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19 **UNITED STATES BANKRUPTCY COURT**
20 **CENTRAL DISTRICT OF CALIFORNIA**
21 **LOS ANGELES DIVISION**

22 In re

23 COLOREP, INC.,
24 a California corporation, *et al.*,

25 Debtors.

26 Tax I.D. Nos. 94-3055026 (Colorep, Inc.)
27 and 54-1200596 (Transprint USA, Inc.)

28 Case No. 13-bk-27689-WB

Chapter 11

(Jointly Administered)

**SUPPLEMENTAL MEMORANDUM OF
POINTS AND AUTHORITIES IN SUPPORT
OF FINAL DIP ORDER**

Hearing date
Date: August 15, 2013
Time: 2:00 p.m.
Location: Courtroom 1475
255 East Temple Street
Los Angeles, CA 90012

1 The debtors and debtors in possession in the above-captioned chapter 11 cases
2 (collectively, the "**Debtors**"), hereby file this supplemental memorandum of points and
3 authorities in further support of the *Emergency Motion Of Debtors And Debtors In Possession*
4 *For Interim And Final Orders (1) Authorizing Post-Petition Financing; (2) Authorizing Use Of*
5 *Cash Collateral; (3) Granting Priming Liens And Superpriority Claims; (4) Providing Adequate*
6 *Protection; And (5) Granting Related Relief; Memorandum Of Points And Authorities In Support*
7 *Thereof* [Docket No. 12] (the "**DIP Motion**")¹. Debtors incorporate the DIP Motion as if set forth
8 in its entirety herein. The Debtors further rely on the *Declaration of Robert D. Katz, [Proposed]*
9 *Chief Restructuring Officer of Debtors in Support of Entry of the Final DIP Order* (the "**Katz**
10 **Dec.**"), filed contemporaneously herewith. In further support of the DIP Motion, the Debtors
11 respectfully submit as follows:

12 **A. Approval Of The DIP Financing Facility Secured By A Senior Lien Is**
13 **Appropriate Under Section 364(d) Of The Bankruptcy Code in this Case**

14 The only statutory prerequisites for obtaining credit on a priming lien basis under
15 Bankruptcy Code section 364(d) are that "the [debtor in possession] is unable to obtain such
16 credit otherwise" and that, absent the consent of the secured creditor sought to be primed, "there
17 is adequate protection of the interest of the holder of the lien on the property of the estate on
18 which such senior or equal lien is proposed to be granted." 11 U.S.C. § 364(d). While the
19 Debtors have the "burden of proof on the issue of adequate protection" (*see* 11 U.S.C. §
20 364(d)(2)), each of these tests is satisfied in this case. As discussed in detail in the DIP Motion,
21 and in Section (1) *infra*, the Debtors were unable to obtain the credit necessary to fund these cases
22 by any means other than the DIP Financing Facility. Further, Meserole, as the senior secured
23 lienholder, has consented to the priming of its prepetition liens by the DIP Financing Facility and
24 to the extent that the Junior Lienholders assert liens on the Debtors' assets, they are not entitled to
25 receive adequate protection in order for their asserted liens to be primed by the DIP Financing
26 Facility because their collateral does not have sufficient value to reach their claims. Finally, if the

27 _____
28 ¹ Capitalized terms used, but not otherwise defined herein, shall have the meaning assigned to
such terms in the DIP Motion.

1 Court determines that one or more of the Junior Lienholders holds an interest which is entitled to
2 adequate protection, the replacement liens granted under the proposed Final DIP Order and the
3 continuation of the Debtors' business as a going concern provide sufficient value so as to provide
4 them with adequate protection.

5 **(1) The Debtors Have Sufficiently Demonstrated That They Are Unable To**
6 **Obtain Credit By Means Other Than The DIP Financing Facility, As**
7 **Required By Section 364(d)(1)(A) Of The Bankruptcy Code**

