

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
Eastern Division

In Re:) BK No.: 15-15249
)
)
GULF PACKAGING, INC.,) Chapter: 11
) Honorable Pamela S. Hollis
)
)
Debtor(s))

**ORDER (I) AUTHORIZING THE DEBTOR TO (I) SELL CERTAIN INVENTORY ASSETS
TO GULF ATLANTIC PACKAGING CORP., AND
(II) REDUCE AND LIMIT NOTICE WITH RESPECT THERETO**

This matter came to be heard upon the motion (the “Motion”) of Gulf Packaging, Inc., debtor and debtor in possession in the above-captioned case (the “Debtor” or “GPI”), for the entry of an order (a) authorizing and approving the Sale of certain of the Debtor’s inventory and various related parts and equipment (the “Sale Assets”), pursuant to that certain Asset Purchase Agreement dated July ____, 2015 (the “Purchase Agreement”) between the Debtor and Gulf Atlantic Packaging Corporation (the “Buyer” or “GAPCO”), and (b) authorizing the sale of the Sale Assets (the “Sale”) free and clear of all liens, claims, encumbrances and interests (collectively, the “Liens”); and it appearing that the relief requested is in the best interests of the Debtor’s estate, its creditors and other parties in interest; and notice of the Motion having been adequate and appropriate under the circumstances; and, after due deliberation and sufficient cause appearing therefor, the Court finds and orders as set forth below. Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Purchase Agreement.

THE COURT HEREBY FINDS THAT:

A. The Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code on April 29, 2015, and since then has managed its assets as a debtor in possession.

B. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(a). The Motion presents a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (N) and (O). Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The statutory bases for the relief requested in the Motion are sections 105(a) and 363(b), (f), and (m) of the Bankruptcy Code and Bankruptcy Rules 2002(a)(2) and 6004(a), (b), (c), (e), (f) and (h).

D. The Sale Assets have been adequately marketed, and the Debtor provided adequate and reasonable notice of the Sale. The sale process was fair and reasonable and conducted in a non-collusive, good faith manner.

E. Actual written notice of the Motion and the hearing thereon, and a reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein, was timely and proper, and has been afforded to all known interested entities, including, but not limited to, the following parties: (i) the U. S. Trustee; (ii) the Debtor’s secured creditors; (iii) the Official Committee of Unsecured Creditors; and (iv) all parties who have filed appearances or requested notices through the Court’s CM/ECF

system.

F. The Purchase Agreement was not entered into, and neither the Debtor nor the Buyer have proposed to consummate the sale, for the purpose of hindering, delaying or defrauding the Debtor's creditors.

G. Buyer is purchasing the Sale Assets in good faith and is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code. Buyer is entitled to the full protections of Section 363(m) of the Bankruptcy Code, and has proceeded in good faith in all respects in connection with the Motion and the Sale in that, among, other things: (i) Buyer recognized and agreed that the Debtor was free to deal with any other party interested in acquiring the Sale Assets, (ii) all payments to be made by Buyer and other agreements or arrangements entered into by Buyer in connection with the Sale have been disclosed; (iii) Buyer has not violated Section 363(n) of the Bankruptcy Code by any action or inaction; (iv) the negotiation and execution of the Purchase Agreement was without collusion, at arms-length and in good faith in all respects; and (v) the existence of the relationship of and between the Buyer's principals to and with the Debtor was disclosed in the Motion.

H. The Purchase Price constitutes reasonably equivalent value and fair and adequate consideration for the Sale Assets under the Bankruptcy Code and the laws of the United States, and will provide a greater recovery for the Debtor's estate than would be provided by any other reasonably available alternative, and the Debtor's determination to enter into the Purchase Agreement constitutes the valid and sound exercise of the Debtor's business judgment.

I. The Purchase Agreement represents a fair and reasonable offer to purchase the Sale Assets under the circumstances of this chapter 11 case.

J. Approval of the Motion and the Purchase Agreement and the consummation of the Sale contemplated thereby are in the best interests of the Debtor, its creditors, its estate and other parties in interest.

K. The Debtor has demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for the Sale.

L. The Sale will not effectuate a de facto reorganization of the Debtor.

M. Buyer is not a mere continuation of the Debtor or its estate, and Buyer is not holding itself out to the public as a continuation of the Debtor. Buyer is not a successor to the Debtor or its estate, and the Sale does not amount to a consolidation, merger or de facto merger of the Debtor.

N. The transfer of the Sale Assets to Buyer will be, as of the Closing Date, a legal, valid and effective transfer of such assets, and vests or will vest Buyer with all right, title and interest of the Debtor to the Sale Assets free and clear of all Liens arising or relating thereto any time prior to the Closing Date, except for any liabilities expressly assumed by Buyer under the Purchase Agreement.

