

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
)	
INTERNET COMMERCE &)	Case No.01-21097-DEC
COMMUNICATIONS, INC.,)	
f/k/a RMI.NET, Inc., et al,)	Chapter 11
)	
EIN 84-1322326,)	
)	
Debtor.)	

IN RE:)	
)	
APPLICATION METHODS, INC.,)	Case No.01-21098-SBB
a/k/a E-SELL COMMERCE)	
SYSTEMS,)	Chapter 11
)	
EIN 91-1321266,)	
)	
Debtor.)	

IN RE:)	
)	
IDEALDIAL CORPORATION,)	Case No.01-21099-SBB
a/k/a ROCKY MOUNTAIN)	
BROADBAND, INC , and)	Chapter 11
a/k/a CNS,)	
)	-----
EIN 84-1027910,)	Jointly Administered Under
)	Case No. 01-21097-DEC
Debtor.)	

**RULE 202 NOTICE OF DEBTORS' MOTION TO SELL PROPERTY NOT IN THE
ORDINARY COURSE OF BUSINESS AND NOTICE OF EMERGENCY HEARING**

Please be advised that the Debtors have filed a Motion seeking to sell substantially all of their assets. A copy of the Motion is enclosed herewith. Objections to the Motion must be filed with the Court on or before October 25, 2001, and served on the undersigned counsel so that they are received by counsel on or before 4:00 o'clock p.m. on October 25, 2001.

The Court has set a hearing to consider any Objections to the Motion for 10:00 o'clock a.m. Mountain Time, on October 26, 2001, in Courtroom B, United States Bankruptcy Court,

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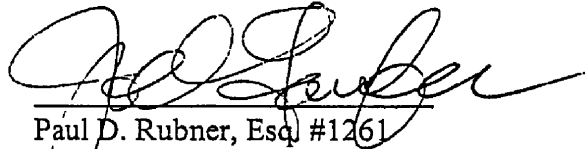
721 19th Street, Fifth Floor, Denver, Colorado. Timely filed Objections, if any, shall be considered at the hearing. Objections shall clearly specify the grounds upon which they are based, including the citation of supporting legal authority, if any. General objections will not be considered by the Court.

In the absence of a timely and substantiated Objection by an interested party, the Court may enter its Order approving the Motion without further notice to creditors and other interested parties.

Dated: October 19, 2001.

Respectfully submitted,

Rubner Padjen and Laufer LLC

A handwritten signature in black ink, appearing to read "Paul D. Rubner", written over a horizontal line.

Paul D. Rubner, Esq. #1261

Joel Laufer, Esq. #7728

Robert Padjen, Esq. #14678

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**Jointly Administered Under
Case No. 01-21097-DEC**

**DEBTORS' JOINT MOTION FOR ORDER AUTHORIZING SALE OF
PROPERTY NOT IN THE ORDINARY COURSE OF BUSINESS
FREE AND CLEAR OF LIENS, CLAIMS AND INTERESTS**

Come Now the above Debtors, by and through their undersigned counsel, pursuant to 11 U.S.C. Section 363(b)(f) and (m), Rules 2002(a)(2), (c)(1) and (i), 6004 and 9014 of the Federal Rules of Bankruptcy Procedure, and Rule 202 of the Local Rules of Bankruptcy Procedure, and hereby request the Court authorize the Debtors to sell certain property not in the ordinary course of business, and as grounds therefor, state as follows:

I. Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. Section 1334; and venue is appropriate pursuant to 28 U.S.C. Section 1409.
2. This matter is a core proceeding pursuant to 28 U.S.C. Section 157(b), and the Court has authority to enter a final order.

II. Background

3. The Debtors filed their voluntary Chapter 11 petitions in this Court on July 31, 2001 ("Filing Date"), and have thereafter continued to operate their businesses as debtors-in-possession. By order entered on or about August 6, 2001, the estates of the three Debtors have been jointly administered.

4. The Debtors are regional full service integration solutions companies focused on providing small and medium-sized business enterprises with: (a) web site design, development, consulting, hosting and marketing, (b) a web portal to provide a multiple of services including a search engine, (c) e-commerce products and services, (d) application-hosted products, (e) managed network access products including DSL, frame relay and dedicated facilities, and (f) managed wide area networks.

5. A Creditors Committee ("Committee") has been appointed in the jointly administered Chapter 11 cases; and the Committee has retained counsel to represent the Committee in these proceedings.

6. RFC Capital Corporation ("RFC") is the Debtors' major secured creditor holding perfected liens on substantially all of the Debtors' assets. As of the Filing Date, RFC was owed approximately six million dollars plus costs and fees.

7. After the Filing Date, the Debtors filed a motion ("Cash Collateral Motion") seeking authority to use cash collateral pursuant to a budget prepared by the Debtors ("Budget") which was attached to the Cash Collateral Motion. The Budget covered the period commencing with the Filing Date and ending on September 28, 2001. On August 28, 2001, the Court entered its order approving the Cash Collateral Motion.

8. The Budget projected a total net positive cash flow for the months of August and September of 2001 of approximately \$300,000.00. Since the Filing Date, the actual revenues received by the Debtors were substantially less than projected in the Budget. Consequently, the Debtors incurred a substantial net negative cash flow for the two month period covered by the Budget.

