

1 GARY E. KLAUSNER (STATE BAR NO. 69077)  
MARGRETA M. MORGULAS (STATE BAR NO. 224950), and  
2 KIZZY L. JARASHOW (*Admitted Pro Hac Vice*), Members Of  
STUTMAN, TREISTER & GLATT  
3 PROFESSIONAL CORPORATION  
1901 Avenue of the Stars, 12th Floor  
4 Los Angeles, CA 90067  
Telephone: (310) 228-5600  
5 Telecopy: (310) 228-5788  
E-Mail: gklausner@stutman.com  
6 mmorgulas@stutman.com  
kjarashow@stutman.com  
7

8 [Proposed] Reorganization Counsel  
for Debtors and Debtors in Possession

9 Debtors' Mailing Address:  
Colorep, Inc. and Transprint USA, Inc.  
10 1000 Pleasant Valley Road  
Harrisonburg, VA 22801-9790  
11 Attn: Robert Katz, [Proposed] CRO

12 **UNITED STATES BANKRUPTCY COURT**  
13 **CENTRAL DISTRICT OF CALIFORNIA**  
**LOS ANGELES DIVISION**

14 In re: ) Case No. 13-bk-27689-WB  
15 )  
16 COLOREP, INC., ) Chapter 11  
a California corporation, *et al.*, )  
) (Jointly Administered)  
17 Debtors. )

18 )  
19 )  
20 )  
21 Tax I.D. Nos. 94-3055026 (Colorep, Inc.) and )  
22 54-1200596 (Transprint USA, Inc.) )

**DEBTORS' NOTICE OF MOTION AND  
MOTION PURSUANT TO BANKRUPTCY  
CODE SECTIONS 105(a) AND 363 FOR  
ENTRY OF AN ORDER AUTHORIZING  
THE EMPLOYMENT OF EXECUTIVE  
SOUNDING BOARD ASSOCIATES INC.  
TO PROVIDE CRISIS MANAGEMENT  
SERVICES AND TO PROVIDE ROBERT D.  
KATZ TO SERVE AS CHIEF  
RESTRUCTURING OFFICER FROM THE  
PETITION DATE; MEMORANDUM OF  
POINTS AND AUTHORITIES IN SUPPORT  
THEREOF; DECLARATION OF ROBERT  
D. KATZ. CTP IN SUPPORT THEREOF**

23 )  
24 )  
25 )  
26 )  
27 )  
28 )  
Hearing

*[No Hearing Required unless Requested  
under Local Bankruptcy Rule 9013-1(o)]*

**TABLE OF CONTENTS**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Page

I. BACKGROUND ..... 3

    A. Petition Date and Jurisdiction..... 3

    B. General Background..... 3

    C. Events Leading to Chapter 11. .... 4

    D. Prepetition Loan Agreement with Meserole. .... 5

    E. Postpetition Financing And Use Of Cash Collateral..... 6

II. RELIEF REQUESTED ..... 6

    A. Qualifications of ESBA..... 7

    B. Proposed Scope of Services. .... 8

    C. Compensation of ESBA. .... 10

    D. Limited Hold Harmless Provisions. .... 12

III. AUTHORITY FOR RELIEF REQUESTED..... 13

IV. CONCLUSION ..... 16

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**TABLE OF AUTHORITIES**

Page(s)

**FEDERAL CASES**

*In re 240 North Brand Partners, Ltd.*,  
200 B.R. 653 (B.A.P. 9th Cir. 1996).....13

*In re Century Investment Fund VII Ltd. Partnership*,  
96 B.R. 884 (Bankr. E.D. Wis. 1989).....15

*In re Dairy Dozen-Milnor, LLP*,  
441 B.R. 918 (Bankr. D.N.D. 2010).....15

*In re Ernst Home Ctr.*,  
209 B.R. 974 (Bankr. D. Wash. 1997).....14

*Institutional Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc.*  
(*In re Cont'l Air Lines, Inc.*),  
780 F.2d 1223 (5th Cir. 1986) .....13

*Official Committee of Subordinated Bondholders v. Integrated Resources, Inc.*,  
147 B.R. 650 (S.D.N.Y. 1992).....14

*Walter v. Sunwest Bank (In re Walter)*,  
83 B.R. 14 (B.A.P. 9th Cir. 1988).....13

**STATE CASES**

*Smith v. Van Gorkom*,  
488 A.2d 858 (Del. 1985) .....14

**DOCKETED CASES**

*In re Archbrook Laguna Holdings LLC*,  
Case No. 11-13292 (SCC) (Bankr. S.D.N.Y. Aug. 3, 2011) .....14

*In re Eastman Kodak Company*,  
Case No. 12-10202 (ALG).....14

*In re Harry & David Holdings, Inc.*,  
Case No. 11-10884 (MFW) (Bankr. D. Del. Apr. 27, 2011) .....14

*In re Web Press Corp.*,  
Case No. 09-17418 (KAO) (Bankr. W.D. Wash. Apr. 22, 2010).....14

*In re EZ Lube, Inc.*,  
Case No. 08-13256 (CSS) (Bankr. D. Del. Jan. 13, 2009) .....14

*In re Weeks Landing, LLC*,  
Case No. 06-1721 (ALP) (Bankr. M.D. Fla. Dec. 19, 2006)..... 14-15

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**FEDERAL STATUTES**

11 U.S.C. §101 .....17  
11 U.S.C. § 105(a) .....16, 15  
11 U.S.C. § 327.....11  
11 U.S.C. § 327(a) .....15  
11 U.S.C. § 330.....11  
11 U.S.C. § 331.....11  
11 U.S.C. § 363.....6, 14, 15  
11 U.S.C. § 363(b) .....13, 14  
11 U.S.C. § 363(c) .....13  
11 U.S.C. § 1104.....15  
28 U.S.C. § 157(b) .....3  
28 U.S.C. § 157(b)(2) .....3  
28 U.S.C. § 1334.....3  
28 U.S.C. § 1408.....3  
28 U.S.C. § 1409.....3

1 **TO THE HONORABLE JULIA W. BRAND, THE OFFICE OF THE UNITED STATES**  
2 **TRUSTEE, THE DEBTORS' SECURED LENDERS AND OTHER PARTIES ASSERTING**  
3 **SECURED CLAIMS, THE TWENTY LARGEST UNSECURED CREDITORS OF THE**  
4 **DEBTORS, AND OTHER PARTIES IN INTEREST:**

5 **PLEASE TAKE NOTICE** that the above captioned debtors and debtors in  
6 possession (the "Debtors") hereby move (by this "Motion") the Court, pursuant to sections 105(a)  
7 and 363 of title 11 of the United States Code (the "Bankruptcy Code"), for entry of an order,  
8 effective from the Petition Dates (as defined below), authorizing and approving the agreement  
9 ("ESBA Agreement") with Executive Sounding Board Associates, Inc. ("ESBA") to provide crisis  
10 management services and also to provide Robert D. Katz to serve as the Debtors' Chief  
11 Restructuring Officer ("CRO"), as well as any required additional temporary staff (the "Temporary  
12 Staff"), including, but not limited to, Mr. Paul Newton; and (b) the appointment of Mr. Katz as CRO.  
13 In support of the Motion, the Debtors respectfully represent as follows:

14 **SUMMARY OF RELIEF REQUESTED**

15 By this Motion, the Debtors seek authorization and approval of the ESBA Agreement,  
16 as of the Petition Date, pursuant to which ESBA will provide crisis management services to the  
17 Debtors, provide the CRO and any required additional Temporary Staff, including Mr. Newton,  
18 under sections 105(a) and 363 of the Bankruptcy Code and on the terms set forth herein and in the  
19 ESBA Agreement, a copy of which is attached to the "Declaration of Robert D. Katz In Support of  
20 Retention Application" (the "Katz Declaration") as Exhibit "1".

21 This Motion is based on the Memorandum of Points and Authorities below, the  
22 evidence contained in the Katz Declaration, the concurrently filed "Appendix of Orders Cited in  
23 Debtors' Motion Pursuant to Section 363 for Entry of an Order Authorizing the Employment of  
24 Executive Sounding Board Associates As Chief Restructuring Officer to Provide Management  
25 Services to the Debtors", the record in these cases, and the arguments, evidence and representations  
26 that may be presented at or prior to the hearing on this Motion.

27 **PLEASE TAKE NOTICE that Local Bankruptcy Rule 9013-1(o)(1) requires**  
28 **that any response and request for hearing with respect to this Motion must be filed with the**

1 **Court and served on the Debtor, EBSA and the United States Trustee within 14 days after**  
2 **the date of service of this Notice of Motion.**

3 **WHEREFORE**, based on the Memorandum of Points and Authorities set forth  
4 below and the supporting Katz Declaration, the Debtors respectfully request entry of an order  
5 authorizing and approving the ESBA Agreement to provide crisis management services and CRO, as  
6 well as any Temporary Staff, including Mr. Newton, necessary to perform the requested services to  
7 the Debtors.

