, 2006. The
4 Interim Order authorized the Debtor's use of cash collateral, as set forth therein, through
5 and including April 17, 2008.

6 Based on the Motion, the memorandum of points and authorities, Omnibus
7 Declaration of Robert S. Kelleher In Support of Debtor's "First-Day" Motions, the
8 Declaration of Richard Alston in Support of the Motion, and the Supplemental Declaration
9 of Robert S. Kelleher in support of the Motion, all papers filed by Wachovia Capital
10 Finance Corporation (Western) ("Wachovia") in connection with the Motion, the Reply
11 and supporting declarations filed by the Debtor in response to objections raised by
12 Wachovia, the documents and pleadings on file herein, all judicially noticeable facts, the
13 arguments and representations of counsel, and such other evidence as was presented at
14 the scheduled hearing, and after finding that this Court has jurisdiction to approve the
15 Motion, and after further finding there is sufficient "cause" to approve the Motion, and for
16 good cause appearing therefor, and in order to prevent harm to the bankruptcy estate,

17 **IT IS HEREBY ORDERED ADJUDGED AND DECREED** as follows:

- 18 1. The Motion is granted on a final basis as set forth below.
- 19 2. The Debtor is authorized to continue to use cash collateral ("Cash
20 Collateral") in which Wachovia and Oak Investment Partners, IX, L.P., Oak IX Affiliates
21 Fund, L.P., Oak IX Affiliates Fund – A, L.P., GRP II, L.P., GRP II Partners, L.P., and GRP
22 II Investors, L.P. (collectively, the "Bridge Lenders") assert an interest.
- 23 3. Subject to the terms and conditions of this Order, for the purpose of
24 funding the necessary expenses of the Debtor's business in the ordinary course of its
25 operations, the Debtor is authorized to use Cash Collateral during the period from
26 April 17, 2008, through and including June 24, 2008 (the "Term"), on a final basis, in
27 accordance with the budget which is attached as Exhibit "1" hereto (the "Budget"). The
28 Debtor shall be permitted to exceed the disbursements forecasted in the Budget,

1 provided that either (1) the Budget is not exceeded with respect to disbursements
2 (without Wachovia's consent) by more than 15% on a cumulative line-by-line basis or (2)
3 the Debtor does not exceed aggregate disbursements forecasted in the Budget by a total
4 of more than 10% during the Term.

5 4. Wachovia and the Bridge Lenders are hereby granted and will
6 continue to have, on a final basis, valid and perfected replacement liens in the Debtor's
7 post-petition cash, inventory, fixtures, furniture, equipment, accounts receivable and the
8 proceeds thereof, both to the fullest extent necessary to recover all cash collateral
9 actually expended by the Debtor, with such replacement liens to have the same validity,
10 priority, and scope of the liens of the Wachovia and the Bridge Lenders, as they existed
11 pre-petition. The replacement liens of Wachovia and the Bridge Lenders shall be
12 immediately perfected by operation of law and this Order, subject to the requirement that
13 Wachovia and the Bridge Lenders shall file financing statements or appropriate other
14 documents in order to continue the perfection of such replacement liens within thirty (30)
15 days following entry of this Order. Effective immediately, the automatic stay is lifted for
16 the sole purpose of authorizing Wachovia and the Bridge Lenders to file financing
17 statements or other appropriate documents necessary to perfect such replacement liens
18 granted in this Order.

19 5. To enable Wachovia to monitor the Debtor's compliance with the
20 Budget and this Order, the Debtor shall provide the following reports to Wachovia:

21 a. a weekly report delivered on each Wednesday at 2:00 p.m.
22 (Pacific Time) for the immediately prior week (ending on Saturday) reflecting actual
23 receipts and expenditures by line item against those set forth in the Budget for such
24 weekly period;

25 b. on each Wednesday at 2:00 p.m. (Pacific Time), an update to
26 the Budget extending the term of the Budget for an additional week to reflect a rolling 13-
27 week budget;

28

1 c. on each Wednesday at 2:00 p.m. (Pacific Time), a borrowing
2 base certificate in the form used by the Debtor prepetition (based on the current flash
3 reporting available), showing Wachovia's collateral and loan amount, including
4 postpetition accruals of interest, costs and fees (Wachovia must provide the Debtor with
5 this information at least 48 hours in advance of time report is due), measured as of the
6 close of business on the preceding Saturday;

7 d. on each Wednesday at 2:00 p.m. (Pacific Time), flash
8 inventory report in the current format provided by the Debtor to Wachovia prior to the
9 commencement of the Debtor's chapter 11 case broken down by channel (DTC and
10 Retail);

11 e. the credit card in-transit reporting (in the current format), on
12 each Wednesday by 2:00 p.m. (Pacific Time), the credit card in-transit reporting (in the
13 current format) current through the immediately prior week (ending on Saturday);

14 f. a current accounts payable aging covering postpetition
15 payables (with respect to payables where invoices have been received by the Debtor and
16 entered into the Debtor's financial reporting system) in the format provided by the Debtor
17 to Wachovia prior to the chapter 11 case, on each Wednesday by 2:00 p.m. (Pacific
18 Time), an updated accounts payable aging report current through the immediately prior
19 week (ending on Saturday);

