

ENTERED
MAR 26 2008
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY: Deputy Clerk

FILED
MAR 25 2008
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY: Deputy Clerk

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7 Bankruptcy Counsel for eStyle, Inc.,
Debtor and Debtor in Possession
8
9

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

SulmeyerKupetz, A Professional Corporation
333 SOUTH HOPE STREET, THIRTY-FIFTH FLOOR
LOS ANGELES, CALIFORNIA 90071-1406
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13 In re
14 ESTYLE, INC., a Delaware corporation,
dba babystyle, Cadeau, and Cadeau
15 Designs,
16
17 Debtor.

Case No. 2:08-bk-13518-SB
Chapter 11

**[PROPOSED] ORDER GRANTING
DEBTOR'S EMERGENCY MOTION FOR
ORDER APPROVING USE OF CASH
COLLATERAL AND GRANTING OF
REPLACEMENT LIENS ON AND INTERIM
BASIS, AND SETTING FINAL HEARING
THEREON**

19 Tax Id # 95-4712564
20
21
22

DATE: MARCH 25 2008
TIME: 1:30pm.
PLACE: U.S. Bankruptcy Court
Courtroom 1575
255 East Temple Street
Los Angeles, CA 90012

23 **IN SAID DISTRICT, AT THE TIME AND PLACE ASCRIBED ABOVE:**

24 On March 25 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") (the "Debtor"), came on for continued

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1 hearing before the Honorable Samuel L. Bufford, United States Bankruptcy Judge,
2 presiding. Appearances are reflected in the record.

3 Based on the Motion, the memorandum of points and authorities, Omnibus
4 Declaration of Robert S. Kelleher In Support of Debtor's "First-Day" Motions, the
5 Declaration of Richard Alston in Support of the Motion, and the Supplemental Declaration
6 of Robert S. Kelleher in support of the Motion, the documents and pleadings on file
7 herein, all judicially noticeable facts, the arguments and representations of counsel, and
8 such other evidence as was presented at the scheduled hearing, and after finding that
9 this Court has jurisdiction to approve the Motion, and after further finding there is
10 sufficient "cause" to approve the Motion, ~~and after further finding that notice of the~~
11 ~~hearing on the approval of the Motion was proper under the circumstances of this case,~~
12 and for good cause appearing therefor, and in order to prevent immediate and irreparable
13 harm to the bankruptcy estate,

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

- 15 1. The Motion is granted on an interim basis;
- 16 2. A Final Hearing on the Emergency Motion shall be held on April ¹⁷~~16~~,
17 2008, at ^{2:00 p.m.}~~1:30 p.m.~~, in Courtroom "1575" of the above-entitled Court (the "Final Hearing").
18 Any oppositions to the Motion shall be filed by not later than 4/11,
19 2008, such that they are received by the Court and counsel for the Debtor by the close of
20 business on said date. Replies to oppositions to the Motion, if any, shall be filed by not
21 later than 4/15, 2008, such that they are received by the Court
22 and counsel for the opposing party, if any, by the close of business on said date;
- 23 3. Pending the Final Hearing, the Debtor is authorized to use, on an
24 interim basis, the cash collateral (the "Cash Collateral") in which Wachovia Capital
25 Finance Corporation ("Wachovia") and Oak Investment Partners, IX, L.P., Oak IX
26 Affiliates Fund, L.P., Oak IX Affiliates Fund – A, L.P., GRP II, L.P., GRP II Partners, L.P.,
27 and GRP II Investors, L.P. (collectively, the "Bridge Lenders") assert an interest;

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4. Subject to the terms and conditions of this Order, for the purpose of funding the necessary expenses of the Debtor's business in the ordinary course of its operations, the Debtor is authorized to use Cash Collateral during the period from March 21, 2008, through and including the date of the Final Hearing (the "Interim Term"), on an interim basis, in accordance with the budget which is attached as Exhibit "1" hereto and to the Motion (the "Budget"). The Debtor shall be permitted to exceed the disbursements forecasted in the Budget by up to 15% on a line-by-line basis and to exceed aggregate disbursements forecasted in the Budget by a total of 10% during the Interim Term;