8 Prior to entering into the DIP Financing Facility with Meserole, the Debtors engaged in
9 extensive investigation into the possibility of obtaining the financing necessary to support these
10 cases on other terms, more favorable than those of the DIP Financing Facility. *See Declaration of*
11 *Mark A. Fox In Support of Emergency First Day Motions* [D.I. 13] (the "**Fox Dec.**"), at ¶¶ 73-76.
12 Specifically, based on the Debtors' evaluation, the terms of the DIP Financing Facility are more
13 favorable "than any other financing arrangement they could realistically expect to obtain from
14 any other financing source." *Fox Dec.*, at ¶ 74. Moreover, the terms and conditions of the DIP
15 Financing Facility were the result of "significant and extensive" prepetition negotiations, which
16 resulted in terms the Debtors believe to be "fair and reasonable under the circumstances of this
17 case." *Fox Dec.*, at ¶ 75. The position of Meserole as primary prepetition lender, asserting senior
18 perfected liens on substantially all of the Debtors' assets, together with the Debtors' capital
19 structure and financial condition, both lend support to the conclusion that the DIP Financing
20 Facility is likely the only financing available to support these cases. While the Debtors are
21 required, under Section 364(d)(1)(A), to demonstrate that they are "unable to obtain such credit
22 otherwise," courts do not require that the Debtors engage in an overly costly or all-exhaustive
23 search for financing alternatives. *See, e.g. Bray v. Shenandoah Fed. Sav. And Loan Ass 'n (In re*
24 *Snowshoe Co.*, 789 F.2d 1085, 1088 (4th Cir. 1986) (finding that the debtor is not required to seek
25 credit without senior lien from every possible lender before determining that such search is
26 futile); *See also In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) (debtor
27 demonstrated unavailability of unsecured financing by approaching four lenders); and *In re*
28 *Stanley Hotel, Inc.*, 15 B.R. 660, 663 (D. Colo. 1981) (finding that debtor had demonstrated lack

1 of availability of alternate financing by fact that two national banks had refused to grant
2 unsecured loans). Where debtors demonstrate that there is no alternative financing available,
3 courts in this circuit have granted DIP financing loans on a superpriority, priming basis pursuant
4 to Section 364(d)(1). *See e.g. In re 944 Media, LLC*, BK.2:10-23240-AA, 2010 WL 4520059, *1
5 (Bankr. C.D. Cal. May 7, 2010) (granting priming lien to DIP lender where debtor demonstrated
6 that neither emergency unsecured credit nor secured credit was available, except from the
7 proposed DIP Lender); *Cf. In re Tamarack Resort, LLC*, 09-03911-TLM, 2010 WL 4117459, *11
8 (Bankr. D. Idaho Oct. 19, 2010) (recognizing duty to explore other financing options and denying
9 super-priority, where weight of evidence suggested debtor had other available financing options).

10 Here, Mr. Fox's declaration is not refuted and together with the fact that Meserole is not a
11 traditional lender, but could be considered a lender of near to last resort, there is little doubt that
12 the Debtors' efforts to obtain financing from alternate funding sources on terms and in the amount
13 proposed to be provided by the DIP Agent and DIP Lenders, support the satisfaction of the
14 Debtors' burden that there is no alternate financing available on more favorable terms.

15 **(2) The Junior Lienholders Are Unsecured And Not Entitled To Adequate**
16 **Protection**

17 Section 364(d)(1)(B) requires that secured creditors whose liens are to be primed by the
18 credit obtained must be granted adequate protection. However, the burden of proof is on the
19 alleged junior secured creditor to prove that it holds an interest in the property that deserves to be
20 afforded adequate protection. *See Center Wholesale, Inc. v. Owens-Corning (In re Center*
21 *Wholesale, Inc.)* 759 F.2d 1440, 1443 (9th Cir. 1985) (junior creditor must prove interest in
22 property to have standing to appeal order by which it was primed). The alleged junior creditor's
23 showing must include: (i) an obligation; (ii) secured by property of the debtor; (iii) the value of
24 the asserted collateral is sufficient to fully secure the senior secured creditor, with equity in
25 excess of the senior secured creditor's claim to which the junior interest may attach. *See Id.* at
26 1446.

