

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 11
)
GULF PACKAGING, INC.,) Case No. 15-15249
)
Debtor.) Honorable Pamela S. Hollis
)
) **Hearing Date: May 26, 2015**
) **Hearing Time: 10:00 a.m.**
) **Court Room: 644**

NOTICE OF MOTION

PLEASE TAKE NOTICE that on **May 26, 2015 at 10:00 a.m.**, or as soon thereafter as counsel may be heard, we shall appear before the Honorable Pamela S. Hollis of the United States Bankruptcy Court for the Northern District of Illinois, 219 South Dearborn Street, Chicago, Illinois, Courtroom No. 644, or whomever may be sitting in her place and stead, and then and there present the **Debtor's Motion to Approve Procedures for the Interim Compensation and Reimbursement of Expenses for Professionals**, a copy of which is attached hereto and hereby served upon you.

Dated: May 15, 2015

Respectfully submitted,

GULF PACKAGING, INC.

By: /s/ Joseph D. Frank
One of its proposed attorneys

Joseph D. Frank (IL No. 6216085)
Jeremy C. Kleinman (IL No. 6270080)
FRANKGECKER LLP
325 North LaSalle Street, Suite 625
Chicago, Illinois 60654
Phone: (312) 276-1400
Fax: (312) 276-0035
jfrank@fgllp.com
jkleinman@fgllp.com

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	Chapter 11
)	
GULF PACKAGING, INC., ¹)	Case No. 15-15249 (PSH)
)	
Debtor.)	
)	

**DEBTOR’S MOTION TO APPROVE PROCEDURES FOR THE INTERIM
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR PROFESSIONALS**

Gulf Packaging, Inc., the above-captioned debtor and debtor in possession (the “Debtor,” “GPI” or the “Company”), for its Motion (the “Motion”) to Approve Procedures for the Interim Compensation and Reimbursement of Expenses for Professionals, respectfully represents:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

INTRODUCTION

3. On April 29, 2015 (the “Petition Date”), the Debtor filed with this Court its petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtor is operating its business and managing its properties as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. On May 11, 2015, the Office of the United States Trustee appointed an official committee of unsecured creditors (the “Committee”). No request has been made for the appointment of a trustee or examiner.

¹ The last four digits of the Debtor’s tax identification number are 5030.

BACKGROUND

5. GPI is a national distributor of packaging equipment and supplies, which sells its product by and through several independent entities (“Affiliates”).² When GPI is combined with the Affiliates, there are over twenty (20) warehousing locations to better serve GPI’s customer base. Additional information about the Debtor, its business and corporate and capital structure is set forth in the *Declaration of Edward T. Gavin, CTP in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 14] filed on the Petition Date.

6. The Debtor will be seeking authorization to retain and employ various professionals (the “Debtor Professionals”), including but not limited to retaining Gray Reed & McGraw, P.C. and FrankGecker LLP as restructuring counsel. Additionally, the Debtor anticipates that the Committee will seek authorization to retain and employ its own professionals to represent it in connection with this chapter 11 case (together with the Debtor Professionals, the “Professionals”).

RELIEF REQUESTED

7. By this Motion, pursuant to sections 105(a) and 331 of the Bankruptcy Code, the Debtor seeks approval of procedures for the allowance and payment of interim compensation and reimbursement of expenses to the Professionals on a monthly basis for May 2015 going forward. Specifically, the Debtor proposes the following interim compensation procedures:

- a. On or before the 20th day of each month, each Professional may submit a monthly fee statement (“Fee Statement”) to (i) counsel to the U.S. Trustee, (ii) Gray Reed & McGraw, P.C. and FrankGecker LLP, co-counsel to the Debtor, (iii) Goldberg Kohn Ltd., counsel to FCC, and (iv) Freeborn & Peters LLP, counsel to the Committee (collectively, the

² As used herein, “Affiliate” means a company that has a relationship – formal or informal – to the Debtor, and sells packaging products under a variation of the Gulf name. Unless otherwise set forth, use of the term “Affiliate” is not intended to have the same meaning as the “affiliate” term of art defined in section 101(2) of the Bankruptcy Code. All rights with respect to this issue are reserved.

“Notice Parties”). Such Fee Statement shall describe and itemize the fees and expenses (in accordance with the guidelines promulgated by the UST) incurred within such period, together with (i) a summary setting for the total amount of fees; (ii) each Professional’s (and any paraprofessional’s) hourly rate; (iii) total time and fees; (iv) the amount of reimbursable expenses sought; and (v) the amount of any prepetition retainer held by the Professional.

b. In the event that a Notice Party has an objection to the compensation or reimbursement sought in a particular Fee Statement, such Notice Party shall, no later than 15 days after receipt of the Fee Statement, serve upon the Professional whose Fee Statement is objected to and the other parties designated in subparagraph (a) a written “Notice of Objection to Fee Statement” setting forth with specificity the nature of the objection by time entry and the amount of fees or expenses at issue. Thereafter, the objecting party and the Professional whose statement is objected to shall attempt to reach an agreement regarding the correct payment to be made. If the parties are unable to reach an agreement on the objection within 10 days after receipt of such objection, the Professional whose Fee Statement is objected to shall have the option of (i) filing a motion seeking payment of the disputed amount with the Court, or (ii) foregoing payment of the disputed amount until the next interim fee application hearing, at which time the Court will consider and dispose of the objection if payment of the disputed amount is requested.