8  
9 Dated: July 30, 2013

*/s/ Margreta M. Morgulas*

---

GARY E. KLAUSNER  
MARGRETA M. MORGULAS AND  
KIZZY L. JARASHOW, Members of  
STUTMAN, TREISTER & GLATT  
PROFESSIONAL CORPORATION  
[Proposed] Reorganization Counsel  
for Debtors and Debtors in Possession

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **BACKGROUND**

4 **A. Petition Date and Jurisdiction.**

5 On July 10, 2013 (the "Petition Dates"), the Debtors commenced the above-captioned  
6 chapter 11 cases ("Cases") by filing voluntary petitions under chapter 11 of the Bankruptcy Code.

7 Pursuant to Bankruptcy Code sections 1107(a) and 1108, the Debtors are continuing  
8 to operate their business and manage their financial affairs as debtors in possession.

9 No trustee, examiner, or committees have been appointed in these Cases.

10 This Court has jurisdiction over these chapter 11 cases and this application pursuant  
11 to 28 U.S.C. §§ 1334 and 157(b), and venue is proper in this District pursuant to 28 U.S.C. §§ 1408  
12 and 1409.

13 This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

14 **B. General Background.**

15 Originally founded as a technology development company in 1989, the company that  
16 later became known as Colorep shifted its focus in 2003 to industrial printing applications. By 2005  
17 Colorep had advanced its textile technology and had invented a patented process for dyeing and  
18 decorating fabric known as AirDye®, which is widely regarded as revolutionary because it does not  
19 result in water pollution and significantly reduces energy use, costs and time from design to market.

20 In 2007, Colorep began licensing AirDye® technology to manufacturers and resellers  
21 in the home interior, hospitality and apparel industries, which licensing continues to be very  
22 profitable for Colorep.

23 Due to the success of the AirDye® technology, in September 2009, Colorep began  
24 doing business as "AirDye Solutions."

25 At the end of 2007, Colorep acquired Transprint, a privately held, employee-owned  
26 company, with headquarters and manufacturing facilities in Harrisonburg, Virginia. Transprint, a  
27 leading supplier of transfer-printing paper was a strategic and potentially lucrative acquisition for  
28

1 Colorep as it gave Colorep access to manufacturing capabilities, a global customer base, and a  
2 design library exceeding 15,000 unique designs.

3 Transprint is the wholly-owned subsidiary of Colorep. Colorep is owned by  
4 numerous shareholders, with interests in 1 or more of the 5 series of preferred stock (Series A-E)  
5 and/or in Colorep's common stock.

6 The Debtors share common management, jointly own most assets and are co-obligors  
7 or obligor/guarantor on most of the Debtors' collective obligations.

8 **C. Events Leading to Chapter 11.**

9 In 2011, the Debtors began experiencing significant cash flow constraints, which  
10 rendered the Debtors unable to pay their ordinary course operating expenses, pay overhead, acquire  
11 necessary raw materials to meet customer demands and purchase parts and supplies required for the  
12 maintenance of their equipment and manufacturing and production facility in Virginia. As a result,  
13 the quality and availability of the Debtors' product began to decline and their key vendor and  
14 customer relationships suffered.

15 In or around June 2011, the Debtors entered into that certain Loan and Security  
16 Agreement (as amended, supplemented and modified, the "Prepetition Loan Agreement") with  
17 Meserole, LLC ("Prepetition Lender" or "Meserole"). Pursuant to the Prepetition Loan Agreement,  
18 the Debtors had the ability to access up to \$25 million on the terms and conditions set forth in the  
19 Prepetition Loan Agreement ("Prepetition Loan"). In exchange, the Debtors granted Meserole a first  
20 priority secured lien on virtually all of their tangible and intangible assets.

21 Unfortunately, the Prepetition Loan did not result in the stabilization of the Debtors'  
22 operations as had been hoped. Accordingly, throughout 2012, the Debtors continued to experience  
23 cash shortages and, therefore, were unable to purchase necessary raw materials and timely produce  
24 ordered product. Further, the Debtors were unable to sustain the quality of the product they did  
25 produce as they lacked the capital necessary to improve or even perform necessary service and  
26 repairs to the equipment utilized in their production process. The Debtors' inability to timely meet  
27 demand and resolve the increasing quality control issues resulted in material cancellations and harm  
28 to valuable customer relationships.



1 The Debtors' working capital constraints also resulted in their inability to meet their  
2 obligations to their employees in a timely and consistent manner. This resulted in significant morale  
3 issues and ultimately in the loss of many key employees in 2012, which further diminished their  
4 capacity to fulfill customer orders and meet obligations to vendors.

5 By the end of 2012, the situation had worsened and the Debtors went through a  
6 number of "dark" periods during which time production halted completely and employees went  
7 unpaid.

8 In March 2013, the Debtors, with the consent of their Prepetition Lender, hired Mark  
9 A. Fox of The Fox Group as the Chief Restructuring Officer. Mr. Fox will now assume a new role  
10 in the operation of the Debtors' businesses, and ESBA will take the lead with respect to the Debtors'  
11 day-to-day operations as well as the sale and restructuring efforts.

12 From March through June 2013, the Debtors worked to adjust staffing to appropriate  
13 levels, minimize and eliminate expenditures that did not directly support the Debtors' production and  
14 research and development operations. Further, the Debtors focused on rebuilding the most valuable  
15 customer and vendor relationships and on minimizing the Debtors' exposure with respect to those  
16 relationships that had historically not been profitable. The Debtors have also focused on improving  
17 inventory analysis and control with an aim to improving the Debtors' ability to timely meet customer  
18 orders. Although significant cash shortages did not permit extensive business development efforts,  
19 to the extent feasible, the Debtors also worked to expand the Debtors' licensing activities to new,  
20 active markets around the globe.

21 **D. Prepetition Loan Agreement with Meserole.**

22 The Debtors' primary assets are its intellectual property rights and interests, including  
23 patents, pending patent applications, trademarks, and copyrights, its manufacturing and operational  
24 facility in Harrisonburg, Virginia, its furniture, fixtures and equipment, accounts receivable,  
25 inventory, and its design studio and customer files in Charlotte, North Carolina and New York, New  
26 York.

27 As previously indicated, the Debtors' primary secured lender is Meserole, which, as  
28 of the Petition Date, was owed approximately \$17 million, exclusive of interest, fees, costs and

1 expenses. Meserole asserts a first priority secured lien on all or substantially all of the Debtors'  
2 assets. Several other parties may assert liens on the Debtors' assets, including, significantly, taxing  
3 authorities, judgment lien creditors, and subordinated debt holders.

4 **E. Postpetition Financing And Use Of Cash Collateral.**

5 Despite the significant operational improvements made since March 2013, by June  
6 2013, it became clear that the Debtors could not continue to operate absent significant, additional  
7 capital infusions. However, the Debtors were unable to find a source of sufficient new capital on  
8 reasonable terms and conditions. Accordingly, the Debtors determined, in the sound exercise of  
9 their business judgment that the best course of action to maximize the value of their assets and the  
10 potential return to creditors was to file for chapter 11 and seek to sell the Debtors' assets through an  
11 efficient sale process.

12 On July 11, 2013, the Debtors filed their "Emergency Motion Of Debtors And  
13 Debtors In Possession For Interim And Final Orders (1) Authorizing Post-Petition Financing;  
14 (2) Authorizing Use Of Cash Collateral; (3) Granting Security Interests And Superpriority Claims;  
15 (4) Providing Adequate Protection; And (5) Granting Related Relief" [Docket No. 12] (the "DIP  
16 Financing Motion").

17 On July 17, 2013, the Court entered an interim order ("Interim DIP Order") approving  
18 the use of the DIP Financing and Cash Collateral on the terms and conditions outlined therein and  
19 pending a final hearing on the relief requested in the DIP Financing Motion, including, relevant to  
20 the instant Motion, the payment of the postpetition retainer to ESBA discussed more fully below.

21 **II.**

22 **RELIEF REQUESTED**

23 By this Motion, the Debtors seek entry of an order authorizing and approving the  
24 ESBA Agreement, pursuant to which the Debtors will retain ESBA to provide crisis management  
25 services and also appoint Mr. Katz to serve as CRO, along with any Temporary Staff, including but  
26 not limited to Mr. Newton, in order to perform the services required under the ESBA Agreement and  
27 the Motion, all pursuant to sections 105(a) and 363 of the Bankruptcy Code.  
28

1 The Debtors have agreed to provide a postpetition retainer to ESBA in the amount of  
2 \$ 85,000 (the "Proposed Postpetition Retainer") to be funded from the proceeds of the DIP Financing  
3 Facility and/or Cash Collateral, as provided for in the Interim DIP Order and the budget incorporated  
4 therein ("Budget").