27 Based on the Katz Declaration, the Junior Lienholders are not secured creditors, and are
28 not entitled to adequate protection in exchange for priming their asserted liens. Meserole asserts

1 an approximately \$20,000,000² secured first priority lien on substantially all of the Debtors'
2 assets, leaving the Junior Lienholders "out of the money." *See Katz Dec.*, at ¶¶17 and 25. If the
3 existing junior lien holder is "out of the money" because a senior lien holder is undersecured, the
4 prepetition junior lien holder does not need to be provided with adequate protection. Under 11
5 U.S.C. 506(a)(1), "[a]n allowed claim of a creditor secured by a lien on property in which the
6 estate has an interest ... is a secured claim to the extent of the value of such creditor's interest in
7 the estate's interest in such property" and "is an unsecured claim to the extent that the value of
8 such creditor's interest ... is less than the amount of such allowed claim." *See also* 11 U.S.C. §
9 506(d) (voiding liens asserted by claims that are not allowed secured claims, subject to some
10 exceptions). Section 506(a), therefore, requires "as a threshold matter...a determination of (i) the
11 estate's interest in the collateral, and (ii) the creditor's interest in that interest." *See 4 Collier on*
12 *Bankruptcy* ¶ 506.03[5] (Alan N Resnick & Henry J Sommer, eds. 16th ed) (citing *United States*
13 *v. Taffi (In re Taffi)*, 96 F.3d 1190, 1192 (9th Cir. 1996)). Therefore, courts in this circuit,
14 applying this two part test, have held that creditors are secured to the extent they have a legal
15 interest in the estate's interest in the collateral. *See e.g. In re De Leon*, 11-56921-ASW, 2013 WL
16 3805733 (Bankr. N.D. Cal. July 18, 2013) ("Creditors' lien can only be treated as secured to the
17 extent that Creditors have a legal interest in the estate's interest."). As discussed below, in light of
18 Meserole's substantial interest in all of the estate's assets, the Junior Lienholders do not have a
19 sufficient "interest in the estate's interest" to secure their asserted liens.

20 As discussed in the Katz Declaration, Messerole asserts a first priority lien the
21 approximate amount of \$20,000,000, secured by substantially all of the Debtors' assets. *See Katz*
22 *Dec.*, at ¶¶17 and 25. Robert Katz, the Debtors' [Proposed] CRO, estimated the liquidation value
23 of the Debtors physical assets to be approximately \$3,000,000, and, further, that the value of the
24 Debtors business prepetition was not substantially higher than that. *See Katz Dec.*, at ¶ 33. While
25

26 ² Meserole's prepetition loan permitted borrowings up to \$25,000,000, however, the principal
27 debt was only about \$17,000,000. Meserole asserts that the prepetition principal and interest is
28 approximately \$20,000,000. The sum of Meserole's claim and the DIP Facility are less than the
full extent of Meserole's commitment under the pre-petition credit agreement. Therefore, the
Junior Lienholders are getting the benefit of their bargain.

1 the value of the Debtor's operations as a going concern is substantially more than the \$3,000,000
2 liquidation value, it is unlikely the value gained simply by operating will realize the nearly seven-
3 fold increase in price necessary to begin to put the Junior Lienholders "in the money." *See Katz*
4 *Dec.*, at ¶¶ 31-35 (discussing the increasing value of Debtors as a going concern, but making no
5 averments asserting the potential for the type of exponential growth required to satisfy Meserole's
6 liens). Since the Junior Lienholders would receive nothing in the absence of postpetition
7 financing with a priming lien, they are not entitled to adequate protection; as of the petition date,
8 they have no interest to adequately protect.

9 In similar cases, courts have found that where the senior secured creditors are under
10 secured, junior secured creditors are not entitled to adequate protection as they have no equity
11 interest in the property and would receive no distribution under non-bankruptcy law. *See e.g. In*
12 *re Levitt & Sons, LLC*, 384 B.R. 630 (Bankr. S.D. Fla. 2008). In *Levitt* the court granted the
13 debtor's motion for a superpriority DIP financing over the objection of junior secured creditors,
14 whose claims were to be primed by the DIP financing, after finding that "sufficiency of adequate
15 protection [requires that] 'prepetition creditor must be provided with the same level of protection
16 it would have had absent the post-petition financing since it is entitled to retain the benefit of its
17 pre-bankruptcy bargain.'" *Id.* at 642 (citing *In re Stoney Creek Techs., LLC*, 364 B.R. 882, 890
18 (Bankr.E.D.Pa.2007)). Because the senior secured creditor's liens vastly exceeded the value of
19 the collateral, the court found "as a matter of law that the junior lien holders are not entitled to
20 adequate protection because they would receive nothing under non-bankruptcy law." *Id.*