20 g. by 4:00 p.m. (Pacific Time) of each Tuesday following a week
21 where the Debtor is conducting store closing or inventory liquidation sales, weekly flash
22 reports of sales by store or other sale location as of close of business on the preceding
23 week, the inventory at-cost on hand at the stores, and of the landed cost value of any
24 additional inventory transferred to such stores;

25 h. within 24 hours after the Debtor is notified, report by email to
26 Wachovia's representatives and its counsel of any increase of the amount of reserves
27 maintained by any credit card processor or any offsets or recoupment taken against
28 reserves or otherwise by any credit card processor;

1 i. on each Thursday at 2:00 p.m. (Pacific Time), a written
2 update regarding the operations of the Debtor, including, without limitation, information
3 regarding:
4 (1) relationships with credit card processors, warehouses,
5 carriers, suppliers and vendors since the Petition Date;
6 (2) status and projection for the completion of inventory
7 liquidation and store closings since the Petition Date; and
8 (3) a written update of the Debtor's sales and refinancing
9 efforts including, without limitation, potential lenders, buyers, investors, the status of any
10 negotiations and the and terms contemplated, and the likely time frame.

11 6. Wachovia Bank, N.A., the Bank of America, N.A., and Wells Fargo
12 Bank, N.A. (hereinafter collectively the "Depositories"), with which the Debtor has
13 depository accounts, are hereby ordered to comply with this Order, and abide by
14 requests for use of funds by the Debtor, notwithstanding any contrary direction from
15 Wachovia or any other third party.
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7. A hearing regarding the Debtor’s continued use of cash collateral after June 24, 2008, shall be held on June 24, 2008, at 2:00 p.m., in Courtroom 1575 of the above-entitled Court (the “Continued Hearing”). Supplemental papers (the “Supplemental Papers”) regarding the Debtor’s continued use of cash collateral are to be filed and served no less than 5 days prior to the Continued Hearing. Any replies to the Supplemental Papers must be filed no later than 2 days prior to the Continued Hearing.

PRESENTED BY:

SulmeyerKupetz
A Professional Corporation

By: /s/ Mark S. Horoupian
David S. Kupetz
Mark S. Horoupian
Attorneys for eStyle, Inc.,
a Delaware Corporation,
Debtor and Debtor in Possession

###

DATED: April 25, 2008



United States Bankruptcy Judge

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EXHIBIT 1 FILED SEPARATELY

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1 **PROOF OF SERVICE**

2 **STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

3
4 At the time of service, I was over 18 years of age and **not a party to this action**. I
5 am employed in the County of Los Angeles, State of California. My business address is
6 333 South Hope Street, Thirty-Fifth Floor, Los Angeles, California 90071-1406.

7 On April 25, 2008, I served the following document(s) described as **ORDER**
8 **GRANTING DEBTOR'S EMERGENCY MOTION FOR ORDER APPROVING USE OF**
9 **CASH COLLATERAL AND GRANTING OF REPLACEMENT LIENS ON A FINAL**
10 **BASIS, AND SETTING HEARING FOR CONTINUED USE OF CASH COLLATERAL** on
11 the interested parties in this action as follows:

12 **BY MAIL:** I enclosed the document(s) in a sealed envelope or package addressed to the
13 persons at the addresses listed in the Service List and placed the envelope for collection
14 and mailing, following our ordinary business practices. I am readily familiar with
15 SulmeyerKupetz's practice for collecting and processing correspondence for mailing. On
16 the same day that the correspondence is placed for collection and mailing, it is deposited
17 in the ordinary course of business with the United States Postal Service, in a sealed
18 envelope with postage fully prepaid.

19 Westfield, LLC and
20 The Macerich Company
21 c/o Thomas J. Leanse, Esq.
22 c/o Brian D. Huben, Esq.
23 c/o Dustin P. Branch, Esq.
24 KATTEN MUCHIN ROSENMAN LLP
25 2029 Century Park East, Suite 2600
26 Los Angeles, CA 90067-3012

27 **BY E-MAIL OR ELECTRONIC TRANSMISSION:** I caused the document(s) to be sent
28 from the e-mail address dperez@sulmeyerlaw.com to the persons at the e-mail
addresses listed in the Service List. I did not receive, within a reasonable time after the
transmission, any electronic message or other indication that the transmission was
unsuccessful.

I declare under penalty of perjury under the laws of the United States of America
that the foregoing is true and correct and that I am employed in the office of a member of
the bar of this Court at whose direction the service was made.

Executed on April 25, 2008, at Los Angeles, California.

/s/ Debbie A. Perez
Debbie A. Perez

EMAIL SERVICE LIST

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DEBTOR

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REQUEST FOR SPECIAL NOTICE

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- 2 GRP II, L.P.; Oak Investment Partners IX;
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- 27 c/o William H. Kiekhofer III, Esq.
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NOTICE OF ENTRY SERVICE LIST

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