

1 GARY E. KLAUSNER (STATE BAR NO. 69077)
2 DANIELLE A. PHAM (STATE BAR NO. 269915), and
3 MICHAEL S. NEUMEISTER (STATE BAR NO. 274220), Members of
4 **STUTMAN, TREISTER & GLATT**
5 **PROFESSIONAL CORPORATION**
6 1901 Avenue of the Stars, 12th Floor
7 Los Angeles, CA 90067
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13 Reorganization Counsel
14 for Debtors and Debtors in Possession

15 Debtors' Mailing Address:
16 Colorep, Inc. and Transprint USA, Inc.
17 100 Pleasant Valley Road
18 Harrisonburg, VA 22801-9790
19 Attn: Robert Katz, [Proposed] CRO

20 **UNITED STATES BANKRUPTCY COURT**

21 **CENTRAL DISTRICT OF CALIFORNIA**

22 **LOS ANGELES DIVISION**

23 In re) Case No. 13-bk-27689-WB
24)
25 COLOREP, INC.,) Chapter 11
26 a California corporation, *et al.*,) (Jointly Administered)
27)
28 Debtors.) **NOTICE OF APPLICATION FOR**
) **ORDER AUTHORIZING THE**
) **EMPLOYMENT AND RETENTION OF**
) **HILCO IP SERVICES LLC AS**
) **EXCLUSIVE AGENT FOR**
) **MARKETING SALE OF DEBTORS'**
) **ASSETS**

29 Tax I.D. Nos. 94-3055026 (Colorep, Inc.) and
30 54-1200596 (Transprint USA, Inc.)

31 Hearing

32 [No Hearing Requires Unless Requested
33 Under Local Bankruptcy Rule 9013-1(o)]

1 **TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE, THE OFFICE OF THE**
2 **UNITED STATES TRUSTEE, THE DEBTORS' TWENTY LARGEST UNSECURED**
3 **CREDITORS, AND OTHER PARTIES ENTITLED TO NOTICE:**

4 **PLEASE TAKE NOTICE** that on August 29, 2013, Colorep, Inc. and Transprint
5 USA, Inc., the debtors and debtors in possession in the above-captioned bankruptcy proceedings (the
6 "Debtors"), filed with the Court and submitted to the Office of the United States Trustee (the "UST")
7 the *Application For Order Authorizing The Employment And Retention Of Hilco IP Services LLC As*
8 *Exclusive Agent For Marketing Sale Of Debtors' Assets*(the "Application") pursuant to sections
9 327(a) and 328(a) of the Bankruptcy Code, Federal Rule of Bankruptcy Procedure 2014(a) (the
10 "Bankruptcy Rules"), and Rule 2014-1(b) of the Local Bankruptcy Rules for the United States
11 Bankruptcy Court Central District of California (the "Local Rules").

12 **PLEASE TAKE FURTHER NOTICE** that the Application requests this Court enter
13 an order authorizing the Debtors to employ Hilco IP Services LLC d/b/a Hilco Streambank ("Hilco")
14 as the Debtors' exclusive agent for the purposes of marketing for sale substantially all the Debtors'
15 assets (the "Assets"), *nunc pro tunc* to August 14, 2013 (the "Application"). As the Debtors'
16 exclusive agent, Hilco would render the following services: (a) working with the Debtors'
17 management and advisors to collect and secure all of the available information and data concerning
18 the Assets;; (b) preparing marketing materials designed to advertise the availability of the Assets for
19 sale, assignment, license or other disposition and shall develop and execute a sales and marketing
20 program designed to elicit proposals to acquire the Assets from qualified buyers in accordance with
21 the timetable set forth by Court order; (c) assisting the Debtors in connection with the transfer of the
22 Assets to the buyer; and (d) executing all marketing and sales activities related to the Assets. The
23 services to be provided will be unique to Hilco, and no duplication of work will be done by any other
24 professionals that may be employed by the Debtors in these chapter 11 cases.

