

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION



IN RE:)
)
RFS ECUSTA INC., and)
RFS US INC.,)
)
)

Debtor(s))

Case No. 03-10360 ✓

Case No. 03-10358

Chapter 11

JUDGMENT ENTERED ON AUG 13 2003

**ORDER CONVERTING CASES, APPOINTING INTERIM TRUSTEE
AND APPROVING STANDING BOND**

This cause coming on to be heard and being heard by the undersigned, United States Bankruptcy Judge, and based upon the entire record before the Court and for good cause shown the Court makes the following findings of fact and conclusions of law:

1. On October 23, 2002 the two above-named Debtors filed voluntary Chapter 11 bankruptcy petitions in the District of Delaware and on October 29, 2002 an Order was entered by the Delaware Bankruptcy Court procedurally consolidating and jointly administering these two cases.

2. On February 24, 2003 the Official Committee of Unsecured Creditors filed a *Motion to Convert Cases to Cases Under Chapter 7, Appoint a Chapter 7 Trustee and Direct the Debtors to Turn over their Books and Records to the Chapter 7 Trustee* ("Committee Motion"), to which the debtors objected.

3. On March 20, 2003 the United States Trustee for Delaware filed a *Motion of the Acting United States Trustee to Appoint Chapter 11 Trustees or, Alternatively, to Convert Cases to Cases Under Chapter 7* ("Alternative Motion"), to which the debtors objected.

4. On March 28, 2003 the Delaware Bankruptcy Court entered an Order transferring these two cases to the Western District of North Carolina, initially as Asheville Division cases; by Order entered by this Court on July 11, 2003 these cases were transferred to the Charlotte Division.

5. On April 4, 2003 the Bankruptcy Court for the Western District of North Carolina conducted hearings on several matters in these cases and, *inter alia*, ruled that the Bankruptcy Administrator for the Western District of North Carolina be substituted for the United States Trustee with respect to the *Alternative Motion*.

6. A hearing on the *Alternative Motion* and the *Committee Motion* and the objections thereto was conducted by the Court on August 8, 2003.

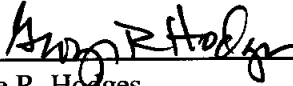
7. Each debtor contests the grounds alleged in the *Alternative Motion* and in the *Committee Motion* but each debtor consents through counsel to the conversion of each case.

IT IS HEREBY ORDERED that

1. These cases are converted to ones pursuant to Chapter 7 of Title 11 and Langdon M. Cooper is hereby appointed interim trustee in both cases and the trustee's standing bond is fixed under the general blanket bond heretofore approved.

2. The conversion of each case shall become effective at 4:30 p.m. EDT, August 12, 2003.

3. The Honorable Judge George R. Hodges shall retain jurisdiction over each of these cases after the conversion to Chapter 7.



George R. Hodges
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
Form for Tender of Order or Judgment

I. Case Name: RFS Ecusta, Inc.
Base Case No: 03-10360 Chapter: 11 Adv. Proc. #: _____
Adv. Proc. Name: _____
Primary Relief: Conversion to Chapter 7

II. _____ Consent Order _____ Order after "No-Protest Notice" with No
Objection or Response
_____ Ex Parte Order Submitted With Motion
X Pursuant to Court's Oral Ruling at Hearing on: 8/8/2003
_____ Other Order _____

III. _____ No Opposing Counsel or Party
_____ Form of Order Approved by Opposing Counsel
X Date Opposing Party/Counsel was Served with Copy of Proposed Order and this Form:
8/11/2003

IV. Order will be Tendered to the Court on: 8/12/2003

V. _____ Return filed order in enclosed self-addressed, stamped envelope to attorney who
prepared order.

VI. Attorney Preparing Order: John Bramlett
Address: 402 West Trade Street, Suite 200
City, State and Zip: Charlotte, NC 28202
Telephone and Bar Number: (704) 350-7590 NC Bar # 7017
Representing: Bankruptcy Administrator

**INFORMATION MUST BE COMPLETED IN EACH SECTION (I-VI) OR THE COURT
MAY REJECT THE ORDER AS SUBMITTED**

Pursuant to Local Rule 9021-1 form to be tendered with proposed order or judgment.