

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**

IN RE:

ELECTRONIC PLUS OUTLET, INC.

Debtor

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Case No. 10-11991-SSM
Chapter 11

**BRANCH BANKING AND TRUST COMPANY'S
RESPONSE IN SUPPORT OF THE UNITED STATES
TRUSTEE'S MOTION TO DISMISS OR CONVERT CASE TO CHAPTER 7**

Branch Banking and Trust Company ("BB&T"), by and through its undersigned counsel, Shulman, Rogers, Gandal, Pordy & Ecker, P.A., hereby files this Response in Support of the United States Trustee's ("Trustee") Motion to Dismiss or Convert Case to Chapter 7 ("Motion") and in support thereof states:

1. On April 4, 2008, BB&T and Electronic Plus Outlet, Inc. ("EPO") entered into a commercial promissory note ("Note"), as modified and amended, whereby EPO promised to repay BB&T the sum of Three Hundred Thousand and No/100 Dollars (\$300,000.00). A true and accurate copy of the Note is attached hereto as **Exhibit 1** and is incorporated by reference herein.

2. The Note is secured by a Security Agreement ("Agreement") between EPO and BB&T, wherein BB&T was granted a properly perfected first priority lien against EPO's equipment, inventory and accounts ("Collateral"). A true and accurate copy of the Agreement is attached hereto as **Exhibit 2** and is incorporated by references herein.

3. EPO defaulted under the terms of the Note.

4. On December 10, 2009, BB&T contacted EPO through its President, Mr. Johnny Arnez, and requested that it be allowed to inspect and appraise the Collateral.

5. Mr. Arnez refused to grant BB&T access to the collateral from December 10, 2009 until March 11, 2010.

6. On March 11, 2010, BB&T was finally granted access to inspect the Collateral. BB&T hired a licensed appraiser to conduct the inspection. The value of the Collateral is approximately Sixty-Four Thousand Nine Hundred Seventy-Five and No/100 Dollars (\$64,975.00).

7. EPO's Schedules identify BB&T as a secured creditor possessing a claim in the amount of Two Hundred Sixty-Six Thousand and No/100 Dollars (\$266,000.00).

8. BB&T supports the Trustee's request that the Court convert the above-captioned case to a proceeding under Chapter 7 of the United States Bankruptcy Code ("Bankruptcy Code"). BB&T is the secured creditor with a first priority interest in what appears to be EPO's only asset, the Collateral. BB&T believes that Mr. Arnez and EPO will not cooperate with an orderly UCC foreclosure sale of the Collateral. Not only have EPO and Mr. Arnez failed to cooperate with BB&T regarding the liquidation of its Collateral, but EPO and Mr. Arnez do not appear to be fulfilling the requirements placed on a debtor-in-possession under Chapter 11 of the Bankruptcy Code. For example, EPO's Statement of Financial Affairs does not contain any information. Moreover, BB&T notified EPO's counsel, Thomas Sehler, Esq., that EPO was not authorized to use BB&T's cash collateral. EPO continues to operate a retail business. However, to date, BB&T has not received a response to its notification. Consequently, BB&T believes that its interests, and the interests of the other secured and unsecured creditors, will be best served by an orderly liquidation of EPO's assets under Chapter 7 of the Bankruptcy Code. Conversion of

the above-captioned matter to Chapter 7 of the Bankruptcy Code will provide EPO's creditors with the benefit of the Bankruptcy Court's administration of EPO's liquidation.

Respectfully submitted,

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

By: /s/ Matthew M. Moore
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Counsel for Branch Banking and Trust Company

Dated: April 15, 2010

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of April, 2010, I mailed, first class, postage prepaid, a copy of the Response to:

Thomas Sehler, Esq.
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/s/ Matthew M. Moore