25 **PLEASE TAKE FURTHER NOTICE** that on August 16, 2013, the Court entered
26 the order approving on a final basis the Debtors' postpetition financing facility [Docket No. 134] (the
27 "Final DIP Order"). The Final DIP Order provides for a "carve-out" from the secured lender's
28 collateral for various professionals' fees, including a carve-out for Hilco in the amount of \$60,000

1 for fees and \$5,000 for out-of-pocket expenses. *See* Final DIP Order at 29:25-30:7. The Final DIP
2 Order also provides that the following amounts be advanced and disbursed to Hilco: (a) \$30,000
3 upon entry of the Final DIP Order, (b) \$30,000 payable at the closing on the sale of the Assets, and
4 (c) \$5,000 in reimbursement of expenses as incurred. Final DIP Order at 30:3-7.

5 **PLEASE TAKE FURTHER NOTICE** that subject to the Court's approval, Hilco
6 will be paid postpetition under the terms of the engagement letter between the Debtors and Hilco,
7 dated August 14, 2013 (the "Engagement Letter"). A copy of the Engagement Letter is attached as
8 Exhibit "1" to the Declaration of Ian S. Fredericks. In summary, these compensation terms, which
9 are more fully set forth in paragraph 3 of the Engagement Letter, are as follows:

10 (1) Engagement Fee: The Debtors will pay Hilco a fee of \$60,000 (the
11 "Engagement Fee"). The Engagement Fee shall be fully earned upon entry into the Engagement
12 Letter. The Engagement Fee shall be paid in two installments: (i) \$30,000 payable upon entry of an
13 order by the Court approving Hilco's retention; and (ii) \$30,000 payable upon closing on the sale of
14 the Assets.

15 (2) Success Fee: In addition to the Engagement Fee, the Debtors will pay Hilco
16 the following commission on the sale of the Assets from the Gross Proceeds (as defined in the
17 Engagement Letter) of the sale: (i) 3% of the first \$20 million of the aggregate gross proceeds of the
18 sale; and (ii) 10% for any aggregate gross proceeds in excess of \$20 million.

19 The "Gross Proceeds" means the aggregate cash paid by a buyer in consideration of
20 the sale of the Assets. The Gross Proceeds do not include any secured claims bid as a credit toward
21 the purchase price of the Assets. In the event of a cash or credit bid in excess of the opening bid by
22 Meserole, LLC, or its nominee or designee or any entity in which it holds an interest, the success fee
23 shall be limited to 10% of the value of such bid over the opening credit bid. Hilco shall have no
24 claim against the Debtor's estate for any fees, commissions or other expenses, provided that Hilco
25 shall be entitled to receive payment of all amounts from the Gross Proceeds or from the carve-out
26 provided the Final DIP Order.

27 (3) Expenses: Hilco is entitled to reimbursement from the Gross Proceeds of the
28 sale for all reasonable and customary expenses in connection with the performance of its services.

1 (4) Indemnification: An additional material part of the consideration for Hilco's
2 engagement is the indemnification by the Debtors' estate of Hilco against any claims related to
3 Hilco's services under the Engagement Letter, excluding Hilco's gross negligence or willful
4 misconduct. In any event, the Debtors shall not pay any indemnification claim without further
5 notice and a hearing before this Court for approval of such payment.

6 **PLEASE TAKE FURTHER NOTICE** that a copy of the Application is available by
7 request to Danielle A. Pham, either by (a) mail to Stutman, Treister & Glatt, P.C., Attention:
8 Danielle A. Pham, 1901 Avenue of the Stars, 12th Floor, Los Angeles, California, 90067; (b) by
9 email to dpham@stutman.com; or (c) by telephonic request at (310) 228-5690.

10 **PLEASE TAKE FURTHER NOTICE** that any response to, and/or request for a
11 hearing on, the Application must conform with Local Bankruptcy Rules 2014-1(b)(5) and
12 9013-1(f)(1), and must be filed with the Court no later than 14 days from the date of service of this
13 notice on: (1) the Debtors' reorganization counsel, Stutman, Treister & Glatt, P.C., Attn: Danielle A.
14 Pham, 1901 Avenue of the Stars, 12th Floor, Los Angeles, California, 90067; and (2) the UST.

15 **PLEASE TAKE FURTHER NOTICE** that Local Bankruptcy Rule 9013-1(h)
16 provides that the failure to timely file and serve required papers may be deemed by the Court to be
17 consent to the granting of the relief requested in the Application.