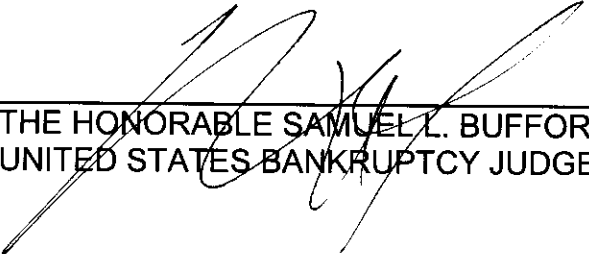
5. Wachovia and the Bridge Lenders are hereby granted and will continue to have, on an interim basis, valid and perfected replacement liens in the Debtor's post-petition cash, inventory, fixtures, furniture, equipment, accounts receivable and the proceeds thereof, both to the fullest extent necessary to recover all cash collateral actually expended by the Debtor, with such replacement liens to have the same validity, priority, and scope of the liens of the Wachovia and the Bridge Lenders, as they existed pre-petition. The replacement liens of Wachovia and the Bridge Lenders shall be perfected by operation of law and this Order, and neither the Wachovia nor the Bridge Lenders shall be required to file financing statements or other documents in any jurisdiction or to take any other action in order to validate or perfect the replacement liens affirmed and granted under this Order; and

6. Wachovia Bank, N.A., the Bank of America, N.A., and Wells Fargo Bank, N.A. (hereinafter collectively the "Depositories"), with which the Debtor has depository accounts, are hereby ordered to comply with this Order, and abide by

1 requests for use of funds by the Debtor, notwithstanding any contrary direction from
2 Wachovia or any other third party.

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DATED: 3/25/08
MAR 25 2008



THE HONORABLE SAMUEL L. BUFFORD
UNITED STATES BANKRUPTCY JUDGE

PRESENTED BY:

SulmeyerKupetz
A Professional Corporation

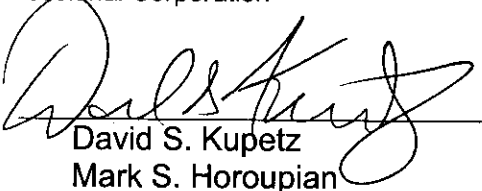
By: 
David S. Kupetz
Mark S. Horoupian
Attorneys for eStyle, Inc.,
a Delaware Corporation,
Debtor and Debtor in Possession

EXHIBIT 1

eStyle, Inc.
Cash Collateral Model

April

	Week 1 3/23-3/29	Week 2 3/30-4/05	Week 3 4/06-4/12	Week 4 4/13-4/19	Week 5 4/20-4/26	MTD	Pre-petition items fasted wk4 (not made)	Pre-petition liab prints moved to wks (for discussion)
Net Cash Receipts from DTC Sales	\$336,349	\$326,790	\$372,140	\$410,272	\$391,384	\$1,836,935		
Liquidation receipts from warehouse/jobber	\$0	\$0	\$0	\$41,500	\$41,500	\$83,000		
Net Cash Receipts from Retail Sales	\$388,505	\$439,479	\$453,863	\$425,405	\$453,887	\$2,161,140		
Liquidation receipts from 6 stores****	\$110,648	\$175,111	\$171,510	\$153,922	\$154,445	\$765,636		
Net Cash Receipts Total DTC & Stores	\$835,501	\$941,380	\$997,513	\$1,031,100	\$1,041,217	\$4,846,710		
Other Cash Receipts	(219,500)	0	-	-	(19,500)	(239,000)		
List Rental & Misc Receipts, chase reserve*								
Cash Payments:								
Inventory	54,000	286,431	323,529	190,430	178,903	979,292		
UPS Freight Services (Imports)	9,505	40,866	67,780	47,790	126,150	336,386	54,000	80,000
Packing/Gift Supplies & Domestic Freight In	32,000	11,554	12,099	11,776	12,080	57,015		
DTC Shipping (UPS & USPS)	42,609	29,017	33,044	40,115	78,304	212,480		
New Breed/Bergen (Distribution center)	5,522	42,669	45,905	49,246	89,105	269,534		39,866
Freight to Stores	39,333	6,799	6,919	6,409	6,730	32,379		40,000
Salaries, Wages, Benefits	19,719	400,000	43,000	400,000	27,333	909,667	25,000	
Credit Card Processing***	453,443	22,011	23,426	24,482	24,629	114,267	13,000	
Rent	-	-	52,000	-	26,800	104,600		
Direct Mail	-	-	51,000	26,800	30,385	104,600		
Marketing	-	-	10,000	30,385	70,769	104,600		
Technology & CAPEX & CAP Leases	8,644	8,166	20,657	25,005	23,981	86,452		
Corporate/Homebase**	45,235	34,013	117,556	127,735	65,321	389,862	8,000	
Retail Store Expenses ****	30,853	37,595	28,289	49,908	166,945	313,590	17,000	
Sales & Use Tax	47,000	67,000	-	-	158,000	272,000	80,000	58,000
Administrative fees (see memo# 8 below)								
Total Cash Payments	\$787,863	\$985,921	\$835,205	\$1,030,080	\$1,014,665	\$4,653,734	197,000	217,866
Net Cash Flow	<u>(\$171,862)</u>	<u>(\$44,541)</u>	<u>\$162,308</u>	<u>\$1,020</u>	<u>\$7,052</u>	<u>(\$46,023)</u>		
Roll forward B/S cash (beg of wk)	1,212,493	1,040,631	996,091	1,156,398	1,159,418	Started with cash in bank + \$475k sweep return		
+/- Cash flow	(171,862)	(44,541)	162,308	1,020	7,052			
End of wk B/S cash fcst	1,040,631	996,091	1,158,399	1,159,418	1,166,470			
Memo:								
1. Ending inventory	6,728,968	6,802,979	6,708,733	6,490,791	6,189,756			
2. Inventory @ retail (60.3% mark-up)	17,091,014	17,278,995	17,039,618	16,486,064	15,721,461			
3. Orderly liquidation @35% of retail	6,007,283	6,073,356	5,989,218	5,794,650	5,525,901			
4. Wachovia collateral inventory equity	3,653,414	3,719,487	3,635,349	3,440,781	3,172,032			
5. A/R Equity value	381,960	440,994	505,630	504,430	665,967			
6. Other estimated collateral (F&E, equip, etc.)	300,000	300,000	300,000	300,000	300,000			
7. Wachovia total collateral equity (4+5+6)	4,335,373	4,460,480	4,440,979	4,245,210	4,138,000			
8. Payment from prior retainer (not in model)	50,000	50,000	50,000	50,000	50,000			
9. Beginning of month inventory at cost	6,792,227							

