

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re UNITED ROBOTICS, INC.,

Debtor.

Case No. 09-12591

HONORABLE STEPHEN J. MURPHY, III

**ORDER GRANTING IN PART AND DENYING IN PART APPELLANT'S
EMERGENCY MOTION TO STAY BANKRUPTCY PROCEEDINGS** (document no. 9)

The current dispute involves the question whether certain lease payments (“the PPG lease payments”) are property of the United Robotics bankruptcy estate, or of appellant Dobbs and Neidle, PC, and if the former, then whether Dobbs and Neidle has a perfected security interest in the PPG lease payments. The bankruptcy court ruled that the payments are the property of the estate, and that Dobbs and Neidle has no security interest in them. Accordingly, it ordered that Dobbs and Neidle pay into the estate the portion of the PPG lease payments that it has received. This payment was to occur by tomorrow, August 4th, 2009, on pain of sanctions. United Robotics has also instituted an adversary proceeding to recover some of these payments. Dobbs and Neidle has appealed the bankruptcy court’s rulings to this Court, and now moves that both the August 4th deadline and the adversary proceeding be stayed until this Court can resolve the issues.

The Court has reviewed the filings on this motion, conducted a telephonic hearing on the matter earlier today, and comes to the following conclusions:

(1) Dobbs and Neidle is not likely to succeed in showing that the settlement agreement between itself and United Robotics worked an absolute assignment of the PPG lease payments to Dobbs and Neidle. The settlement agreement includes parallel provisions by which United Robotics (a) promises to itself make monthly payments totalling

\$10,287.34 to Dobbs and Neidle, and (b) assigns its interest in the monthly PPG lease payments, of the same amount. Taken as a whole, the contract language indicates that the assignment of the PPG lease payments was most likely intended simply to secure United Robotics's performance of its promise to pay.

(2) Dobbs and Neidle *has* shown a substantial likelihood that it has a perfected, enforceable security interest in the PPG lease payments. The right to the lease payments, or to any portion of them, appears to be an "account" under Michigan Compiled Laws section 440.9102(b). Further, from the face of the statutory language of Compiled Laws sections 440.9109(4)(e) and (g), it appears this transfer could be perfected without filing a financing statement. Additionally, it seems substantially possible that Compiled Laws section 440.9309(b) might apply here as well.

(3) Dobbs and Neidle *has* shown a risk that, if it is required to pay in the funds without being treated as a secured creditor, the funds will be dissipated and it will suffer resultant irreparable harm.

(4) There appears no reason why expeditious proceedings in the bankruptcy court could not result in United Robotics being able to promptly use the disputed funds as cash collateral, after appropriate protections are offered to Dobbs and Neidle. Accordingly, there is little likelihood of harm to others should a stay be granted.

(5) The public interests favoring both the protection of secured creditors and the efficient resolution of bankruptcies can both be furthered by a brief stay of Dobbs and Neidle's obligation to pay over the funds, until the bankruptcy court is able to ensure that it will be treated as a secured creditor pending the outcome of this appeal.

WHEREFORE, it is hereby **ORDERED** that Dobbs and Neidle's motion for a stay of bankruptcy proceedings is **GRANTED IN PART**, as follows. Dobbs and Neidle's obligation to pay in the PPG lease payments is **STAYED**, until such time as the bankruptcy court ensures to its satisfaction that those funds, once paid in, will be treated as if Dobbs and Neidle has a perfected security interest in them, pending the outcome of this appeal. The motion is **DENIED** in all other respects. In particular, the adversary proceeding may go forward.

s/Stephen J. Murphy, III
STEPHEN J. MURPHY, III
United States District Judge

Dated: August 3, 2009

I hereby certify that a copy of the foregoing document was served upon the parties and/or counsel of record on August 3, 2009, by electronic and/or ordinary mail.

Alissa Greer
Case Manager