5 The Proposed Postpetition Retainer shall be used to pay the fees and expenses  
6 incurred by ESBA during these Cases. This Motion and ESBA's retention by the Debtors is  
7 conditioned upon the approval of the DIP Financing, use of Cash Collateral and the related Budget  
8 as well as the payment of the \$85,000 Proposed Postpetition Retainer provided for thereunder and in  
9 the Interim Order. Accordingly, ESBA shall have no obligations to represent the Debtors unless the  
10 Proposed Postpetition Retainer is promptly funded in the manner provided herein.

11 **A. Qualifications of ESBA.**

12 As set forth in the ESBA Agreement and the Katz Declaration, ESBA is a firm of  
13 seasoned professionals leading a coordinated effort for business recovery and improvement. Over  
14 35 years and more than a thousand cases, their professionals have honed the skills needed to quickly  
15 diagnose problems, stabilize situations, determine the best courses of action, and develop a long term  
16 plan. With an average of 30 years business experience, their consultants have a diverse array of  
17 first-hand experience and hold a wide range of credentials

18 Mr. Katz has led companies through crises and turnarounds with the vision and  
19 insight earned from more than 25 years on the front lines. In many instances, Mr. Katz has acted as  
20 Interim President, Chief Financial Officer, Chief Operating Officer, Chief Restructuring Officer or  
21 Treasurer, helping companies improve operating performance and generate additional cash flow.

22 As a turnaround consultant, he has functioned in senior leadership positions in a  
23 number of industries including manufacturing, printing, communications, transportation,  
24 distribution, and healthcare. The work in these instances was strategic in evaluating viable options  
25 for a debtor's future including steps to strengthen existing operations as well as pursuing sale of the  
26 company or parts thereof, as well as the potential for additional acquisitions to create a stronger  
27 competitor in the marketplace as part of a plan of reorganization.

28

1 **B. Proposed Scope of Services.**<sup>1</sup>

2 If the Proposed Postpetition Retainer to ESBA is promptly paid, ESBA has agreed to  
3 make Mr. Katz available to serve as the Debtors' CRO and to make available as necessary the  
4 Temporary Staff, including but not limited to Mr. Newton, to perform other services required of  
5 ESBA, as set forth in the ESBA Agreement and this Motion.

6 Mr. Katz and ESBA personnel will focus primarily on the Chapter 11 process and  
7 providing leadership for the Debtors, as well as providing advice and guidance to the Debtors'  
8 Boards of Directors ("Boards") in the development of the Debtors' restructuring options and  
9 determination of the Debtors' cash requirements related thereto. It is expressly contemplated that  
10 ESBA will manage the day-to-day operations and assume the role of CRO and any other senior  
11 position as may be deemed appropriate (*e.g.*, COO, CEO, CFO). However, ESBA will not be  
12 granted authority to exercise any powers or authority as a result of the approval of the ESBA  
13 Agreement that are reserved to the Boards under applicable state law and the governing agreements  
14 of each Debtor. See Katz Declaration, Exhibit 1 at 3 (providing "ESBA's responsibilities and  
15 authority as CRO do not include any responsibilities, powers and authority of the Debtors Board of  
16 Directors, all of which shall remain with the Board.")

17 As detailed in the ESBA Agreement, ESBA's scope of services shall include the  
18 following:<sup>2</sup>

- 19 • Act as the Chief Restructuring Officer (CRO) and as such ESBA will be appointed CRO and  
20 assume certain duties and responsibilities of the day to day management and operation of the  
21 Debtors' businesses, during their Chapter 11 cases, including responsibility for the Debtors'  
22 compliance with UST requirements and regulations, with the understanding and assuming  
23 that there is wherewithal to provide the information timely and materially accurately, and  
24 assisting the Debtors in managing a sale process under Bankruptcy Code section 363 and/or

25 <sup>1</sup> To the extent there are any inconsistencies between the ESBA Agreement and the Order entered by the Court  
26 approving the relief requested by this Motion, the Order shall control. Unless otherwise defined herein, all  
27 capitalized terms shall have the meanings ascribed to them in the ESBA Agreement. Additionally, the Debtors will  
28 apply to the Court for appropriate modification of any Order entered hereon in the event that the Debtors request  
ESBA to furnish additional officers or the scope of the engagement is materially modified.

<sup>2</sup> See Katz Declaration, Exhibit 1 at pg. 2.

- 1 evaluating and developing alternative reorganization strategies; The CRO may appoint  
2 subordinate officers of the Company; provided, however, ESBA shall use commercially  
3 reasonable efforts to manage the Debtors in the exercise of “apparent authority” by any  
4 officer, employee or consultant (interim or otherwise) which is inconsistent with their actual  
5 authority;
- 6 • Working to improve the manufacturing process; enhancing throughput; material utilization;  
7 reducing the cost per unit and advising on the most effective way to position the operations  
8 while considering other stake holder concerns and maintaining focus on the overall picture  
9 and the accompanying details;
  - 10 • Minimize the day to day interruptions and involvement of related stakeholders. Freeing up  
11 Company management from internal time consuming matters, to focus on business growth;
  - 12 • Prepare and develop a rolling cash flow forecast to manage the Company’s cash position and  
13 to maximize the value from each disbursement. It will enable the Company to better report  
14 to remote stakeholders;
  - 15 • Prepare and develop if requested a business plan, including balance sheet, income statement,  
16 cash flow statements and support schedules and assumptions;
  - 17 • Work with Company personnel to provide monthly financial statements; close the  
18 books/accounting records and report variances to budget;
  - 19 • Prepare a market overview if requested; assess the Company’s competitive position,  
20 customer base and sales performance and trends. Recommend opportunities to improve and  
21 increase sales;
  - 22 • Guide the Company through the proposed Chapter 11/Section 363 sale process. Prepare  
23 statements and schedules as needed and as requested;
  - 24 • Guide the company through the transition process;
  - 25 • Testify in Bankruptcy Court and participate in hearings as requested;
  - 26 • Manage the work flow, work product, court deadlines and interaction with others court  
27 related professionals and personnel including but not limited to the US trustee; and
  - 28 • Other projects as requested by the Debtors' Boards of Directors.

1 With respect to the efforts outlined above, Mr. Katz will seek to interface and report  
2 in a timely manner to the Boards regarding any decisions to be considered by the Boards, furnish to  
3 the extent possibly financial or other information requested by or on behalf of the Boards, and attend  
4 Board meetings and report progress on restructuring initiatives and actions instructed by the Boards.  
5 Additionally, ESBA will interact with the other professionals retained by the Debtors to ensure that  
6 work is performed efficiently and without duplication of effort.

7 **C. Compensation of ESBA.**

8 As set forth in the ESBA Agreement, ESBA will be compensated on an hourly basis  
9 for fees incurred in rendering services to the Debtors, and reimbursed for actual and necessary  
10 expenses. Specifically, ESBA will be compensated for its services on a time and charges basis at its  
11 standard billing rates in effect at the time services are rendered.

- 12 • The hourly billing rate for Mr. Katz is \$525 and the hourly billing rate for Mr. Newton will  
13 be \$395, which amounts represent reductions of their normal hourly rates and in  
14 consideration of this engagement. In the unlikely event that Mr. Newton works more than 40  
15 hours per week, ESBA has agreed to cap Mr. Newton's fees at \$15,000 per week. As an  
16 alternative and at ESBA's sole discretion, ESBA would cap Mr. Newton's fees at \$12,500  
17 per week with a \$200,000 "success fee" to be paid by Meserole upon completion of a  
18 reorganization under Chapter 11 of the Bankruptcy Code or a Section 363 sale. If the  
19 election is made, the ESBA Agreement provides that the terms and conditions of the success  
20 fee will be formalized in a written Addendum to the ESBA Agreement.
- 21 • To the extent they are not performing other billable work while traveling, travel time for  
22 ESBA consultants will be billed at ½ their normal hourly rate.
- 23 • Should other consultant's from ESBA be needed, their rates will be billed between \$295 and  
24 \$480 per hour and will be approved by the Debtors' Boards of Director in advance. ESBA  
25 has agreed to endeavor to minimize the cost of this engagement by working efficiently and  
26 cost effectively.
- 27 • If the engagement lasts more than six (6) months, ESBA has reserved the right reserve the  
28 right to increase the hourly fee rates charged, upon prior written notice.

- 1 • Billings for fees and out of pocket expenses will be rendered weekly. ESBA's invoices are  
2 due and payable upon presentation. If an invoice is not paid on a timely basis, ESBA  
3 reserves the right to cease work until the matter is settled.
- 4 • ESBA will be reimbursed for any out-of-pocket expenses reasonably incurred in connection  
5 with the services provided. Such expenses include, but are not limited to, travel, meals,  
6 lodging, parking, telephone and fax, general office services, photocopying and delivery  
7 services. ESBA has agreed to take reasonable efforts to advise the Debtors of any material  
8 expenses that are expected to be incurred before they are incurred. Travel expenses to  
9 California for meetings with parties including but not limited to The United States Trustees  
10 Office; United States Bankruptcy Court; Board Members and Counsel will be paid initially  
11 by the Debtors.