21 This is directly apropos to the situation *sub judice*; Meserole holds liens on substantially
22 all of the Debtors' assets in an amount far in excess of the value of such assets, and like in *Levitt*,
23 the junior lien holders would receive nothing under non-bankruptcy law. Despite having notice
24 of the 364(d) priming since July 11, 2013, when the Debtors gave notice of the DIP Motion and
25 despite several counsel for such parties observing hearings, no junior creditor has come forward
26 to prove up a security interest or lien securing an obligation of the Debtors, nor provided
27 valuation evidence establishing that the liened property has value in excess of the Meserole pre-
28 petition claims. Therefore, the Junior Lienholders hold no interest in the Debtors' assets entitled

1 to adequate protection, and no such protection is required in conjunction with the DIP Financing
2 Facility.³

3 **B. The DIP Financing Facility Is Appropriate Because It Will Benefit Creditors**
4 **By Maintaining The Going Concern Value Of The Debtors Business Pending The**
5 **Marketing and Sale Process**

6 The benefit provided to creditors by the continuation of the Debtors' business as a going
7 concern is two-fold: (1) the value of the Debtors' business is already greater than the liquidation
8 value, and with approval of the DIP Financing Facility would continue to increase, thereby
9 providing any parties entitled to adequate protection with such additional value; and (2) failure to
10 approve the DIP Financing Facility would result in the cessation of the Debtor's business
11 operations and the destruction of "going concern" value, as well as the loss of approximately 100
12 jobs.

13 **(1) The Increasing Value of The Debtors' Businesses As A Going Concern**
14 **Provides Adequate Protection To Parties Entitled To Such Protection**

15 To the extent the Junior Lienholders are entitled to receive adequate protection before the
16 DIP Financing Facility may prime their asserted liens, which they are not, such protection will be
17 provided by the preservation and enhancement of the going-concern value of the Debtors'
18 business during the course of the administration of their cases. While the Debtors continue to
19 operate post-petition, their pre-petition capital structure and cash-flow severely restricted their
20 operations. *See Katz Dec.*, at ¶¶ 27-29. As a result of the interim approval of the DIP Financing
21 Facility, the Debtors have been able to resume certain activities which had ceased prepetition,
22 and, as a result, the Debtors value has stabilized and increased post-petition. *See Katz Dec.*, at ¶¶
23 30-31. Moreover, the increase in the Debtors value realized as a result of the postpetition activity,
24 made possible by Meserole and the DIP Financing Facility, is likely to exceed the borrowings
25 under the DIP Financing Facility. *See Katz Dec.*, at ¶ 34. This increase in the going-concern
26 value of the debtors operations provides adequate protection to the interests of all prepetition

27 _____
28 ³ The further down the equity chain one descends, the more and more difficult it becomes to
establish the burden of proof as to equity. -7-

1 creditors, including creditors asserting secured claims.

2 The Bankruptcy Code does not define the term "adequate protection;" however,
3 Bankruptcy Code Section 361 provides that adequate protection is furnished to the extent the
4 debtor's "use, sale, lease or grant results in a decrease in the value of such entity's interest in such
5 property." See 11 U.S.C. §361(1),(2),(3). The Bankruptcy Code, similarly, does not define the
6 nature and extent of the "interest in property" of which a secured creditor is entitled to adequate
7 protection under Section 361. However, the statute plainly provides that a qualifying interest
8 demands protection only to the extent that the use of the creditor's collateral will result in a
9 decrease in the "value of such entity's interest in such property." 11 U.S.C. §§ 361, 363(e).

10 The phrase "value of such entity's interest" was addressed by the Supreme Court in the
11 landmark decision, *United Savings Assoc. of Texas v. Timbers of Inwood Forest Assoc., Ltd.*, 484
12 U.S. 365, 108 S. Ct. 626, 98 L.Ed.2d 740 (1988). For the meaning of "value of such entity's
13 interest," the Supreme Court was guided by Section 506(a) of the Bankruptcy Code which defines
14 a secured creditor's claim:

15 The phrase "value of such creditor's interest in §506(a) means the value of the
16 collateral." H.R. Rep. No. 950-595, pp.181, 356 (1977); see also S. Rep. No. 95-
17 989, p. 68 (1978), U.S. Code Cong. & Admin. News, 1978 pp. 5787, 5854, 6141,
18 6312. We think the phrase "value of such entity's interest" in §361(1) and (2),
19 when applied to secured creditors means the same.