O. Buyer would not have entered into the Purchase Agreement and would not consummate the transactions contemplated thereby if the Sale of the Sale Assets to Buyer were not free and clear of all Liens of any kind or nature whatsoever, or if Buyer would, or in the future could, be liable for any such Liens.

P. The Debtor may sell the Sale Assets free and clear of all Liens against the Debtor, its estate or any

of the Sale Assets because one or more of the standards set forth in Section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Those holders of Liens against the Debtor, its estate or any of the Sale Assets who did not object, or who withdrew their objections, to the Sale or the Motion are deemed to have consented thereto pursuant to Section 363(f)(2) of the Bankruptcy Code. Those holders of such Liens who did object fall within one or more of the other subsections of section 363(f) and are adequately protected by having their Liens, if any, in each instance against the Debtor, its estate or any of the Sale Assets, attach to the cash proceeds of the Sale ultimately attributable to the Sale Assets in which such creditor alleges an interest, in the same order of priority, with the same validity, force and effect that such creditor had prior to the Sale, subject to any claims and defenses the Debtor and its estate may possess with respect thereto.

Q. To maximize the value of the Sale Assets and preserve the viability of the businesses to which the Sale Assets relate, it is essential that the Sale occur within the time constraints set forth in the Purchase Agreement and the Motion. Time is of the essence in consummating the Sale.

R. Given all of the circumstances of this chapter 11 case and the adequacy and fair value of the purchase price under the Purchase Agreement, the Sale constitutes a reasonable and sound exercise of the Debtor's business judgment and should be approved.

S. The consummation of the Sale is legal, valid and properly authorized under all applicable provisions of the Bankruptcy Code, including, without limitation, Sections 105(a), 363(b), 363(f), and 363(m) of the Bankruptcy Code, and all of the applicable requirements of such sections have been complied with in respect of the Sale.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

General Provisions

1. The relief requested in the Motion is granted and approved, notice of the Motion is reduced and limited to that given, and the Sale contemplated thereby and by the Purchase Agreement is approved as set forth in this Order.

2. This Court's factual and legal determinations set forth hereinabove are incorporated herein by reference.

3. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rule 6004(h) and, to the extent necessary, under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, this Court expressly finds that there is no just reason for delay in the implementation of this Order, and expressly directs entry of judgment as set forth herein.

4. All objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled as announced to this Court at the Sale Hearing or by stipulation filed with this Court, and all reservations of rights included therein, are hereby overruled on the merits with prejudice, or such objections have been otherwise satisfied prior to the entry of this Order. Those parties who did not object or withdrew their objections to the Motion are deemed to have consented pursuant to section 363 (1) of the Bankruptcy Code.

Approval of the Purchase Agreement

5. The Purchase Agreement and all other ancillary documents, and all of the terms and conditions thereof, are hereby approved.

6. Pursuant to Section 363(b) of the Bankruptcy Code, the Debtor is authorized, empowered, and directed to take any and all actions necessary or appropriate to (a) consummate the Sale pursuant to and in accordance with the terms and conditions of the Purchase Agreement, (b) close the Sale as contemplated in the Purchase Agreement and this Order, and (c) execute and deliver, perform under, consummate, implement and close fully the Sale as contemplated by the Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement and the Sale or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement and such other ancillary documents.

7. This Order shall be binding in all respects upon the Debtor, its estate, all creditors, all holders of equity interests in the Debtor, all holders of any claim(s) (whether known or unknown) against the Debtor, any holders of Liens against or on all or any portion of the Sale Assets, Buyer and all successors and assigns of Buyer, and any trustee, if any, subsequently appointed in the Debtor's chapter 11 case or upon a conversion to chapter 7 under the Bankruptcy Code of the Debtor's case. This Order and the Purchase Agreement shall inure to the benefit of the Debtor, its estate and creditors, Buyer and their respective successors and assigns.

Transfer of the Sale Assets

8. Pursuant to Sections 105(a), 363(b), and 363(f) of the Bankruptcy Code, the Debtor is authorized to transfer the Sale Assets on the Closing Date. Such Sale Assets shall be transferred to Buyer "as is, where is" to the extent provided in the Purchase Agreement upon and as of the Closing Date. The purchase and sale of the Sale Assets and the related transfer constitutes a legal, valid, binding and effective transfer of the Sale Assets and shall be free and clear of all Liens. Upon the closing of the Sale, Buyer shall take title to and possession of the Sale Assets. The transfer of title to the Sale Assets shall be free and clear of (a) any and all Liens, and (b) any and all claims including, without limitation, any and all claims pursuant to any successor or successor-in-interest liability theory. All Liens shall attach solely to the proceeds of the Sale with the same validity, priority, force and effect that they now have as against the Sale Assets, subject to any claims and defenses the Debtor and its estate may possess with respect thereto.