12 See Katz Declaration, Exhibit 1 at pp. 3-4.

13 ESBA was given a \$30,000 retainer to secure payment of its fees and expenses in the  
14 prepetition period ("Prepetition Retainer"). To the extent not fully utilized by ESBA for the payment  
15 of its prepetition fees and expenses, the Prepetition Retainer will be rolled over to the postpetition  
16 period. Additionally, the Debtors have agreed that ESBA shall be given the Proposed Postpetition  
17 Retainer in the amount of \$85,000, which shall be funded from the first funds available under the  
18 DIP Financing Facility. ESBA shall segregate the Proposed Postpetition Retainer as well as the  
19 amounts, if any, remaining from the Prepetition Retainer to secure the payment of ESBA's fees and  
20 expenses. The Debtors have further agreed to grant ESBA a first-priority security interest in the  
21 Postpetition Retainer. Katz Declaration, Exhibit 1 at p. 4.

22 Because ESBA, Mr. Katz, Mr. Newton, and any additional Temporary Staff are not  
23 being employed as professionals under section 327 of the Bankruptcy Code, ESBA will not be  
24 submitting fee applications pursuant to sections 330 and 331 of the Bankruptcy Code. ESBA will,  
25 however, provide to the Office of the United States Trustee and counsel for any official statutory  
26 committees that may be appointed in these cases, reports of staffing, compensation earned and  
27 expenses incurred on a monthly basis, with respect to the prior month. Such reports shall include the  
28 names of individuals assigned and the functions filled by such individuals, summarize the services

1 provided, identify the compensation for the CRO and any Temporary Staff, and itemize the expenses  
2 incurred. Katz Declaration, ¶ 24.

3 ESBA shall also file with the Court: (i) monthly staffing reports for the prior month,  
4 including the names of individuals assigned and the functions filled by such individuals; and  
5 (ii) expense reports no less frequently than monthly, summarizing the services provided, identifying  
6 the compensation for the CRO and any Temporary Staff, and itemizing the expenses incurred. ESBA  
7 will provide notice of such filing to the United States Trustee and counsel for any official statutory  
8 committees, providing a ten (10) day time period from the date of issuance for objections to be filed.  
9 Such staffing and compensation for fees and expenses shall be subject to review by the Court only in  
10 the event that an objection is filed within such ten (10) day time period. Katz Declaration, ¶ 25.

11 To the best of the Debtors' knowledge, the compensation arrangement provided in the  
12 ESBA Agreement and described herein is consistent with and typical of arrangements entered into  
13 by ESBA and other restructuring consulting firms with respect to rendering similar services for  
14 clients such as the Debtors. ESBA submits its bills weekly and the bills are due upon presentation  
15 subject to the requirements outlined below. Katz Declaration, ¶ 22.

16 To the best of the Debtors' knowledge, there is no agreement or understanding  
17 between ESBA and any other person or entity for sharing compensation received or to be received  
18 for services rendered by ESBA personnel in connection with these Cases. Katz Declaration, ¶ 13.

19 Further, neither Mr. Katz nor any other employee of ESBA, has been a director of the  
20 Debtors in the past two years, nor have any of the above invested in the Debtors in the prior three  
21 years. Katz Declaration, ¶ 13.

22 **D. Limited Hold Harmless Provisions.**

23 The ESBA Agreement provides that Mr. Katz will be added to the Debtors' existing  
24 Officers and Directors Insurance Policy (the "D&O Policy"). Further, upon any cancellation or non-  
25 renewal of the D&O Policy, the Debtors have agreed to exercise their rights to extend the claim  
26 period for a one-year "discovery period" and will exercise such rights and pay such premiums  
27 required there under. Mr. Katz will also be covered by the indemnity provisions of the bylaws of  
28 Debtor Colorep, Inc. and any applicable state law. See Katz Declaration, Exhibit 1 at p. 4.



1 Additionally, as set forth in the ESBA Agreement, the Debtors have agreed to hold  
2 harmless and indemnify ESBA and its affiliates and their respective shareholders, directors, officers,  
3 members, managers, partners, control persons, employees, representatives, attorneys and agents,  
4 (each an "Indemnified Party"), from and against any and all losses, claims, damages, obligations,  
5 penalties, judgments, awards, settlements, liabilities, costs, expenses and disbursements (including  
6 reasonable attorneys' fees) asserted against or incurred by any Indemnified Party, related to, by  
7 reason of, or arising out of or in connection with, the ESBA Agreement or performance under the  
8 ESBA Agreement, whether such loss, claim, damage, obligation, penalty, judgment, award,  
9 settlement, liability, cost, expense or disbursement is asserted by the Debtors or any other person or  
10 entity. However, if any claim is made ESBA will only be liable up to the amount of fees earned and  
11 paid by the Debtors. However, the hold harmless and indemnity shall not apply to the extent that a  
12 court of competent jurisdiction has found by final judgment that such loss, claim, damage,  
13 obligation, penalty, judgment, award, settlement, liability, cost, expense or disbursement resulted  
14 from the negligence or willful malfeasance or gross negligence of ESBA. See Katz Declaration,  
15 Exhibit 1 at p. 5.

### 16 III.

#### 17 **AUTHORITY FOR RELIEF REQUESTED<sup>3</sup>**

18 Section 363(b) of the Bankruptcy Code provides in pertinent part: "The trustee, after  
19 notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of  
20 the estate." 11 U.S.C. § 363(b). In the Ninth Circuit, a proposed use of property pursuant to section  
21 363(b) is appropriate if "some articulated business judgment" exists for the transaction. Walter v.  
22 Sunwest Bank (In re Walter), 83 B.R. 14, 19-20 (B.A.P. 9th Cir. 1988) (quoting Institutional  
23 Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc. (In re Cont'l Air Lines, Inc.), 780 F.2d  
24 1223, 1226 (5th Cir. 1986)); see also In re 240 North Brand Partners, Ltd., 200 B.R. 653, 659  
25 (B.A.P. 9th Cir. 1996) ("[D]ebtors who wish to utilize § 363(b) to dispose of property of the estate

26 \_\_\_\_\_  
27 <sup>3</sup> Pursuant to Section 363(c) of the Bankruptcy Code, entering into contractual arrangements for the provision of  
28 interim management is within the ordinary course of the Debtors' businesses as contemplated by the Bankruptcy  
Code. Corporations routinely hire and fire senior executives. Notwithstanding this contention, the Debtors have  
filed the Motion in the interest of full disclosure to the Court and the Debtors' stakeholders.

1 must demonstrate that such disposition has a valid business justification."); In re Ernst Home Ctr.,  
2 209 B.R. 974, 979 (Bankr. D. Wash. 1997) (stating that the debtor's decision to enter into a  
3 transaction under section 363(b) "must be based on its reasonable business judgment . . .," which  
4 should be approved if the debtor establishes "some articulated business justification for the  
5 transaction").

6           Once a debtor articulates a valid business justification, the law vests a debtor's  
7 decision to use property out of the ordinary course of business with a strong presumption "that in  
8 making a business decision the directors of a corporation acted on an informed basis, in good faith  
9 and in the honest belief that the action taken was in the best interests of the company." Official  
10 Comm. of Subordinated Bondholders v. Integrated Res., Inc., 147 B.R. 650, 656 (S.D.N.Y. 1992)  
11 (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)).

12           The retention of interim corporate officers is proper under section 363 of the  
13 Bankruptcy Code. A company engaged to provide management services and to provide interim  
14 officers need not be engaged as a "professional" because the very act of rendering the management  
15 services during the period prepetition would prevent any such firm from qualifying as  
16 "disinterested." A debtor's president, CEO or CFO is not disinterested and need not be engaged as a  
17 professional, where disinterestedness is mandatory. The same standard must be applied to a CRO  
18 and firms like ESBA that provide crisis management related services.

19           Among others, the United States Bankruptcy Courts for the District of Delaware, the  
20 Northern District of Illinois, the Middle District of Florida, and the Southern District of New York  
21 have approved the retention of temporary employees to provide crisis management and interim  
22 officers and directors under section 363 of the Bankruptcy Code. See, e.g., In re Eastman Kodak  
23 Company, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Feb. 28, 2012); In re Archbrook Laguna  
24 Holdings LLC, Case No. 11-13292 (SCC) (Bankr. S.D.N.Y. Aug. 3, 2011); In re Harry & David  
25 Holdings, Inc., Case No. 11-10884 (MFW) (Bankr. D. Del. Apr. 27, 2011); In re Web Press Corp.,  
26 (Case No. 09-17418) (KAO) (Bankr. W.D. Wash. Apr. 22, 2010); In re EZ Lube, Inc., (Case No. 08-  
27 13256) (CSS) (Bankr. D. Del. Jan. 13, 2009); In re Weeks Landing, LLC, (Case No. 06-1721) (ALP)

1 (Bankr. M.D. Fla. Dec. 19, 2006). An appendix comprised of copies of each of these orders has  
2 been filed contemporaneously herewith.