Abbreviations:
DTC is short for Direct to consumer; CAPEX is short for Capital expenditures; CAP leases is short for Capital leases
* Placeholder reserve estimated incase processor withholds additional funds (not anticipated as necessary)
** Corporate/homebase includes non-payroll overhead expenses such as insurance, employee expense reports, temp help, professional fees, samples, office supplies
*** Credit card processing fees are deducted from cash payments received
**** Liquidation sales for Cadeau (Los Angeles) my happen in either the warehouse or in Cadeau (New York)
***** Retail store expenses include \$25k/store for 6 closing stores spread week 3 thru week 5

1. Assume we regain access to \$59k (Thurs) & \$112k (Fri) and \$304k (Wed)

eStyle, Inc.
Cash Collateral Model

May

	Week 1 4/27-5/03	Week 2 5/04-5/10	Week 3 5/11-5/17	Week 4 5/18-5/24	MTD
Net Cash Receipts from DTC Sales	\$346,485	\$392,447	\$356,749	\$425,352	\$1,521,033
Net Cash Receipts from Retail Sales	\$529,513	\$542,816	\$503,761	\$457,596	\$2,033,687
Net Cash Receipts Total DTC & Stores	\$875,998	\$935,264	\$860,511	\$882,948	\$3,554,720
Other Cash Receipts					
List Rental & Misc Receipts, chase reserve*	-	-	-	99,145	99,145
Cash Payments:					
Inventory	409,643	251,264	208,669	349,426	1,219,002
UPS Freight Services (Imports)	79,245	17,724	4,206	68,733	169,907
Packing/Gift Supplies & Domestic Freight In	9,439	10,413	9,060	9,144	38,056
DTC Shipping (UPS & USPS)	31,722	37,556	33,025	41,732	144,035
New Breed/Bergen (Distribution center)	44,713	48,078	44,429	47,073	184,294
Freight to Stores	5,858	6,005	5,573	5,062	22,499
Salaries, Wages, Benefits	329,730	11,638	332,730	20,971	695,068
Credit Card Processing***	20,713	22,208	20,415	21,194	84,529
Rent	399,599	52,000	-	-	451,599
Direct Mail	2,250	2,250	2,250	2,250	9,000
Marketing	10,258	10,258	10,258	10,258	41,034
Technology & CAPEX & CAP Leases	10,872	13,398	11,424	15,168	50,862
Corporate/Homebase**	53,479	56,851	24,232	29,266	163,828
Retail Store Expenses	24,092	24,472	3,354	2,033	53,951
Sales & Use Tax	90,000	-	-	210,455	300,455
Administrative fees (see memo# 8 below)	-	30,000	-	30,000	60,000
Total Cash Payments	1,521,612	564,115	739,627	862,765	3,688,118
Net Cash Flow	<u>(\$645,613)</u>	<u>\$371,149</u>	<u>\$120,884</u>	<u>\$119,328</u>	<u>(\$34,253)</u>
Roll forward B/S cash (beg of wk)	1,166,470	520,856	892,005	1,012,889	
+/- Cash flow	(645,613)	371,149	120,884	119,328	
End of wk B/S cash fest	<u>520,856</u>	<u>892,005</u>	<u>1,012,889</u>	<u>1,132,217</u>	
Memo:					
1. Ending inventory	6,142,419	6,067,103	6,025,358	5,968,555	
2. Inventory @ retail (60.3% mark-up)	15,601,229	15,409,932	15,303,904	15,159,629	
3. Orderly liquidation @35% of retail	5,483,641	5,416,403	5,379,135	5,328,424	
4. Wachovia collateral inventory equity	3,129,772	3,062,534	3,025,266	2,974,555	
5. A/R Equity value	415,371	445,340	409,381	425,510	
6. Other estimated collateral (F&E, equip, etc.)	300,000	300,000	300,000	300,000	
7. Wachovia total collateral equity (4+5+6)	3,845,143	3,807,874	3,734,647	3,700,065	
8. Payment from prior retainer (not in model)	50,000	50,000	-	-	