c. Promptly after the expiration of the 15 day period described above, if no objection has been served in accordance with subparagraph (b), the Debtor shall pay 80% of the fees and 100% of the expenses requested in the Fee Statement. If the Debtor receives an objection to a Fee Statement, the Debtor shall withhold payment of the disputed amount and promptly pay the remainder based upon the percentages set forth above.

d. The first Fee Statement shall be submitted by each Professional on or before June 20, 2015 and shall cover the period from the Petition Date through May 31, 2015.

e. Every three (3) months, on or before the 45th day following the last day of the period for which compensation is sought, each Professionals shall file with the Court and serve on the Notice Parties an application for interim approval and allowance pursuant to 11 U.S.C. §§

330 and 331, of the fees and expenses requested for the prior three (3) months, pursuant to 11 U.S.C. §§ 330 and 331 (which identifies the professional seeking compensation, discloses the period for which the payment of compensation and reimbursement is being sought and describes the amount of compensation and expenses sought). The first interim applications shall be filed on or before September 14, 2015, and shall cover the period from the Petition Date through and including July 31, 2015. Any Professional who fails to file an interim application when due shall be ineligible to receive further interim payments of fees or expenses as provided for herein until such time as the application is submitted.

f. Upon the conclusion of a Professional's employment by the estate, such Professional shall file a final fee application seeking final approval of all paid and unpaid fees and expenses. Neither the payment of nor the failure to pay, in whole or in part, monthly or quarterly interim compensation and reimbursement of expenses, nor the filing of or failure to file an objection, will bind any party in interest or the Court with respect to the allowance of interim or final applications for compensation and reimbursement of expenses of each Professional. All fees and expenses paid to each Professional under these compensation procedures are subject to disgorgement until final allowance by the Court.

8. The proposed procedure will (i) enable all interested parties to monitor the costs of administration; (ii) allow Professionals to receive interim compensation; and (iii) allow the Debtor to better manage its cash flow.

ARGUMENT AND AUTHORITIES

9. Section 331 of the Bankruptcy Code provides that all professionals are entitled to submit applications for interim compensation and the reimbursement of expenses no more than once every 120 days unless otherwise authorized by the Court. Factors generally considered by the courts in determining whether more frequent payment of fees and expenses is warranted include "the size of [the] reorganization cases, the complexity of the issues involved, and the time required on the part of the attorneys for the debtors in providing services necessary to

achieve a successful reorganization of the debtors.” *In re Int’l Horizons, Inc.*, 10 B.R. 895, 897-98 (Bankr. N.D. Ga. 1981). In considering these factors, courts have determined that interim compensation procedures are appropriate to avoid having the professionals fund the debtor’s reorganization proceedings. *Id.*

10. Courts in this District and others have regularly approved similar procedures to allow for the interim compensation of professionals. *See, e.g., In re ALCO Stores, Inc.*, No. 14-34941 (SGJ) (Bankr. N.D. Tex. Nov. 14, 2014); *In re GMX Resources, Inc.*, No. 13-11456 (SAH) (Bankr. W.D. Okla. Apr. 29, 2013); *In re Shorebank Corp.*, No. 12-00581 (ABG) (Bankr. N.D. Ill. Feb. 1, 2012); *In re Clare Oaks*, No. 11-48903 (PSH) (Bankr. N.D. Ill. Mar. 1, 2012).

11. The procedures proposed herein will (a) substantially reduce the burden imposed on the Court by avoiding the need for the immediate review of the Fee Statements, (b) enable parties in interest to monitor more closely the costs of administering these cases, (c) diminish undue financial burdens on the Professionals and avoid having Professionals fund the costs of the Debtor’s chapter 11 case, and (d) permit the Debtor to better predict and manage its monthly cash needs.

12. Accordingly, the relief requested is in the best interests of the Debtor and its estates and creditors, essential for the efficient administration of this chapter 11 case, and therefore, should be approved.

WAIVER OF BANKRUPTCY RULE 6004(H)

13. The Debtor requests that the Court waive the fourteen (14) day stay period contained in Bankruptcy Rule 6004(h).

NOTICE

14. Notice of this Motion has been provided to (i) the office of the United States

Trustee for the Northern District of Illinois, (ii) the holders of the twenty (20) largest unsecured claims against the Debtor, (iii) counsel to FCC, (iv) counsel to the Committee, and (v) all other parties requesting notice in this chapter 11 case. The Debtor respectfully submits that no other or further notice need be provided.

NO PRIOR REQUEST

15. No prior request for the relief sought in this Motion has been made to this or any other court.

WHEREFORE, the Debtor respectfully requests entry of an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and granting such other relief as may be just and proper.

Respectfully submitted this ___ day of May, 2015.

FRANK GECKER LLP

/s/ Joseph D. Frank

Joseph D. Frank

Frances Gecker

325 N. LaSalle Street, Suite 625

Chicago, Illinois 60654

Telephone: (312) 276-1400

Facsimile: (312) 276-0035

Email: jfrank@fgllp.com

fgecker@fgllp.com

-and-

GRAY REED & MCGRAW, P.C.

Jason S. Brookner (pro hac vice)

Micheal W. Bishop (pro hac vice)

1601 Elm Street, Suite 4600

Dallas, Texas 75201

Telephone: (214) 954-4135

Facsimile: (214) 953-1332

Email: jbrookner@grayreed.com

mbishop@grayreed.com

PROPOSED COUNSEL TO THE DEBTOR