3 Here, ESBA will provide only services that are "necessary whether a Chapter 11 had  
4 been filed or not, and the nature of the services [will] not change significantly on account of a  
5 bankruptcy." See In re Dairy Dozen-Milnor, LLP, 441 B.R. 918, 921 (Bankr. D.N.D. 2010).  
6 Indeed, ESBA is the only entity that can supply the Debtors with the full extent of management  
7 services that the Debtors require to manage their day to day affairs and oversee their restructuring  
8 efforts. The Debtors' management should not be treated as a "professional" under the Bankruptcy  
9 Code, because, as one court reasoned:

10 Who else would the creditors expect to be running the show? It is  
11 contemplated by the Code that the debtor will continue to operate its  
12 business unless and until an independent trustee or examiner is  
13 appointed. . . . The requirements of 11 U.S.C. § 1104 for appointment  
of a trustee or examiner should not be sidestepped by the unwarranted  
use of 11 U.S.C. § 327(a). CMG is not an independent professional  
person, and this court finds that 11 U.S.C. § 327(a) does not apply.

14 In re Century Inv. Fund VII Ltd. Partnership, 96 B.R. 884, 894 (Bankr. E.D. Wis. 1989).

15 Given the circumstances surrounding the Debtors' Cases, it is imperative that the  
16 Debtors not only immediately fill the role of CRO, but fill it with a person that has significant  
17 restructuring experience. As discussed above, the expertise of Mr. Katz and his firm in  
18 providing restructuring and management services to companies undergoing chapter 11  
19 reorganizations makes them particularly well-qualified to provide the services contemplated in  
20 the ESBA Agreement and this Motion. The Debtors submit that, based on the circumstances of these  
21 Cases, they have clearly identified a legitimate and compelling business purpose for the relief  
22 requested herein, and that such relief is in the best interests of their estates and creditors and should  
23 be granted in all respects by the Court pursuant to Bankruptcy Code sections 363 and 105(a).

24 ///

25 ///

26 ///

27 ///

28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**IV.**

**CONCLUSION**

**WHEREFORE**, based on the arguments and authorities set forth above, the Debtors respectfully request the entry of an Order granting the relief requested herein and such other and further relief as the Debtors deem proper and just.

Dated: July 30, 2013

/s/ Margreta M. Morgulas  
GARY E. KLAUSNER  
MARGRETA M. MORGULAS AND  
KIZZY L. JARASHOW, Members of  
STUTMAN, TREISTER & GLATT  
PROFESSIONAL CORPORATION  
[Proposed] Reorganization Counsel  
for Debtors and Debtors in Possession

**DECLARATION OF ROBERT D. KATZ**

I, Robert D. Katz, hereby declare as follows:

**Introduction**

1. I am over 18 years of age and, if called as a witness, I could and would testify to the matters set forth herein based upon my personal knowledge.

2. I am a Managing Director of Executive Sounding Board Associates Inc. ("EBSA"), a financial and management consulting firm having expertise in turnaround, bankruptcy and financial advisory issues. ESBA maintains offices in New York, New York and Philadelphia, Pennsylvania.

3. I am authorized to execute this Declaration on behalf of ESBA.

4. I submit this declaration in support of the motion (the "Motion")<sup>4</sup> of the above-captioned debtors and debtors in possession ("Debtors") under sections 363 and 105 of Title 11 of the United States Code, 11 U.S.C. §101, *et seq.* (the "Bankruptcy Code"), filed contemporaneously herewith, for an order authorizing and approving the ESBA Agreement, pursuant to which ESBA will serve as crisis manager and appoint me as Chief Restructuring Officer of the Debtors in compliance with the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

5. Except as otherwise noted, I have personal knowledge of the matters set forth herein and, if called as a witness, would testify competently thereto.

6. ESBA is a firm of seasoned professionals leading a coordinated effort for business recovery and improvement. Over 35 years and more than a thousand cases, ESBA's professionals have honed the skills needed to quickly diagnose problems, stabilize situations, determine the best courses of action, and develop a long term plan. With an average of 30 years business experience, our consultants have a diverse array of first-hand experience and hold a wide range of credentials

---

<sup>4</sup> Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed thereto in the Motion.

1           7. I have personally led numerous companies through crises and turnarounds  
2 with the vision and insight earned from more than 25 years on the front lines. In many instances, I  
3 have acted as Interim President, Chief Financial Officer, Chief Operating Officer, Chief  
4 Restructuring Officer or Treasurer, helping companies improve operating performance and generate  
5 additional cash flow.

6           8. My colleague, Mr. Newton, has more than thirty-five years of management  
7 experience in numerous functional areas. As a turnaround consultant, he has functioned in senior  
8 leadership positions in a number of industries including manufacturing, printing, communications,  
9 transportation, distribution, and healthcare. The work in these instances was strategic in evaluating  
10 viable options for a debtor's future including steps to strengthen existing operations as well as  
11 pursuing sale of the company or parts thereof, as well as the potential for additional acquisitions to  
12 create a stronger competitor in the marketplace as part of a plan of reorganization.

13           9. I have reviewed the list of parties-in-interest as they are currently known,  
14 including without limitation (i) the Debtors and their affiliates; (ii) the Debtors' directors and officers  
15 and certain of their most significant business affiliations, as provided to ESBA by the Debtors;  
16 (iii) the Debtors' pre- and post-petition lenders; and (v) other significant parties-in-interest, as  
17 identified by the Debtors, and have determined, to the best of my knowledge, information and  
18 belief, insofar as I have been able to ascertain after reasonable inquiry, other than in connection with  
19 this case, neither I, nor ESBA, nor any of its principals, employees, agents or affiliates, have any  
20 connection with the Debtors, their creditors, the U.S. Trustee or any other party with an actual or  
21 potential interest in this Chapter 11 cases or their respective attorneys or accountants, except as  
22 set forth below:

23           (a) ESBA is not employed by, and has not been employed by any entity  
24 other than the Debtors in matters related to these Chapter 11 cases.

25           (b) ESBA provides services in connection with numerous cases,  
26 proceedings and transactions unrelated to these Chapter 11 cases. These unrelated matters  
27 involve numerous attorneys, financial advisors and creditors, some of which may be  
28

1 claimants or parties with actual or potential interests in these cases or may represent such  
2 parties.

3 (c) From time to time, ESBA may have provided services, and may  
4 currently be providing services, to certain creditors of the Debtors and various other parties  
5 adverse to the Debtors in matters unrelated to the Debtors and these Chapter 11 cases.  
6 However, ESBA has undertaken a detailed search to determine and to disclose, whether it is  
7 providing or has provided services to any significant creditors, equity security holders,  
8 insiders or other parties in interest in such unrelated matters.

9 (d) ESBA personnel may have business associations with certain  
10 creditors of the Debtors unrelated to the Debtors and these Chapter 11 cases. In addition, in  
11 the ordinary course of its business, ESBA may engage counsel or other professionals in  
12 unrelated matters who now represent, or who may in the future represent, creditors or other  
13 interested parties in these cases.

14 10. To the best of my knowledge, insofar as I have been able to ascertain after  
15 reasonable inquiry, neither I, nor ESBA, nor any of its principals, employees, agents or affiliates  
16 holds or represents an interest materially adverse to the Debtors' estates, is a creditor, an equity  
17 security holder, or an insider of the Debtors, is or was within two (2) years before the date of the  
18 filing of these cases, a director, officer or employee of the Debtors or has an interest materially  
19 adverse to the interest of the Debtors estates of any class of creditors or equity security holders, by  
20 reason of any direct or indirect relationship to, connection with, or interest in the Debtors, or for any  
21 other reason. Accordingly, I believe ESBA to have no conflict in connection with its engagement as  
22 crisis manager and the appointment of the CRO.

23 11. If our Agreement with the Debtors is approved by this Court, ESBA will not  
24 accept any engagement or perform any service for any entity or person other than the Debtors in  
25 connection with or related to these Chapter 11 cases. ESBA may, however, continue to provide  
26 services to entities or persons that may be creditors of the Debtors or parties-in-interest in these  
27 Chapter 11 cases, provided that such services do not relate to, or have any direct connection with, the  
28 Debtors or these Chapter 11 cases.

1           12.     Despite the efforts described above to identify an disclose ESBA's  
2 connections with parties-in-interest in these cases because the Debtors have numerous creditors and  
3 other relationships, ESBA is unable to state with certainty that every client relationship or other  
4 connection has been disclosed. In this regard, ESBA reserves the right to supplement this  
5 Declaration should any additional connections come to its attention.

6           13.     No agreement exists between ESBA or any other person (other than the  
7 employees and contractors of ESBA) for the sharing of compensation to be received by ESBA in  
8 connection with services rendered in this case. Further, neither me nor Mr. Newton, or any other  
9 employee of ESBA, has been a director of the Debtors in the past two years, nor has any of the  
10 above invested in the Debtors in the prior three years.