Abbreviations:

DTC is short for Direct to consumer; CAPEX is short for capital expenditures; CAP leases is short for Capital leases

*Placeholder reserve estimated incase processor withholds additional funds (not anticipated as necessary)

** Corporate/homebase includes non-payroll overhead expenses such as insurance, employee expense reports, temp help, professional fees, samples, office supplies

***Credit card processing fees are deducted from cash payments received

**** Cash collateral model (03-25-2008)_HC sent to david k May

**** Missed receipts in week 4 includes \$15k/store for receipts from sale of fixture etc for 6 closing stores

Note: There was uncertainty as to whether some checks had cleared at the time of preparing this cash collateral model. This is therefore an estimate of cash

eStyle, Inc.
Cash Collateral Model

June

	Week 1 5/25-5/31	Week 2 6/01-6/07	Week 3 6/08-6/14	Week 4 6/15-6/21	MTD
Net Cash Receipts from DTC Sales	\$319,567	\$334,895	\$306,892	\$367,225	\$1,328,579
Net Cash Receipts from Retail Sales	\$438,664	\$451,037	\$428,205	\$424,184	\$1,742,089
Net Cash Receipts Total DTC & Stores	\$758,231	\$785,931	\$735,097	\$791,409	\$3,070,669
Other Cash Receipts	-	-	-	9,269	9,269
List Rental & Misc Receipts, chase reserve*					
Cash Payments:					
Inventory	289,850	260,647	224,561	278,865	1,053,922
UPS Freight Services (Imports)	39,383	39,383	39,383	52,776	170,926
Packing/Gift Supplies & Domestic Freight In	8,180	8,669	7,770	8,603	33,222
DTC Shipping (UPS & USPS)	33,221	35,167	31,612	39,270	139,270
New Breed/Bergen (Distribution center)	42,840	44,248	41,667	45,311	174,066
Freight to Stores	6,472	6,609	6,356	6,312	25,748
Salaries, Wages, Benefits	305,143	10,770	305,143	10,770	631,824
Credit Card Processing***	17,996	18,677	17,428	18,949	73,051
Rent	340,124	52,000	-	-	392,124
Direct Mail	2,250	2,250	2,250	2,250	9,000
Marketing	7,842	7,842	7,842	7,842	31,370
Technology & CAPEX & CAP Leases	11,937	12,783	11,238	14,545	50,503
Corporate/Homebase**	66,725	67,850	35,795	40,222	210,593
Retail Store Expenses	21,863	22,217	1,564	1,448	47,092
Sales & Use Tax	145,000	-	-	29,373	174,373
Administrative fees	30,000	30,000	30,000	30,000	120,000
Total Cash Payments	1,368,827	619,112	762,610	586,536	3,337,085
Net Cash Flow	(\$610,596)	\$166,819	(\$27,513)	\$214,142	(\$257,147)
Roll forward B/S cash (beg of wk)	1,132,217	521,621	688,440	660,928	
+/- Cash Flow	(610,596)	166,819	(27,513)	214,142	
End of wk B/S cash fct	521,621	688,440	660,928	875,070	
Memo:					
1. Ending inventory	5,950,193	5,927,420	5,920,334	5,897,241	
2. Inventory @ retail (60.3% mark-up)	15,112,990	15,055,149	15,037,152	14,978,497	
3. Orderly liquidation @35% of retail	5,312,031	5,291,701	5,285,375	5,264,758	
4. Wachovia collateral inventory equity	2,958,162	2,937,832	2,931,506	2,910,889	
5. A/R Equity value	366,741	371,402	354,825	371,741	
6. Other estimated collateral (F&E, equip, etc.)	300,000	300,000	300,000	300,000	
7. Wachovia total collateral equity (4+5+6)	3,624,903	3,609,234	3,586,331	3,582,630	

