

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
Greenbelt Division**

<b>IN RE:</b>	)	
	)	
<b>JOANNE’S BED &amp; BACK STORES, INC.</b>	)	<b>Case No. 08-14606 (TJC)</b>
	)	<b>(Chapter 11)</b>
<b>Debtor</b>	)	

**DEBTOR’S MOTION FOR ORDER PURSUANT TO 11 U.S.C. § 105(a)  
AUTHORIZING THE DEBTOR TO: (1) MAINTAIN ITS EXISTING CASH  
MANAGEMENT SYSTEM AND (2) MAINTAIN ITS BANK ACCOUNTS**

JoAnne’s Bed & Back Stores, Inc. (the “Debtor”), debtor and debtor-in-possession, by counsel, files this Motion for an Order Pursuant to 11 U.S.C. § 105(a) Authorizing the Debtor to: (1) Maintain Its Existing Cash Management System and (2) Maintain Its Bank Accounts (the “Motion”), and in support thereof states:

**Jurisdiction**

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this case and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
2. The relief sought in this Motion is predicated upon § 105(a) of Title 11 of the United States Code (the “Bankruptcy Code”).

**The Chapter 11 Cases**

3. On April 2, 2008, the Debtor filed a voluntary petition for relief in this Court under Chapter 11 of the Bankruptcy Code. The Debtor intends to continue in possession of its property and the management of its business as debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code, pending a sale of the assets.

### **The Debtor and their Business Operations**

4. The Debtor is a Maryland corporation with its principal place of business at 11714 Baltimore Avenue, Beltsville, Maryland 20705. Prior to the Petition Date, the Debtor operated sixteen (16) stores, including a warehouse in Maryland, Washington, DC and Virginia, which sell ergonomic mattresses, adjustable beds, office, lounge and massage chairs, seat lift chairs, comfort accessories and other furniture.

### **Relief Requested**

5. By this Motion, the Debtor seeks authorization to: (a) maintain its existing cash management system, and (b) maintain its bank accounts.

#### **A. Cash Management.**

6. The Debtor's cash management system operates as follows:

a. Collection, Deposits and Disbursements. The Debtor has two bank accounts at Branch Banking and Trust Company – a deposit and checking account (the “Concentration Account”) and a credit card account. Most of the transactions at the Debtor's sixteen (16) retail locations are credit card transactions which are processed and then deposited in the credit card account, which is swept daily into the Concentration Account. The payroll and taxes are paid directly from the Concentration Account. In addition to the existing account, the Debtor will set up a DIP Payroll Account and a DIP account for taxes.

#### **B. The Guidelines of the United States Trustee.**

7. The Office of the United States Trustee (the “U.S. Trustee”) has established certain operating guidelines (the “Guidelines”) for Debtor-in-possession to ensure the proper administration and to allow for supervision of case administration.

8. The Guidelines require a Chapter 11 debtor to, among other things, to (a) close all existing bank accounts and open new debtor-in-possession bank accounts, and (b) obtain checks for all debtor-in-possession accounts that bear the designation “debtor-in-possession.” The Guidelines are designed to provide a line of demarcation between pre-petition and post-petition transactions and operations. The Guidelines likewise help prevent inadvertent post-petition payment of pre-petition claims through the honoring of checks issued pre-petition.

C. Continuation of the Debtor’s Existing Cash Management System and Bank Accounts Would Be in the Debtor’ Best Interest.

9. The Debtor’s existing cash management procedures are important to the operation of the Debtor’s business. The Debtor submits that the cost and expense of changing the bank accounts and creating a new cash management system not only would force the Debtor to incur significant and unnecessary costs and expenses, but would impair the operation of Debtor’s business.

10. Indeed, forcing the Debtor to employ a new cash management system would cause confusion and would introduce inefficiencies.

11. The Debtor intends to continue to maintain strict records regarding all transfers so that the U.S. Trustee and parties-in-interest may monitor the Debtor’s financial activity. The Concentration Account will be designated as a “debtor-in-possession” account.

12. Integrally related to the Debtor’s cash management system is the continued existence of the Bank Accounts. The Debtor and its estate would suffer hardship if the Debtor was required to substitute new debtor-in-possession bank accounts for the existing Bank Accounts. Such substitution would diminish the benefits of continuing the Debtor’s cash management procedures and inevitably lead to some delays, confusion and disruption of the Debtor’s business as would the discontinuation of the cash management procedures. By

preserving continuity and avoiding the operational and administrative paralysis that closing the Bank Accounts and opening new ones necessarily would entail, all parties-in-interest would be best served.

**WHEREFORE**, Debtor respectfully requests entry of an order substantially in the form attached hereto granting the relief requested by this Motion and such other and further relief as is just and proper.

Respectfully submitted,

**SHULMAN, ROGERS, GANDAL,  
PORDY & ECKER, P.A.**

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