11           14.     ESBA's requested compensation for services rendered by me, as CRO, as well  
12 as any additional Temporary Staff that may be needed and shall be based upon hourly fees; hourly  
13 fees consist of the time expended to render such services and at billing rates commensurate with the  
14 experience of the person performing such services, and will be computed at hourly billing rates  
15 customarily charged by ESBA for such services based on contemporaneous time records in tenth of  
16 an hour increments or in conjunction with the success fee outlined below.

17           15.     Specifically, my and Mr. Newton's hourly billing rates will be \$525 and \$395  
18 (discounted for this engagement from his normal hourly rate of \$445/hour), respectively. Mr.  
19 Newton will be majority time and I will be part-time. In the unlikely event that Mr. Newton works  
20 more than 40 hours per week, ESBA will cap Mr. Newton's fees at \$15,000 per week. Alternatively,  
21 ESBA may elect to cap Mr. Newton's fees at \$12,500 per week with a \$200,000 "success fee" to be  
22 paid by Meserole upon completion of a reorganization under Chapter 11 of the Bankruptcy Code or  
23 a sale of substantially all of the Debtors' assets pursuant to Section 363. If elected, the terms and  
24 conditions of the success fee will be more formally spelled out in an addendum to the ESBA  
25 Agreement.

26           16.     To the extent not performing billable work while traveling, ESBA personnel  
27 will bill all travel-related time at 50% of the applicable hourly rate. If any additional Temporary  
28 Staff are needed by ESBA, their rates will be billed between \$295 to \$480 per hour, depending upon



1 seniority and experience. Any such additional Temporary Staff must be approved by the Debtors'  
2 Boards of Directors. ESBA has agreed to endeavor to minimize the cost of this engagement by  
3 working efficiently and cost effectively. ESBA reserves the right, if the engagement lasts more than  
4 six (6) months, to increase the hourly fee rates charged, upon prior written notice.

5 17. It is ESBA's policy to charge its clients in all areas of practice for all other  
6 expenses incurred in connection with the client's case. Such expenses include, but are not limited to,  
7 travel, meals, lodging, parking, telephone and fax, general office services, photocopying and  
8 delivery services. ESBA will make reasonable efforts to advise the Company of any material  
9 expenses that are expected to be incurred before they are incurred. Travel expenses to California for  
10 meetings with parties including but not limited to The United States Trustees Office; United States  
11 Bankruptcy Court; Board Members and Counsel will be paid by the Debtors directly.

12 18. No entity with which ESBA has an alliance agreement, marketing agreement,  
13 joint venture, referral arrangement or similar agreement is involved in this case as a creditor, service  
14 provider or professional.

15 19. In July 2013, ESBA received a retainer of \$30,000 from the Debtors to secure  
16 ESBA's services ("Prepetition Retainer").

17 20. Additionally, the Debtors have agreed that ESBA shall be given a postpetition  
18 retainer in the amount of \$85,000 ("Postpetition Retainer"), which shall be funded from the first  
19 funds available under the DIP Financing Facility, if any, and after approval of the interim order  
20 approving the DIP Financing Facility. ESBA shall segregate the Post Petition retainer and any  
21 remaining proceeds from the prepetition retainer, to secure the payment of ESBA's fees and  
22 expenses. The Debtors have agreed to grant ESBA a first-priority security interest in the  
23 Postpetition Retainer.

24 21. Neither the Debtors nor ESBA shall have any further obligations to one  
25 another if the Postpetition Retainer is not funded as previously delineated.

26 22. Subject to the approval of this Court, the source of all compensation for  
27 services to be rendered on behalf of the Debtors shall be funds of the Debtors' estates. ESBA submits  
28 its bills weekly and they are payable upon presentation, subject to the requirements outlined below in

1 paragraph 25. Moreover, ESBA is unaware of the existence of any asserted or threatened claims  
2 against ESBA or any person furnished by ESBA arising from any act or omission in the course of a  
3 prepetition engagement.

4 23. ESBA had no authority prepetition to decide on behalf of the Company to  
5 engage ESBA as crisis manager. To the best of my knowledge, that decision has been made by the  
6 Debtors' Boards of the Directors, which are independent of ESBA and consists of individuals  
7 unrelated to ESBA and any of its principals, employees, agents or affiliates.

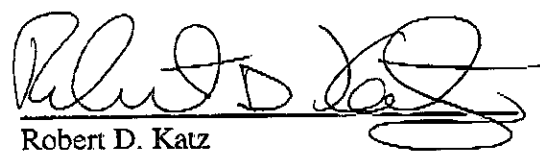
8 24. During the pendency of these cases, ESBA will provide to the Office of the  
9 United States Trustee and counsel for any official statutory committees, reports of staffing,  
10 compensation earned and expenses incurred on a monthly basis, with respect to the prior month.  
11 Such reports shall include the names of individuals assigned and the functions filled by such  
12 individuals, summarize the services provided, identify the compensation for the CROs and any  
13 Temporary Staff, and itemize the expenses incurred.

14 25. Also throughout the pendency of these cases, ESBA shall also file with the  
15 Court: (i) monthly staffing reports for the prior month, including the names of individuals assigned  
16 and the functions filled by such individuals; and (ii) expense reports no less frequently than monthly,  
17 summarizing the services provided, identifying the compensation for the CRO and any Temporary  
18 Staff, and itemizing the expenses incurred. ESBA will provide notice of such filing to the United  
19 States Trustee and counsel for any official statutory committees, providing a ten (10) day time period  
20 from the date of issuance for objections to be filed. Such staffing and compensation for fees and  
21 expenses shall be subject to review by the Court only in the event that an objection is filed within  
22 such ten (10) day time period.

23  
24  
25 **[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**  
26  
27  
28

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

3  
4 Executed at Philadelphia, Pennsylvania on July 29, 2013.

5 

6 Robert D. Katz  
7 Managing Director,  
8 Executive Sounding Board Associates Inc.

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Exhibit "1"**  
**ESBA Agreement**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## Executive Sounding Board

### Associates Inc.

### Management and Financial Consultants

1350 Broadway • Suite 702 • New York, NY 10018 • (212) 944-0750 • FAX: (212) 944-0753  
1500 JFK Blvd • Suite 1730 • Philadelphia, PA 19102 • (215) 568-5788 • FAX: (215) 568-5769

VIA E-MAIL PERSONAL & CONFIDENTIAL

July 27, 2013

The Board of Colorep, Inc.  
c/o Gary E. Klausner  
Shareholder  
Stutman, Treister & Glatt  
1901 Avenue of the Stars, 12<sup>th</sup> Floor  
Los Angeles, California 90067

Re: Engagement Agreement

Dear Mr. Klausner:

I was told to forward our engagement proposal to you as Counsel to Colorep, Inc. This is the updated engagement letter from the previous one dated July 5, 2013 and signed by Kerry Dukes on July 9, 2013. We appreciate the opportunity for Executive Sounding Board Associates Inc. (“ESBA”) to propose as the Chief Restructuring Officer (“CRO”) to assist you with the reorganization and operating efforts of Colorep, Inc and Transprint, USA, Inc. (“Colorep” or “Company” “Debtors”).

While we cannot guarantee results, we have often work with companies in similar situations as Colorep tailoring the engagement to fit the particular and specific needs of each client for the last 34 years and over 1,000 successes. ESBA has represented companies as the CRO with the overriding objective to maximize value to our clients and reduce the time you spend on matters such as these take from the ultimate goal of your ongoing entities to generate additional profits and cash flow.

We understand that time is of the essence. We have prepared this letter to include both a proposal scope and our standard engagement terms.

*My colleague Paul Newton and I have done this for the last 20 + years in situations similar to yours that require intense and committed effort for a compressed period of time answering to multiple stakeholders and assisting the Company in choosing the alternative that will minimize cost and additional investment of resources.*

I have included both mine and Paul’s CV and Bio so that you and the Board see the depth, experience and expertise of our professional staff that would lead this engagement.

As we understand it, the Company is considering engaging a Chief Restructuring Officer to lead both the Manufacturing and Financial operations; to assist the Company in generating positive cash flow; operating performance and producing financial reports on a timely basis to be used by management and its stakeholders. We would further assist the Company in working it through a Chapter 11 filing and/or a 363 sale.

## **Executive Sounding Board**

### **Associates Inc.**

### **Management and Financial Consultants**

All which we have successfully guided are clients through to emerge a stronger and healthier company under ESBA's leadership.

#### **SCOPE OF WORK**

As we discussed, the situation and the proposed scope is designed to be as efficient as possible and to first utilize Company resources when possible.