9. In an effort to alleviate the negative cash flow, the Debtors terminated employees and rejected various office leases and circuit agreements. The Debtors currently are maintaining the minimum number of employees deemed necessary to maintain business operations.

10. The negative cash flow experienced by the Debtors since the Filing Date has resulted in the Debtors' inability to pay various expenses which have arisen since the Filing Date, including but not limited to, amounts owed to utilities, service providers, landlords and equipment lessors.

11. On October 10, the Debtors received a disconnect notice from MCI WorldCom ("MCI") which is the Debtors' largest provider of telecommunication services. The disconnect notice requires the Debtors to pay the sum of \$858,304.00 to MCI on or before 12:01 p.m. on October 18, 2001, failing which MCI will disconnect service to the Debtors. The payment sought by MCI represents amounts owing for telecommunication services provided to the Debtors after the Filing Date. The Debtors are without sufficient funds to pay the amount requested by MCI. The Debtors have contacted MCI in an effort to obtain an extension of the disconnect date to permit the consummation of the sale proposed by this Motion.

12. MCI is one of the Debtors' largest service providers. If MCI should disconnect service, the Debtors' business operations effectively would be terminated.

13. In the event of a termination of business operations, the Debtors believe that the vast majority of the value of their combined businesses will be lost.

14. The Debtors have determined that an immediate sale of virtually all of their assets pursuant to 11 U.S.C. Section 363(f) is mandated by the circumstances.

15. The Committee and RFC concur with the Debtors that an immediate sale of substantially all of the Debtors' assets is necessary.

16. In the absence of an immediately sale of substantially all of the Debtors' assets, the three estates and their respective creditors will be irreparably harmed.

17. In the absence of a prompt and immediate sale of all of their assets, the Debtors are prepared to terminate business operations to avoid incurring further unpaid administrative expenses.

III. Sale of Assets

18. When it became evident that the Debtors were incurring significant negative cash flow and new financing was unavailable, the Debtors made contact with various business brokers and other telecommunication companies for the purpose of negotiating a sale of substantially all of their assets.

19. As a result, the Debtors have been contacted by interested purchasers of some or substantially all of their assets.

20. After negotiations with these interested purchasers, the Debtors determined that the offer submitted by ICC Speed Cell, L.L.C. ("Purchaser") represented the highest and best offer under the circumstances. Accordingly, on or about October 16, 2001, the Debtors and the Purchaser entered into an Agreement For The Purchase Of Assets ("Agreement") whereby the Debtors shall sell substantially all of their assets to the Purchaser free and clear of liens, claims and interests pursuant to 11 U.S.C. Section 363(f). A copy of the Agreement is attached hereto as Exhibit A and incorporated herein by reference. A copy of this Motion, the Agreement and the related Rule 202 Notice is being sent to all creditors and interested parties on the "short list" established by order of this Court reducing the parties to receive notice in these cases. A copy of this Motion [without the Agreement] and the related Rule 202 Notice is being sent to all other creditors and interested parties. Any creditor or interested party may request a copy of the Agreement by contacting the undersigned and providing an e-mail address.

21. The Debtors and the Purchaser are unrelated. The Debtors and their officers and directors hold no interest or claim in and to the Purchaser. The Purchaser and its officers and directors hold no interest or claim in and to the Debtors.

22. The general terms of the Agreement are set forth below. There are many other provisions and terms of sale in addition to those set forth below. Creditors and interested parties are urged to read the Agreement in full. In the event of a conflict between the following description and the Agreement, the terms of the Agreement shall control.

a. The Debtors shall sell to Purchaser all of the assets specifically described in the Agreement ("Assets"), excluding accounts receivable and causes of action, free and clear of liens, claims, interests and encumbrances, pursuant to 11 U.S.C. Section 363(b)(f) and (m), including but not limited to free and clear of all consensual liens, judgment liens, statutory liens, and free and clear of any and all obligations, debts and liabilities of the Debtors not expressly assumed by the terms of the Agreement.

b. The Debtors shall assume and assign to the Purchaser certain executory contracts pursuant to 11 U.S.C. Section 365. To the extent that monetary defaults exist under such executory contracts, the costs to cure such defaults shall be paid by the Purchaser. The cost to cure any monetary defaults under the executory contracts shall be in addition to the purchase price for the Assets.

c. The purchase price for the Assets is One Million Dollars (\$1,000,000.00) (hereafter the "Purchase Price") payable at closing by wire transfer to the account of the Debtors. An earnest money deposit in the amount of \$100,000.00 has been or will be deposited with an escrow agent. The sale proceeds shall be deposited into an interest bearing, federally insured account.

d. Unless paid at the closing, all liens, claims, interests and encumbrances on the Assets existing at the Filing Date shall attach to the cash proceeds of sale in the same order of priority at the Filing Date.

e. The sale of the sale of the Assets to the Purchaser must be approved by order of the Bankruptcy Court ("Sale Order").

f. The Sale Order shall, inter alia, provide that the Assets are sold to the Purchaser free and clear of liens, claims and interests, and that Purchaser is a good faith purchaser pursuant to 11 U.S.C. Section 363(m).

g. The closing of the sale shall occur as soon as commercially reasonable after the entry of the Sale Order.