18
19 Dated: August 29, 2013

Respectfully submitted,

20 /s/ Danielle A. Pham

21 GARY E. KLAUSNER
22 DANIELLE A. PHAM
23 MICHAEL S. NEUMEISTER
24 **STUTMAN, TREISTER & GLATT**
25 **PROFESSIONAL CORPORATION**

26 *Reorganization Counsel*
27 *for Debtors and Debtors in Possession*
28

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, CA 90067.

A true and correct copy of the foregoing document entitled (*specify*):

NOTICE OF APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF HILCO IP SERVICES LLC AS EXCLUSIVE AGENT FOR MARKETING SALE OF DEBTORS' ASSETS

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 29, 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*) August 29, 2013, 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 29 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.

Served by Federal Express Honorable Julia W. Brand United States Bankruptcy Court 255 E. Temple Street, Courtroom 1375 Los Angeles, California 90012	Served by Federal Express Honorable Sheri Bluebond United States Bankruptcy Court 255 E. Temple Street, Courtroom 1475 Los Angeles, California 90012
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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.

<u>August 29, 2013</u> <i>Date</i>	<u>Lisa Masse</u> <i>Printed Name</i>	<u>/s/ Lisa Masse</u> <i>Signature</i>
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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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

Brian L Davidoff on behalf of Creditor Quercus Trust

bdavidoff@greenbergglusker.com,

jreinglass@greenbergglusker.com;kwoodson@greenbergglusker.com;calendar@greenbergglusker.com;sgaeta@greenbergglusker.com

Patrick B Howell on behalf of Creditor Sensient Imaging Technologies S.A., Sensient Technologies Corporation

phowell@whdlaw.com, dprim@whdlaw.com;tmichalak@whdlaw.com

Ron Maroko on behalf of U.S. Trustee United States Trustee (LA)

ron.maroko@usdoj.gov

David W. Meadows on behalf of Creditor Columbia Gas of Virginia, Inc.

david@davidwmeadowslaw.com

David W. Meadows on behalf of Creditor Virginia Electric And Power Co

david@davidwmeadowslaw.com

Stephan W Milo on behalf of Interested Party Courtesy NEF

smilo@wawlaw.com, psilling@wawlaw.com

Margreta M Morgulas on behalf of Debtor Colorep, Inc.

mmorgulas@stutman.com

Margreta M Morgulas on behalf of Debtor Transprint USA, Inc.

mmorgulas@stutman.com

Michael S Neumeister on behalf of Debtor Colorep, Inc.

mneumeister@stutman.com

Michael S Neumeister on behalf of Debtor Transprint USA, Inc.

mneumeister@stutman.com

Michael S Neumeister on behalf of Debtor In Possession Transprint USA, Inc.

mneumeister@stutman.com

Frank T Pepler on behalf of Creditor Meserole, LLC

frank.pepler@dlapiper.com

Danielle A Pham on behalf of Debtor Colorep, Inc.

dpham@stutman.com, daniellepham@gmail.com

Jeffrey M. Reisner on behalf of Interested Party Courtesy NEF

jreisner@irell.com

Christopher O Rivas on behalf of Creditor Columbia Gas of Virginia, Inc.
crivas@reedsmith.com

Nicola G Suglia, Esq on behalf of Creditor Canon Financial Services, Inc. c/o Fleischer, Fleischer & Suglia
nsuglia@fleischerlaw.com

United States Trustee (LA)
ustpreion16.la.ecf@usdoj.gov

2. SERVED BY UNITED STATES MAIL:

Colorep, Inc.
Employment Appl. Service List
6400.000
575388v1

Secured Lenders

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

Counsel to Meserole LLC
DLA Piper LLP (US)
Attn: Stuart Brown
919 North Market Street, # 1500
Wilmington, DE 19801

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, # 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, # 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 Assocs., LLC
Attn: Bruce Block
1441 Broadway
New York, NY 10018

Counsel to L.H. Charney Associates, LLC
Attn: Scott S. Markowitz
Tarter Krinsky & Drogin LLP
1350 Broadway
New York, NY 10018

Fish & Associates
Attn: Mei Tsang
2603 Main Street, # 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., # 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 Feheley 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