

SO ORDERED.

SIGNED this 5th day of June, 2014.



Catharine R Aron

UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION**

In Re:

H.E.P. DIRECT, INC.
4040 BUSINESS PARK COURT
WINSTON SALEM, NC 27107

Debtor(s).

Case No. B- 13-51485 C-7W

**ORDER ALLOWING PUBLIC SALE OF ALL BUSINESS PERSONAL PROPERTY
FREE AND CLEAR OF ALL LIENS, CLAIMS AND INTERESTS; TRANSFERRING ALL
LIENS, CLAIMS AND INTEREST TO PROCEEDS OF SALE; AND SUBORDINATING
ALL LIENS, CLAIMS AND INTERESTS TO REASONABLE CHAPTER 7
ADMINISTRATIVE COSTS REGARDING THIS SALE**

THIS MATTER coming on for hearing and being heard this 4th day of June, 2014, before the Honorable Catharine R. Aron, United States Bankruptcy Judge for the Middle District of North Carolina, upon Motion by the Trustee. The Court, after considering the official record in this case, the Trustee's Motion, and statements of counsel finds and concludes that:

1. W. Joseph Burns, Attorney for Trustee, and Robert E. Price, Jr. of the Bankruptcy Administrator's office, were present.
2. The Trustee filed his Motion on May 19, 2014.
3. Proper notice of the Trustee's Motion was given to parties in interest. Bank of North Carolina ("BNC") filed a limited objection to the Motion on May 30, 2014 (Doc 255).
4. There has come into the control of the Trustee tangible assets located in North Carolina and California, including but not limited to, rolling stock, miscellaneous machinery and equipment, office equipment and furnishings, inventory, tools, and scratched and dented furniture not claimed by customers (hereinafter "the Property").

5. Crestmark Bank ("Crestmark") filed a UCC (File No. 20100095961E) on December 14, 2010 asserting a security interest in "all assets of the Debtor now owned or hereafter acquired and wherever located". Crestmark does not have a lien on any of the vehicles. Crestmark has consented to the public online auction.

6. Bank of North Carolina ("BNC") filed UCC (File No. 20110003262J, amended by 20120038387F) on January 13, 2011, amended on April 25, 2012, asserting a security interest in "all equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools". The amended UCC added the language "wherever located whether now owned or hereafter acquired or arising".

7. Locklar Enterprises, Inc. and the Estate of Raymond Michael Locklar ("Locklar") has liens on some of the rolling stock. Locklar is owed approximately \$17,734.16 (based on their amended proof of claim filed June 3, 2014).

8. A contested dispute exists between BNC and Locklar regarding the first lien on the vehicles. The Court entered an Order giving BNC a first lien in all rolling stock. However, Locklar held a lien on some of the rolling stock. Both creditors, by and through their attorneys, John H. Small and Andrew S. Lasine, consent to this sell free and clear of any lien they may have and reserve the right to determine the respective priorities in the proceeds if it becomes necessary.

9. The Court entered an Order on May 16, 2014, authorizing the Trustee to employ Rogers Realty & Auction Co., Inc. ("Rogers") to conduct the sale.

10. The best disposition of the Property is by online auction, conducted by Rogers, with bids to begin online only on Friday, June 20, 2014, at 1:00 p.m. EST through Monday, June 30, 2014, at 1:00 p.m. EST. The set up for the sale will be May 27 and 28, 2014, and June 5 and 6, 2014. A preview will be set for June 9, 2014, from 9:00 a.m. until 2:00 p.m. Collection of funds will be July 1, 2014; checkout will be July 2, 2014, from 9:00 a.m. to 2:00 p.m. and again on July 7, 2014 from 9:00 a.m. to 2:00 p.m.

11. All of the Property should be sold "as is, where is", free and clear of all liens, claims and interests, without any warranty of any kind.

12. The secured creditors do not oppose subordinating their liens to reasonable Chapter 7 fees and expenses in the liquidation of the Property.