20 *Id.* at 630. *Timbers* instructs that a secured creditor is entitled to adequate protection only against
21 the diminution in the value of the collateral securing the creditors' allowed secured claim. Under
22 *Timbers*, therefore, where the value of the collateral is not diminishing by its use, sale, or lease,
23 the creditor's interest is adequately protected, further, where a creditor has no equitable interest in
24 the collateral there is nothing to adequately protect. This conclusion flows from the notion that
25 the "value of such entity's interests" is the equivalent to "value of the collateral." Applying this
26 rationale, the 9th Circuit Court of appeals has held that "[a]dequate protection is provided to
27 safeguard the creditor against depreciation in the value of its collateral during the reorganization
28 process." *First Federal Bank of California v. Weinstein (In re Weinstein)*, 227 B.R. 284, 296-97

1 (B.A.P. 9th Cir. 1998) (also finding that granting adequate protection payments to reduce the
2 unsecured portion of a claim would give the undersecured creditor an unwarranted bonus); *see*
3 *also Deico Elecs., Inc. (In re Deico Elecs., Inc.)*, 139 B.R. 945, 947 (B.A.P. 9th Cir. 1992)
4 ("undersecured creditors are entitled to adequate protection to compensate them for the
5 depreciation in their collateral"). Therefore, "[i]f the value of the collateral decreases, the
6 creditor is entitled to cash payments so that the value of its interest in the collateral remains
7 constant. Thus, the amount by which the collateral depreciates is the amount of adequate
8 protection to which the secured creditor is entitled." *Id.*

9 This standard applies equally with respect to a proposed "priming" financing under
10 section 364(d)(1)(B). *See e.g. In re Hubbard Power & Light*, 202 B.R. 680, 685 (Bankr.
11 E.D.N.Y. 1996) ("The goal of adequate protection for purposes of the provision entitling a debtor
12 to obtain financing secured by liens senior to all other interests is to safeguard the secured
13 creditor from diminution in the value of its interests."); and *In re Aqua Assoc.*, 123 B.R. 192, 196
14 (Bankr. E.D. Pa. 1991). Further, "[s]ince 'value' is the linchpin of adequate protection, and since
15 value is a function of many factual variables, it logically follows that adequate protection is a
16 question of fact." *In re BLX Grp., Inc.*, 419 B.R. 457, 470 (Bankr. D. Mont. 2009) (*In re Martin*,
17 761 F.2d 472, 472 (8th Cir. 1985)). The facts in these circumstances warrant a finding that the
18 increased value provided by preservation of the Debtor's businesses as a going concern (such
19 value likely to be in excess of the DIP Financing Facility) is sufficient to provide adequate
20 protection to parties entitled to such protection.

21 When the post-petition financing allows for an increase in value that is greater than the
22 amount of the post-petition loan, courts have found that creditors are adequately protected and
23 allowed such loans to prime prepetition debts. For example, in *In re 495 Cent. Park Ave. Corp.*,
24 the debtor was seeking to obtain a DIP loan in order to allow it to continue its renovation of a
25 property. 136 B.R. 626, 628 (Bankr. S.D.N.Y. 1992). In approving the DIP loan, which primed
26 the prepetition mortgage on the property, the court found the key to approval was that "there is no
27 question that the property would be improved by the proposed renovations and that an increase in
28 value will result." *Id.* at 626 and 631. In light of the fact that the projected increases in property

1 value would exceed the value of the post-petition loan, the court found that the prepetition
2 lender's interests would be adequately protected. *Id.* at 632; *Cf. In re Pacific Lifestyle Homes,*
3 *Inc.*, 08-45328, 2009 WL 688908 (Bankr. W.D. Wash. Mar. 16, 2009) (recognizing value as
4 potential source for adequate protection, but finding insufficient guaranty that post-petition
5 financing would create such value).