We will work with you to focus on:

- Act as the Chief Restructuring Officer (CRO) and as such ESBA will be appointed CRO and assume certain duties and responsibilities of the day to day management and operation of the Debtors' businesses, during their Chapter 11 cases, including responsibility for the Debtors' compliance with UST requirements and regulations, with the understanding and assuming that there is wherewithal to provide the information timely and materially accurately, and assisting the Debtors in managing a sale process under Bankruptcy Code section 363 and/or evaluating and developing alternative reorganization strategies; The CRO may appoint subordinate officers of the Company; provided, however, ESBA shall use commercially reasonable efforts to manage the Debtors in the exercise of "apparent authority" by any officer, employee or consultant (interim or otherwise) which is inconsistent with their actual authority.
- Working to improve the manufacturing process; enhancing throughput; material utilization; reducing the cost per unit and advising on the most effective way to position the operations while considering other stake holder concerns and maintaining focus on the overall picture and the accompanying details;
- Minimize the day to day interruptions and involvement of related stakeholders. Freeing up Company management from internal time consuming matters, to focus on business growth,
- Prepare and develop a rolling cash flow forecast to manage the Company's cash position and to maximize the value from each disbursement. It will enable the Company to better report to remote stakeholders.
- Prepare and develop if requested a business plan, including balance sheet, income statement, cash flow statements and support schedules and assumptions.
- Work with Company personnel to provide monthly financial statements; close the books/accounting records and report variances to budget.
- Prepare a market overview if requested; assess the Company's competitive position, customer base and sales performance and trends. Recommend opportunities to improve and increase sales.
- Guide the Company through the proposed Chapter 11/363 sale process. Prepare statements and schedules as needed and as requested.
- Guide the company through the transition process.

## **Executive Sounding Board**

### **Associates Inc.**

### **Management and Financial Consultants**

- Testify in Bankruptcy Court and participate in hearings as requested
- Manage the work flow, work product, court deadlines and interaction with others court related professionals and personnel including but not limited to the US trustee;
- Other projects as requested by the board of directors.
- Provide at minimum weekly and more frequent status updates and progress reports.
- ESBA's responsibilities and authority as CRO do not include any responsibilities, powers and authority of the Debtors Board of Directors, all of which shall remain with the Board

#### **Additional Background**

ESBA began its assignment pre-petition under a previous executed engagement letter. At that time the Company had existing past payroll taxes obligations, past 401K plan payments, past payroll obligations due to employees and other personnel. Subsequent to that ESBA also learned that the Company's Health Care Plan ("HCP") for its employees which was with Anthem Blue Cross/Blue Shield had been terminated. The Company and its Board Members indicated that the Company had not received termination notices; subsequent to our initial engagement, notices received from Anthem Blue Cross/Blue Shield were found that indicated that HCP had been terminated; also certain other patents and intangible property ownership and licenses were either soon to be or had been terminated. Other issues not detailed as well as those outlined in the Company and Debtor's petition had occurred prior to ESBA's initial engagement.

#### **STANDARD ENGAGEMENT TERMS**

1. Robert Katz's billing rate for this engagement is \$525 per hour. Paul Newton's billing rate for this engagement will be \$395 per hour, discounted from his normal hour rate of \$445 per hour. In the event and likelihood that Paul Newton will have to work more than 40 hours per week, we will cap Paul Newton's fee's at \$15,000 per week related to his work.

As an alternative and at ESBA's sole discretion, ESBA would cap Mr. Newton's fees at \$12,500 per week with a \$200,000 "success fee" to be paid by Meserole upon completion of a reorganization under Chapter 11 of the Bankruptcy Code or a Section 363 sale. This success fee would be more formally spelled out in an addendum to this agreement.

Travel time for ESBA consultants will be billed at ½ their normal hourly rate.

Should other consultant's from ESBA be needed, their rates will be billed between \$295 and \$480 per hour and will be approved by you in advance. As indicated previously, we will endeavor to minimize the cost of this engagement to you by working efficiently and cost effectively; the efficiency of our work will depend upon the cooperation and availability of your team. If the

## **Executive Sounding Board**

### **Associates Inc.**

### **Management and Financial Consultants**

engagement lasts more than six (6) months, we reserve the right to increase the hourly fee rates charged, upon written notice to the Company.

2. Billings for fees and out of pocket expenses will be rendered weekly. The Company acknowledges that ESBA invoices are due and payable upon presentation. If an invoice is not paid on a timely basis, ESBA reserves the right to cease work until the matter is settled.
3. The Debtors have agreed that ESBA shall be given a postpetition retainer in the amount of \$ 85,000 ("Postpetition Retainer"), which shall be funded from the first funds available under the DIP Financing Facility, if any, and after approval of the interim order approving the DIP Financing Facility. ESBA shall segregate the Retainer as well as the amounts, if any, remaining from the Prepetition Retainer to secure the payment of ESBA's fees and expenses. The Debtors have further agreed to grant ESBA a first-priority security interest in the Postpetition Retainer. As stated previously, neither the Debtors nor ESBA shall have any further obligations to one another if the Postpetition Retainer is not funded as previously delineated.
4. ESBA will be reimbursed for any out-of-pocket expenses reasonably incurred in connection with the services rendered hereunder. Such expenses include, but are not limited to, travel, meals, lodging, parking, telephone and fax, general office services, photocopying and delivery services. We will make reasonable efforts to advise the Company of any material expenses that are expected to be incurred before they are incurred. Travel expenses to California for meetings with parties including but not limited to The United States Trustees Office; United States Bankruptcy Court; Board Members and Counsel will be paid initially by the Company.
5. In performing the services described above, the Company agrees to furnish or cause to be furnished to ESBA such information as ESBA reasonably believes appropriate to the execution of its engagement hereunder (all such information so furnished being the "Information"). ESBA has concluded that the Company's records have been less than satisfactory and ESBA's ability to produce timely and accurate information is questionable, which could delay reporting to certain entities. ESBA will use its best efforts to meet stated deadlines. ESBA (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated hereby without having independently verified any of the same and (b) does not assume responsibility for accurateness or completeness of the Information and such other information and (c) will not make an appraisal of the assets or liabilities of the Company.
6. ESBA is being retained by the Company and ESBA will report to Mr. Gary E. Klausner, The Company's bankruptcy counsel and to the Board upon reasonable request.
7. The Company, at its premises, shall provide ESBA personnel with the use of office and telephone facilities and general office services, as reasonably required in connection with this engagement.
8. The Company agrees to make available to ESBA the Company's financial & operational information and data with respect to the Company as requested and agrees to permit discussions



## **Executive Sounding Board**

### **Associates Inc.**

### **Management and Financial Consultants**

with Company personnel and other stakeholders as ESBA reasonably believes necessary in connection with this engagement.

9. Should services outside the scope of this engagement be requested, the extent and the additional compensation to be paid for such services shall be mutually agreed to in writing before ESBA personnel begins to perform such services. A separate engagement letter or an addendum to this engagement letter will be processed to provide for such services.
10. ESBA is not an independent accounting firm or law firm and does not undertake the performance of an audit or the rendering of legal advice in this engagement. We will rely upon financial data and legal advice provided by the Company and the Company's independent auditors and counsel, as applicable.
11. The Company shall indemnify and hold harmless ESBA, its affiliates and their respective shareholders, directors, officers, employees and agents from and against any and all claims, liability, loss, cost, damage or expense (including reasonable attorneys' fees) asserted against, or incurred by ESBA or its affiliates or any such shareholder, director, officer, employee or agent by reason of, or arising out of this agreement or performance under this agreement, whether such claim, liability, loss, cost, damage or expense is asserted by the client or any other person or entity; provided, however, ESBA shall not be indemnified for any act of gross negligence or intentional misconduct. . Should any claim be made, ESBA will only be liable up to the amount of fees earned and paid by the Company.
12. Messrs. Katz and Newton will be added to the Debtors' existing Officers and Directors Insurance Policy (the "D&O Policy"). Further, upon any cancellation or non-renewal of the D&O Policy, the Debtors have agreed to exercise their rights to extend the claim period for a one-year "discovery period" and will exercise such rights and pay such premiums required there under. Messrs. Katz and Newton will also be covered by the indemnity provisions of the bylaws of Debtor Colorep, Inc & Tradeprint, USA, Inc. and any applicable state law.
13. Except for the services to be provided pursuant to this Agreement, during the term of this engagement and for a period of two (2) years thereafter, the Company shall not utilize, whether as employee or independent consultant, and whether directly or indirectly, the services of any person who is, was or had been employed by ESBA during the term of this engagement without Rob's written consent.
14. If ESBA is requested or required to appear and or testify before any tribunal in connection with this engagement, whether or not pursuant to lawful process, all time spent and out-of-pocket expenditures, including reasonable expenses for legal counsel, shall be considered to have been performed under the terms of this Engagement Agreement, and shall be entitled to receive payment of fees and reimbursement of expenses thereof from the Company.
15. Either ESBA or the Company may terminate this Agreement upon written notice. Paragraphs 11, 12 and 13 shall survive any termination. In addition, payment of all outstanding amounts due provided for in this Agreement is to accompany termination by the Company.

## **Executive Sounding Board**

**Associates Inc.**

**Management and Financial Consultants**

The signing of this engagement letter and receipt of the retainer is necessary to commence.

Please wire the \$85,000 retainer to ESBA's account at PNC Bank, Philadelphia, PA 19102, ABA#031000053 account number 8605830556.

I look forward to the opportunity to work with you and assist you in achieving your objectives, relieving the pressures and strains and returning the focus toward profitable initiatives.

