

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In Re:	)	
	)	
IFC CREDIT CORPORATION,	)	No. 09 B 27094
	)	
	)	Chapter 7
Debtor.	)	Hon. Jacqueline P. Cox

NOTICE OF MOTION

TO: See attached Service List

PLEASE TAKE NOTICE that on November 3, 2009 at 9:30 a.m. the undersigned shall appear before the Hon. Jacqueline P. Cox in Courtroom 619, Dirksen Federal Building, 219 South Dearborn St., Chicago, Illinois, and then and there present the attached Motion of Alex Nichols and Sally Nichols for Relief from the Automatic Stay, at which time you may appear if you so choose.

Respectfully submitted,

/s/ Juris Kins  
Attorney for  
Alex Nichols and Sally Nichols

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SERVICE LIST AND  
CERTIFICATE OF SERVICE

Juris Kins, attorney for Alex Nichols and Sally Nichols, certifies that he caused a copy of the Notice and Motion of Alex Nichols and Sally Nichols for Relief from the Automatic Stay, to be served on October 22, 2009, by electronic mail through the Court's ECF system or by U.S. mail delivery, first class proper postage prepaid, to the parties listed below.

/s/ Juris Kins \_\_\_\_\_

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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In re	)	
	)	
IFC CREDIT CORPORATION	)	Case No. 09 B 27094
	)	
Debtor	)	Hon. Jacqueline P. Cox
	)	
	)	Chapter 7
	)	
	)	Hearing Date: November 3, 2009
	)	Hearing Time: 9:30 a.m.

MOTION OF ALEX NICHOLS AND SALLY NICHOLS FOR RELIEF FROM THE AUTOMATIC STAY

Alex Nichols and Sally Nichols (collectively “Nichols”), for their Motion for Relief from the Automatic Stay, pursuant to 11 U.S.C. §362(d), Bankruptcy Rule 4001(a), and Local Bankruptcy Rule 4001-1, state as follows:

1. IFC Credit Corporation (“Debtor”) is an Illinois corporation with its principal place of business at 8700 Waukegan Road, Morton Grove, Illinois. On July 27, 2009, Debtor filed a voluntary petition for relief pursuant to Chapter 7 of the Bankruptcy Code. Debtor had been in the business of leasing equipment for many industries, including the paper manufacturing industry. It obtained financing to run its business and purchase the equipment to be leased from banks, financial institutions, and individuals.

2. Alex Nichols and Sally Nichols are individuals residing in Ft. Lauderdale, Florida.

3. On July 20, 2007, Debtor entered into a Loan and Security Agreement with the Nichols whereby Nichols loaned \$1,000,000.00 to Debtor at an interest rate of 15% per annum

with unpaid principal and interest due on the Maturity Date. A copy of the Agreement is attached as Exhibit A. The parties entered into a Loan & Security Agreement Extension Amendment as of March 31, 2008, under which the Maturity Date for the loan was set as May 31, 2008. A copy of the Amendment is attached as Exhibit A-1. In addition, Debtor agreed orally to pay an extension fee of \$10,000.00 per month if the loan was not repaid by the Maturity Date. Debtor paid Nichols the monthly interest and extension fee through December 2008.

4. Pursuant to the Agreement (Article VII), the voluntary filing for relief under bankruptcy laws by Debtor was an event of default entitling Nichols to declare the entire outstanding principal amount together with interest and other fees immediately due and payable. There was due and owing from Debtor to Nichols the sum of \$1,157,500.00 as of July 27, 2009, consisting of the principal, \$87,500.00 in interest, and \$70,000.00 in extension fees.

5. Under the Agreement (Article IX), Debtor granted Nichols a first priority security interest in certain equipment set forth in exhibit B1 to the Agreement consisting of six (6) paper manufacturing after dryers, attachments and accessories ("Unencumbered Dryers"). A copy of this list of equipment is attached separately as Exhibit B. In addition, Debtor granted Nichols a junior and subordinate security interest to certain leases and the leased equipment thereunder set forth in exhibit B2 to the Agreement consisting of nine (9) leases which leased nine (9) paper manufacturing after dryers, attachments and accessories ("Leases"). A copy of this list of leases is attached separately as Exhibit C. The collateral, subject to both primary and subordinate security interest, consisted of 15 paper manufacturing after dryers ("cans"), attachments and accessories ("Collateral").

6. Nichols perfected their security interest in the Collateral by filing a UCC Financing Statement with the Illinois Secretary of State on July 23, 2007, as document No. 12324693. A copy of the Financing Statement is attached as Exhibit D.

7. On information and belief, West Suburban Bank in Lombard, Illinois, has a primary security interest in 3 of the leases including the paper manufacturing after dryers, attachments, and accessories subject to those 3 leases, as set forth in Exhibit C.

8. On information and belief, it takes at least 7 after dryer cans and associated parts to assemble one operating system for a paper manufacturing line. Therefore Nichols and West Suburban Bank will have to cooperate with each other to assemble the Collateral into an operating system which can be sold or to sell the Collateral unassembled. On information and belief, based upon discussions with Debtor's management, the market value of a fully assembled dryer operating system may be as much as \$2,000,000.00, if a purchaser at auction can be found. The market value of unassembled cans and parts will be much less.

9. The Collateral is currently located in a warehouse in Green Bay, Wisconsin. The 15 cans and parts are commingled in the warehouse and may also be commingled with an additional 30 cans and parts which, on information and belief, the Baylake Bank in Green Bay, Wisconsin has a security interest. If so, it will take the cooperation and agreement of not only West Suburban Bank but also the Baylake Bank to identify, assemble, and/or sell the Collateral. On information and belief, the warehouse is owed approximately \$100,000.00 for storage fees. In addition there will be an additional cost for engineering work to assemble the dryer systems for sale.

10. Because Debtor is not in possession of the Collateral, the Collateral is commingled with other equipment and parts in a warehouse, and the continuing warehouse

storage fees are unpaid, Nichols does not have adequate protection of its interest in the Collateral. Therefore cause exists under 11 U.S.C. §362(d)(1) for modification of the automatic stay to permit Nichols to protect and proceed to foreclose on the Collateral.

11. Alternatively, Section 362(d)(2) of the Bankruptcy Code provides that the automatic stay may be lifted where the debtor has no equity in the property and the property is not needed for an effective reorganization. Only the first factor is applicable in a Chapter 7 case. By virtue of the security interest granted to Nichols and other secured parties in the Collateral, as evidenced by the Loan and Security Agreement and UCC Financing Statement, Exhibits A and D, and the costs associated in storing, assembling and/or selling the dryer systems, Debtor has no equity in the Collateral. Nichols is entitled to proceed to foreclose its security interest in the Collateral.

WHEREFORE, Alex Nichols and Sally Nichols move for relief from the automatic stay to permit and allow them to initiate foreclosure proceedings and to take all steps necessary to foreclose on the Collateral, as set forth above, and to grant such other relief that is just, equitable, and proper.

Dated: October 22, 2009

Respectfully submitted,

/s/ Juris Kins  
Attorney for  
Alex Nichols and Sally Nichols

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Gini S. Marziani  
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