13. It is in the best interest of the estate to allow this sale.

IT IS THEREFORE ORDERED that the Trustee sell at public online auction, conducted by Rogers Realty & Auction Co., Inc., all of the Property beginning online only on Friday, June 20, 2014, at 1:00 p.m. EST through Monday, June 30, 2014, at 1:00 p.m. EST. The set up for the

sale will be May 27 and 28, 2014, and June 5 and 6, 2014. A preview will be set for June 9, 2014, from 9:00 a.m. until 2:00 p.m. Collection of funds will be July 1, 2014; checkout will be July 2, 2014, from 9:00 a.m. to 2:00 p.m. and again on July 7, 2014 from 9:00 a.m. to 2:00 p.m.; and

IT IS FURTHER ORDERED that all of the Property is sold "as is, where is", free and clear of all liens, claims and interests, without any warranty of any kind; and

IT IS FURTHER ORDERED that all liens, claims and interests are transferred to the proceeds of the sale; and

IT IS FURTHER ORDERED that all liens, claims and interests are subordinated to reasonable chapter 7 administrative fees and expenses relating to this sale; and

IT IS FURTHER ORDERED that any dispute regarding the priority of the claimed liens of BNC and Locklar on the proceeds is delayed until the Trustee liquidates all of the Adequate Protection Collateral as described in the Cash Collateral Orders previously entered in the case.

END OF DOCUMENT

H.E.P. DIRECT, INC.
Case No. 13-51485 C-7W

Parties to be served:

WILLIAM P. MILLER
U. S. BANKRUPTCY ADMINISTRATOR
P.O. BOX 1828
GREENSBORO, NC 27402
Bancm_ecf@ncmba.uscourts.gov

W. JOSEPH BURNS
P O BOX 21433
WINSTON-SALEM, NC 27120-1433
JOE@WJBURNS.COM

VICKI L. PARROTT
P. O. BOX 2208
CHAPEL HILL, NC 27107
Obo H.E.P. Direct, Inc.
vlp@nbfirm.com
kac@nbfirm.com

Thomas E. Coughlin
Jaffe, Raitt, Heuer & Weiss, P.C.
Obo Crestmark Bank
tcoughlin@jaffelaw.com; mchapman@jaffelaw.com

R. Bradford Leggett
Jodi D. Hildebran
Obo MREIC Winston-Salem NC, LLC
Allman Spry Leggett & Crumpler, P.A.
rbleggett@allmanspry.com
jhildebran@allmanspry.com
dlanglely@allmanspry.com

James Oliver Carter
Oliver Carter, III
Carter & Carter, P.A.
Obo Campbell Sales Group, Inc.
dba Leather Italia USA
joc@carterandcarterlaw.com
oliver@carterandcarterlaw.com

Clint S. Morse
Obo Bank of North Carolina
Brooks, Pierce, McLendon,
Humphrey & Leonard, LLP
cmorse@brookspierce.com
lhayes@brookspierce.com
jsmall@brookspierce.com

Everett B. Saslow, Jr.
Hill Evans Jordan & Beatty, PLLC
Obo Ford Motor Credit Co., LLC
saslow@hillevans.com

Jeanne M. Jorgensen
Obo CWCA Fontana 73, LLC
Page & Jorgensen, LLP
jjorgensen@pj-law.com
esorensen@pj-law.com

John W. Fletcher, III
Obo VW Credit, Inc.
Guthrie, Davis, Henderson &
Staton, PLLC
jwfletcher@gdhs.com

James S. Livermon, III
Obo Great West Casualty Company
Poyner Spruill LLP
jlivermon@poynerspruill.com

Andrew S. Lasine
Obo Locklar Enterprises, Inc.
dba Executive Delivery Service
Keziah Gates LLP
sam@keziahgates.com

Louis G. Spencer
Obo Penske Truck Leasing Co.
McNair Law Firm
LSpencer@Mcnair.net
mweaver@mcnair.net

Kiah T. Ford, IV
Obo Ryder Truck Rental, Inc.
dba Ryder Transportation Svcs
Parker Poe Adams & Bernstein LLP
chipford@parkerpoe.com

G. Martin Hunter
Obo Gateway Frontier Properties
mhunter@martinhunterlaw.com

R. Bracky Rogers
B. Mark Rogers
Dustin Rogers
Rogers Realty & Auction Co., Inc.
Bracky@rogersrealty.com
bmrogers@rogersrealty.com
dustin@rogersrealty.com

Bank of North Carolina
Attn: Legal Dept
1110 Dover Road
Greensboro, NC 27408

Crestmark Bank
800 Crescent Center
Suite 620
Franklin, TN 37067

Locklar Enterprises Inc
P O Box 2278
High Point, NC 27261