Should you have any questions or need additional information please give me a call on my cell at 215-738-5542.

Very Truly Yours,

EXECUTIVE SOUNDING BOARD ASSOCIATES INC.

***Robert D. Katz***

Robert D. Katz  
Managing Director

Terms and conditions accepted by Colorex, Inc and affiliated Companies if any. The Person signing this agreement has the authority to bind the Company.

By: Joseph P. Bartlett

Title: Director

Date: July 23, 2013

### 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, 12<sup>th</sup> Floor, Los Angeles, California 90067. A true and correct copy of the foregoing document entitled (*specify*): **DEBTORS' NOTICE OF MOTION AND MOTION PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a) AND 363 FOR ENTRY OF AN ORDER AUTHORIZING THE EMPLOYMENT OF EXECUTIVE SOUNDING BOARD ASSOCIATES INC. TO PROVIDE CRISIS MANAGEMENT SERVICES AND TO PROVIDE ROBERT D. KATZ TO SERVE AS CHIEF RESTRUCTURING OFFICER FROM THE PETITION DATE; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF; DECLARATION OF ROBERT D. KATZ. CTP IN SUPPORT THEREOF** 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*) July 30, 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*) July 30, 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*) July 30, 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**

The Honorable Julia Brand U.S. Bankruptcy Court Central District of California 255 East Temple Street, Suite 1382 Los Angeles, CA 90012	The Honorable Sheri Bluebond U.S. Bankruptcy Court Central District of California 255 East Temple Street, Suite 1482 Los Angeles, CA 90012
--	---

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

July 30, 2013                      Therese A. Barron                      /s/ Therese A. Barron  
*Date*                                      *Printed Name*                                      *Signature*

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;sgae  
ta@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 Virginia Electric And Power Co  
david@davidwmeadowslaw.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

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

United States Trustee (LA)  
ustpregion16.la.ecf@usdoj.gov

**2. SERVED BY UNITED STATES MAIL:**

Colorep, Inc.  
6400.000  
575094v1

Debtor:  
Colorep, Inc.  
c/o Law Offices of Joseph P. Bartlett  
1900 Avenue of the Stars, 20th Floor  
Los Angeles, CA 90067

Office of the US Trustee  
Ron Maroko , Esq.  
725 S Figueroa St Ste 2600  
Los Angeles, CA 90017

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 St., #1500  
Wilmington, DE 19801

Parties Asserting a Secured  
Interest

Debs Corporation  
8F Honmachi Center Building  
2-6-10 Honmachi  
Chuo-ku  
Osaka 541-0053  
JAPAN

BDG (Larry Levy)  
177 Riverside Drive  
Newport Beach, CA 92663

Cheran Digital Imaging &  
Consulting  
798 Burnt Gin Road  
Gaffney, SC 29340

Cheran Digital Imaging & Consulting  
1506 Old Georgia Hwy  
Gaffney, SC 29341

Counsel to Cheran Digital  
Imaging & Consulting  
Dillina W. Stickley  
Hoover Penrod PLC  
342 South Main Street  
Harrisonburg, VA 22801

Danzas Corporation  
t/a DHL Global Forwarding  
433B Carlisle Drive  
Herndon, VA 20170

Counsel to Danzas Corporation  
David H. Gougher PC  
7834 Forest Hill Avenue  
Richmond, VA 23225

Waste Management of Virginia  
3580 S. Main Street  
Harrisonburg, VA 22801

Counsel to Waste Management of  
Virginia  
David H. Gougher PC  
7834 Forest Hill Avenue  
Richmond, VA 23225

Fisher Textiles, Inc.  
139 Business Park Drive  
Indian Trail, NC 28079

Vern & Mary Jane Michael LC  
8218 Port Republic Rd  
Port Republic, VA 24471-2654

Counsel to Vern & Mary Jane  
Michael LC  
Litten & Sipe  
Attn: Melisa G. Michelsen  
410 Neff Avenue  
Harrisonburg, VA 22801

Roy Rolando  
509 Wirt Avenue  
Elkton, VA 22827

Counsel to Roy Rolando  
Roland Santos  
52 E Market Street  
Harrisonburg, VA 22801

Riddleberger Brothers  
6127 S. Valley Pike  
Mt. Crawford, VA 22841

Counsel to Riddelberg Brothers  
Attn: Andrew S. Baugher  
Lenhart Obenshain P.C.  
PO Box 1287  
Harrisonburg, VA 22803-1287

Victoria Home Imp. LLC  
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 York, NY 10004

David Gelbaum, Trustee  
Quercus Trust  
1835 Newport Blvd, A109 -  
PMB 467  
Costa Mesa, CA 92627

Counsel for Quercus Trust  
Brian Davidoff, Esq.  
Greenberg Glusker, et al.  
1900 Ave. of the Stars, 21st Fl  
Los Angeles, CA 90067

Dolly & Robert K. Raisler  
Foundation, Inc.  
2600 Netherland Avenue, #520  
Bronx, NY 10463 - 4857

David Grzan  
2680 Silver View Drive  
Orono, MN 55356

Anne Rand  
392 Rutland Avenue  
Teaneck, NJ 07666

Steven R. Jacobson  
2600 Netherland Avenue, #520  
Bronx, NY 10463

Sensient Imaging Technologies  
777 East Wisconsin Avenue  
Milwaukee, WI 53202-5304

Valley Industrial Trucks  
1152 Meadowbrook Ave.  
Youngstown, OH 44512

Valley Industrial Trucks (NMAC)  
990 W 190th St  
Torrance, CA 90502-1014

Internal Revenue Service  
PO Box 145595  
Cincinnati, OH 45250-5595

Kuehne & Nagel, Inc.  
Stephen Savarese, Esq.  
10 Exchange Place  
Jersey City, NJ 07302

Counsel to Kuehne & Nagel, Inc.  
Halperin Battaglia Raicht, LLP  
Attn: Carrie E. Essinfeld  
40 Wall Street, 37th Floor  
New York, NY 10005

Compressor Parts & Repairs  
8256 Rising Creek Ln  
Broadway, VA 22815

Essex Temporary Service, Inc.  
1501 Broadway  
Suite 601  
New York, NY 10036

Dougherty Equipment  
591 Belle Circle  
Harrisonburg, VA 22801

Geno's Coffee LLC  
253 Bookerdale Rd  
Waynesboro, VA 22980

Pitney Bowes Credit Corp  
27 Waterview Dr  
Shelton, CT 06484-4301

SIK Associates  
Kaufman Management Co., LLC  
Attn: Steven J. Kaufman  
450 Seventh Avenue  
New York, New York 10123

Stork Prints America  
3201 N 1-85  
Charlotte, NC 28269

Silvious, Peggy R.  
623 Gypsy Ln,  
Elkton, VA, 22827

Silvious, Peggy R.  
995 Floyd Cir, Mc  
Gaheysville, VA, 22840

Robert Fellows  
1176 Portland Dr  
Harrisonburg, VA 22801-8627

Deborah Wagner  
5048 Scotts Ford Road  
Mount Crawford, VA 22841

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, Michigan 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

---

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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

Mimaki USA, Inc.  
c/o Wiliam Hearnburg, Jr.  
Smith, Gambrell & Russell  
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

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  
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 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

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, Texas 77380

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

Other Parties in Interest

Served by Certified Mail  
Union Bank of California  
Attn: Jose Duenes  
1980 Saturn St.  
Monterey Park, CA 91755

Served Via Certified Mail  
Wells Fargo Bank N.A.  
141 East Market Street  
Harrisonburg, VA 22801

Governmental Agencies

Internal Revenue Service PO Box 7346 Philadelphia, PA 19101-7346	Employment Development Department Bankruptcy Group MIC 92E PO Box 826880 Sacramento, CA 94280-0001	State of California Franchise Tax Board Bankruptcy Section, MS: A-340 PO Box 2952 Sacramento, CA 95812-2952
NYS Dept. Taxation & Finance Bankruptcy /Special Procedures Section PO Box 5300 Albany, NY 12205-0300	NYC Dept. of Finance 345 Adams Street, 3rd Fl. Attn: Legal Affairs Brooklyn NY 12201	US Environmental Protection Agency 1200 Pennsylvania Ave NW Mail Code 2272A Washington, DC 20004-2004
Virginia Department of Taxation Office of Customer Services PO Box 1115 Richmond, VA 23218-1115	North Carolina Department of Revenue 501 N Wilmington St Raleigh NC 27604	US Attorney General Office (Los Angeles) 312 N Spring St Los Angeles, CA 90012
Attorney General's Office California Department of Justice P.O. Box 944255 Sacramento, CA 94244-2550	New York Attorney General's Office 120 Broadway New York, NY 10271	Virginia Office of the Attorney General 900 East Main Street Richmond, VA 23219
North Carolina Office of the Attorney General 114 W Edenton St Raleigh, NC 27603	City Of Harrisonburg Municipal Building 345 South Main Street Harrisonburg, VA 22801	