IV. Sale Pursuant to 11 U.S.C. Section 363

23. Generally, a sale of substantially all of the Debtors' assets would be accomplished pursuant to a plan of reorganization. However, when a substantial business justification exists and exigent circumstances are present, such a sale is permitted under 11 U.S.C. Section 363. See In re Lionel Corp., 722 F.2d 1063 (2nd Cir. 1983) and In re Continental Air Lines, Inc., 780 F.2d 1223 (5th Cir. 1986).

24. The business justification and exigent circumstances which exist in this case are as follows:

a. The disconnect notice received from MCI will result in the termination of business operations and the resulting loss of the value of the Debtors' business if a sale is not consummated immediately.

b. The Debtors have experienced significant negative cash flow since the Filing Date and have incurred unpaid administrative expense claims.

c. After the Filing Date, RFC has consented to the Debtor's use of cash collateral. Most recently, RFC has agreed to permit the Debtors to use cash collateral for two week periods commencing with the two week period ending October 19, 2001. It is possible that RFC will not consent to the continued use of cash collateral at the end of any two week period. The Debtors' inability to use cash collateral will result in the termination of the Debtors' business operations and the loss of the value of the Debtors' business.

d. Given the Debtors' negative cash flow, the Debtors cannot propose a stand alone plan of reorganization to pay their creditors.

e. A sale of the Assets is the only feasible means of generating cash to pay the Debtors' creditors.

f. If the Debtors' Chapter 11 reorganization cases are converted to liquidating Chapter 7 cases, business operations will automatically cease and the value of the Debtors' business will be lost.

V. Competitive Bidding

25. Other prospective buyers may submit competing bids to purchase the Assets. The criteria which shall govern the submission of competing offers to purchase the Assets by prospective purchasers other than the Purchaser are set forth below (the "Overbid Procedure"). Any competing offer to purchase the Assets submitted to the Debtors by an entity other than the Purchaser shall conform to the Overbid Procedure.

26. A description of the Overbid Procedure follows. A Bid, as defined below, which complies with the following Overbid Procedure, will be deemed a "Qualified Bid".

- a. A bidder must submit a written competing bid ("Bid") for all of the Assets.
- b. A Bid must be submitted to the Debtors not less than 24 hours prior to the hearing to consider approval of this Motion. The date and time of the hearing are set forth in the Rule 202 Notice which accompanies this Motion.
- c. The Bid must be on the same terms and conditions as those set forth in the Purchase Agreement other than with respect to price and must be in substantially the same form as the Agreement. The bid must contain earnest money equal to 10% of the offer price contained in the Bid.
- d. The Bid must be cash only, except that RFC may credit bid, and cannot include any contingencies or contingency date, closing conditions or closing date, liquidated damages, representations or warranties, etc., other than those set forth in the Agreement.
- e. The Bid must exceed the Purchase Price by at least \$180,000, i.e. the Bid must be equal to or greater than \$1,180,000.00.
- f. If a Qualified Bid(s) is timely received by the Debtors, then the Bankruptcy Court will hold an auction to sell the Assets to the highest bidder. The Purchaser and the entities submitting Qualified Bids shall be entitled to participate in the auction. For the purposes of the auction, the first bid at the auction shall be the highest Qualified Bid timely received by the Debtors. In the event that two or more Qualified Bids represent the highest Qualified Bid, then the first Qualified Bid received by the Debtors shall be deemed the first bid at the auction. Subsequent bids at the auction shall be made orally and must exceed the prior bid by the sum of \$50,000.00. The auction will be held in open court at the time and place of the hearing to consider approval of this Motion. The date and time of the hearing are set forth in the Rule 202 Notice which accompanies this Motion.
- g. If the Bankruptcy Court approves the sale of the Assets to a buyer other than the Purchaser, the Debtors shall pay a break-up fee in the amount of \$180,000.00 to the Purchaser at the closing of the sale of the Assets to the successful competing bidder.

VI. Notice

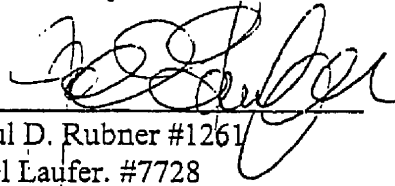
27. This Motion, the Agreement and the related Rule 202 Notice are being sent to creditors and parties in interest who comprise the "short list" pursuant to this Court's Order reducing the parties to receive notice. The Motion [without Agreement] and Rule 202 Notice is being sent to all other creditors and interested parties who may request a copy of the Agreement by contacting the undersigned counsel and providing an e-mail address.

Wherefore the Debtors request the Court enter its order, after notice and hearing, authorizing the Debtors to sell the Assets to the Purchaser, or such higher competing bidder, free and clear of liens, claims and interests upon the terms and conditions set forth herein, and for such other and further relief as the Court deems just.

Dated this 16th day of October, 2001.

Respectfully submitted,

Rubner Padjen and Laufer LLC



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