6 Here, as in *Central Park*, and unlike in *Pacific Lifestyle Homes*, the DIP Financing
7 Facility will allow the debtors to continue the expansion of their operations increasing the value
8 of the Debtors' estates; this has already begun as a result of the interim allowance of the DIP
9 Financing Facility. The Debtors CRO initially estimated the liquidation value of the Debtor's
10 physical assets to be \$3,000,000, and, further, that the value of the Debtors' business prepetition
11 was not substantially higher than that. *See Katz Dec.*, at ¶ 33. As a result of the DIP Financing
12 Facility, the Debtors have been able to expand their operations. *See Katz Dec.*, at ¶¶ 30-31 As a
13 result of expansion of operations and rationalization of staffing, the Debtors' value as an
14 enterprise is increasing instead of diminishing. *See Id.* As a result of this increase, the Debtors
15 are likely to realize an increase in the value of their assets well in excess of any burden imposed
16 by the DIP Financing Facility, and all of the Debtors' creditors will be afforded the benefit of their
17 bargained for rights, because there will be an increase, rather than a decrease in the value of the
18 Debtors assets, and any potential recovery by the Junior Leinholders. This increase in value
19 affords adequate protection to parties entitled to such protection.

20 **(2) Approval Of The DIP Financing Facility Will Prevent The Collapse Of These**
21 **Bankruptcy Cases Into A Liquidation Proceeding**

22 Approval and implementation of the DIP Financing Facility will enable the continued
23 functioning of the Debtors' operations in the ordinary course of business and permit the Debtors
24 to proceed to a going concern sale and avoid a costly liquidation. Courts considering post-
25 petition financing have recognized the value of continuing business operations. *See, e.g.,*
26 *Snowshoe Co.*, 789 F.3d at 1088 (recognizing the importance of approving DIP financing where
27 "time is of the essence to preserve a vulnerable seasonal enterprise"); and *In re Western Pacific*
28 *Airlines, Inc.*, 223 B.R. 567 (Bankr. D. Colo. 1997) (authorizing postpetition financing to

1 preserve value of aircraft leaseholds where to hold otherwise would result in the elimination of
2 their value and the "immediate collapse of the Debtor as a going concern"). Without the DIP
3 Financing Facility, the Debtors would be forced to cease operations and would face a forced
4 liquidation, devastating the value of the Debtors assets, which relies on the ability of the Debtors
5 to operate as a going concern. *See Katz Dec.*, at ¶¶ 27-28 and 30; and *Fox Dec.*, at ¶¶ 70 and 71.

6 WHEREFORE, for the reasons set forth herein and in the DIP Motion, Debtors
7 respectfully request that this Court enter an order on a final basis (i) approving the DIP Financing
8 Facility on the terms set forth in the DIP Term Sheet; (ii) authorizing the use of Cash Collateral,
9 (iii) granting priming liens and superpriority claims; and (iv) providing adequate protection, and
10 grant such other and further relief as the Court deems appropriate.

11
12 Dated: August 12, 2013

Respectfully submitted,

13
14 /s/ Michael S. Neumeister
15 GARY E. KLAUSNER
16 MARGRETA M. MORGULAS
17 MICHAEL S. NEUMEISTER
18 **STUTMAN, TREISTER & GLATT**
19 **PROFESSIONAL CORPORATION**

20
21 [Proposed] Reorganization Counsel
22 for Debtors and Debtors in Possession
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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1901 Avenue of the Stars, 12th Floor, Los Angeles, California 90067. A true and correct copy of the foregoing document entitled (*specify*): **SUPPLEMENTAL MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF FINAL DIP ORDER** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) August 12, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) August 12, 2013, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA FEDERAL EXPRESS

Honorable Julie W. Brand
U.S. Bankruptcy Court
255 E. Temple Street
Suite 1382 / Courtroom 1375
Los Angeles, CA 90012

Honorable Sheri Bluebond
U.S. Bankruptcy Judge
United States Bankruptcy Court
255 E. Temple Street
Room 1482
Los Angeles, CA 90012

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

August 12, 2013
Date

Therese A. Barron
Printed Name

/s/ Therese A. Barron
Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

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3. OVERNIGHT MAIL:

Colorep, Inc.
Limited Service List
6400.000 Rev. 8/6/13
575550v1

Debtors:
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Atty/Debtor
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Stutman, Treister & Glatt P.C.
1901 Ave. of the Stars, 12th Fl.
Los Angeles, CA 90067

Internal Revenue Service
PO Box 21126
Philadelphia, PA 19114

20 Largest Creditors

Anthem Blue Cross Blue Shield
Attn: Dianne Loving
P.O. Box 580494
Charlotte, NC 28258