Abbreviations:

DTC is short for Direct to consumer; CAPEX is short for capital expenditures; CAP leases is short for Capital leases

* Placeholder reserve estimated incase processor withholds additional funds (not anticipated as necessary)

** Corporate/homebase includes non-payroll overhead expenses such as insurance, employee expense reports, temp help.

***Credit fees, samples, office supplies

****Cash collateral model (03-25-2008)_HC sent to david k.

1 of 1

Note: There was uncertainty as to whether some checks had cleared at the time of preparing this cash collateral model. This is therefore an estimate of cash

Cash collateral model (03-25-2008)_HC sent to david k June

	(a) Total On Hand Inventory Landed Cost Dollar Value	(b) Total On Hand Inventory @ Retail Value	(c) Estimated Recovery Percentage	(d) Estimated Recovery Dollars
Baby	\$ 1,377,424	\$ 3,859,445	35%	\$ 1,350,806
Kids	777,057	1,937,124	25%	484,281
Maternity	2,523,639	6,899,658	20%	1,379,932
Books	96,505	193,689	50%	96,844
Gear	1,013,642	1,788,026	65%	1,162,217
Home Decor	286,872	703,857	45%	316,736
Personal Care	58,783	119,931	40%	47,972
Toys	658,305	1,749,955	70%	1,224,969
Grand Total	\$ 6,792,227	\$ 17,251,685	35%	\$ 6,063,756

DEPARTMENT SUMMARY

FOOTNOTES:

All values are estimates based on system quantity and costs provided by the Company's financial systems. Estimates of liquidation values are based on current market conditions which are subject to change due to conditions beyond the Company's control such as economic conditions and store traffic at malls.

- (a) Value of all units on hand, expressed in dollars at landed cost
- (b) Company's estimate of retail price based on marked up cost before discounts and promotions
- (c) Estimated recovery percentage from sale of inventory through a progressive mark-down sale on an orderly basis (90 days); recovery percentage before sale costs
- (d) Estimated recovery dollars from sale of inventory through a progressive mark-down sale on an orderly basis (90 days); recovery percentage before sale costs
- (e) Inventory number forecasted at cost as of end of March

NOTE TO USERS OF THIS FORM:

Physically attach this form as the last page of the proposed Order or Judgment.
Do **not** file this form as the separate document.

In re ESTYLE, INC. a Delaware corporation, dba babystyle, Cadeau, and Cadeau Debtor.	CHAPTER 7 CASE NUMBER 2:08-bk-13518-SB
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**NOTICE OF ENTRY OF JUDGMENT OR ORDER
AND CERTIFICATE OF MAILING**

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

1. You are hereby notified, pursuant to local Bankruptcy Rule 9021-1(a)(1)(E), that a judgment or order entitled
(specify):

**[PROPOSED] ORDER GRANTING DEBTOR'S EMERGENCY MOTION FOR ORDER APPROVING USE OF
CASH COLLATERAL AND GRANTING OF REPLACEMENT LIENS ON AND INTERIM BASIS, AND SETTING
FINAL HEARING THEREON**

was entered on (specify date):

MAR 26 2008

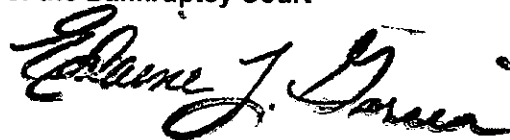
2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and
entities on the attached service list on (specify date):

MAR 26 2008

Dated:

MAR 26 2008

JON D. CERETTO
Clerk of the Bankruptcy Court



By:

Deputy Clerk

SulmeyerKupetz, A Professional Corporation
333 SOUTH HOPE STREET, THIRTY-FIFTH FLOOR
LOS ANGELES, CALIFORNIA 90071-1406
TEL. 213.626.2311 • FAX 213.629.4520

NOTICE OF ENTRY SERVICE LIST

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Attorneys for Debtor
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Los Angeles, CA 90071

Office of the United States Trustee
Office of the United States Trustee
Ernst & Young Plaza
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Los Angeles, CA 90017

Secured Creditor
Wachovia Capital Finance
c/o William Kiekhofer, Esq.
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