Domtar Corporation
Port Huron Mill
1700 Washington Avenue
Port Huron, MI 48060

Domtar Corporation
Subsidiary Of Domtar Ind
1700 Washington Avenue
Port Huron, MI 48060

Dominion Va Power
Attn: Barbara Smith
P.O. Box 26666
Richmond, VA 23261-6666

Dominion Virginia Power
P.O. Box 26019
Richmond, VA 23260-6019

Krausz Puente LLC
c/o The Krausz Companies
44 Montgomery St, Ste 3300
San Francisco, CA 94104

Krausz Puente LLC
11383 Newport Dr
Rancho Cucamonga, CA 91730-5536

Stonefield Josephson, Inc.
Attn: Steve Rapattoni, CPA
5 Park Plaza, Suite 700
Irvine, CA 92614

Susan D'Arcy
aka SRD International
95 East Broadway
Roslyn, NY 11576

Mimaki USA, Inc.
c/o Wiliam Hearnburg, Jr.
Smith, Gambrell & Russell, LLP
Promenade, Suite 3100
1230 Peachtree Street N.E.
Atlanta, GA 30309

Mimaki USA, Inc.
Dept. CH 17368
Palatine, IL 6055-7368

Bonnie Julian
1244 Pole Branch Rd
Clover, SC 29710

L.H. Charney Associates, LLC
Attn: Bruce Block
1441 Broadway
New York, New York 10018

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LLC
Attn: Scott S. Markowitz
Tarter Krinsky & Drogin LLP
1350 Broadway
New York, NY 10018

Fish & Associates
Attn: Mei Tsang
2603 Main Street, Suite 10000
Irvine, CA 92614-4271

Fedex – Techconnect
Attn: Pam Gish
Lockbox 360353
500 Ross St. Rm 154-0455
Pittsburg, PA 15252

Federal Express Corp.
PO Box 371461
Pittsburgh, PA 15250-7461

Stand Energy Corporation
Attn Kathy Kellems, Credit Manager
1077 Celestial St., Suite 110
Cincinnati, OH 45202

Stand Energy Corporation
PO Box 632712
Pittsburgh, PA 15250-7461

Carlo Tenconi
Via Stromboli 209
Milan 20144
ITALY

Atlantic Paper Company
430 Fehleley Drive
King of Prussia, PA 19406

Univar USA, Inc.
Attn: Doug Putney
1001 Old Bermuda Hundred Rd
Chester, VA 23836

Univar USA, Inc.
P. O. Box 409692
Atlanta, GA 30384-9692

PBMares /PBGH
Attn: Mary Aldrich
558 South Main Street
Harrisonburg, VA 22801

Columbia Gas GTS Account
P.O. Box 742529
Cincinnati, OH 45274-2529

Chemsolv, Inc.
P.O. Box 13847
Roanoke, VA 24037

Dupont Company
Attn: Jenna Pike
1007 Market Street
Wilmington, DE 19898

Dupont Company
Cashier's Office D-8003-3
1007 Market Street
Wilmington, DE 19898

Shelter Capital Partners fka Yazam
LLC
Attn: Rodney Friedman
10880 Wilshire Blvd., Suite 1850
Los Angeles, CA 90024

Nexeo Solutions
3 Waterway Square Place
Suite 1000
The Woodlands, TX 77380

Nexeo Solutions LLC
62190 Collections Center Dr
Chicago, IL 60693-0621

Secured Lenders

Meserole, LLC
Attn: Ari Hirt
152 W 57th Street, 4th Fl.
New York, NY 10019

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DLA Piper LLP (US)
Attn: Stuart M. Brown
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3200 Honey Flower Ct
Chesapeake, VA 23323-1952

Summit Financial Resources
2455 East ParleysWay,
Salt Lake City, UT 84109

Faunus Group International, Inc.
80 Broad Street, 22nd Floor
New Yorkm NY 10004

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777 East Wisconsin Avenue
Milwaukee, WI 53202-5304

Valley Industrial Trucks
1152 Meadowbrook Ave.
Youngstown, OH 44512

Valley Industrial Trucks (NMAC)
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253 Bookerdale Rd
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27 Waterview Dr
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