9. Except as specifically provided by the Purchase Agreement or this Order, all entities holding Liens or interests in or on any portion of the Sale Assets arising under or out of, in connection with, or in any way relating to the Debtor, the Sale Assets, the operation of the Debtor's business prior to the Closing Date or the transfer of the Sale Assets to Buyer, are forever barred, estopped and permanently enjoined from asserting against Buyer or its successors or assigns, their property or the Sale Assets, any such Liens on the Sale Assets. On the Closing Date, each creditor is authorized and directed to execute such documents and take all other actions as may be necessary to release Liens on the Sale Assets, if any, as provided for herein, as such Liens may have been recorded or may otherwise exist. The transactions authorized herein shall be of full force and effect, regardless of the Debtor's lack of good standing in any jurisdiction in which the Debtor is formed or authorized to transact business.

10. Upon consummation of the Sale, the Debtor is hereby authorized and directed, and Buyer is hereby authorized, to file termination statements or lien terminations in any required jurisdiction to remove any record, notice filing, or financing statement recorded to attach, perfect or otherwise notice

any lien or encumbrance that is extinguished or otherwise released pursuant to this Order under Section 363 and the related provisions of the Bankruptcy Code. Notwithstanding the foregoing, the provisions of this Sale Order authorizing the transfer of the Sale Assets free and clear of all Liens shall be self-executing, and the Debtor, the Buyer and creditors shall not be required to execute or file releases, termination statements, assignments, consents or other instruments in order for the provisions of this Sale Order to be effectuated, consummated and/or implemented.

11. All persons and entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtor to sell and transfer the Sale Assets to Buyer in accordance with the terms of the Purchase Agreement and this Order.

12. All persons and entities that are in possession of some or all of the Sale Assets on the Closing Date are directed to surrender possession of such Sale Assets to Buyer or its assignee at the closing of the Sale, at no cost to the Buyer.

13. A certified copy of this Order may be filed with the appropriate clerk and/or recorded with the recorder to act to evidence the cancellation and release of any of the Liens of record.

14. This Order is and shall be binding upon and govern the acts of all entities, who received notice of the Motion including, without limitation, all filing agents, filing officers, governmental departments, secretaries of state, federal and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, and each of the foregoing entities is hereby directed to accept for filing any and all a the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement.

Other Provisions

15. Effective upon the Closing Date, all entities are forever prohibited and permanently enjoined from commencing or continuing in any manner any action or other proceeding, whether in law or equity, in any judicial, administrative, arbitral or other proceeding of any sort whatsoever, against Buyer, its successors and assigns, or the Sale Assets, with respect to any (a) Liens arising under, out of, in connection with or in any way relating to the Debtor or the Sale Assets prior to the closing of the Sale, or (b) successor liability, including, without limitation, the following actions: (i) commencing or continuing in any manner any action or other proceeding against Buyer, its successors or assigns, assets or properties; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Buyer, its successors, assets or properties; (iii) creating, perfecting or enforcing any Liens against Buyer, its successors or assigns, assets or properties, (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due Buyer or its successors or assigns; or (v) commencing or continuing any action, in any manner or place, that does not comply or is inconsistent with the provisions of this Order or other orders of this Court, or the agreements or actions contemplated or taken in respect thereof.

16. Except as otherwise expressly set forth in this Order or the Purchase Agreement, Buyer shall not have any liability or other obligation of the Debtor arising under or related to any of the Sale Assets. Without limiting the generality of the foregoing, and except as otherwise specifically provided herein or in the Purchase Agreement, Buyer shall not be liable for any claims against the Debtor or any of its predecessors or affiliates.

17. Buyer is not a successor to the Debtor or its estate by reason of any theory of law or equity, and

Buyer shall not assume, nor be deemed to assume, or in any way be responsible for any liability or obligation of any of the Debtor and/or its estate including, but not limited to, any bulk sales law, successor liability, liability or responsibility for any claim against the Debtor or against an insider of the Debtor, or similar liability except as otherwise expressly provided in the Purchase Agreement. Neither the purchase of the Sale Assets by Buyer, nor the fact that Buyer and/or its affiliates are using any of the Sale Assets previously owned by the Debtor, will cause Buyer or any of its affiliates to be deemed a successor in any respect to the Debtor's business within the meaning of (a) any foreign, federal, state or local revenue, pension, ERISA, tax, labor, employment, antitrust, environmental, or other law, rule or regulation (including without limitation tiling requirements under any such laws, rules or regulations); (b) any products liability law or doctrine with respect to the Debtor's liability under such law, rule or regulation or doctrine, or under any product warranty liability law or doctrine with respect to the Debtor's liability under such law, rule or regulation or doctrine; (c) any employment or labor agreements, consulting agreements, severance arrangements, change-in-control agreements or other similar agreement to which the Debtor is a party; (d) environmental liabilities, debts, claims or obligations arising from conditions first existing on or prior to Closing (including, without limitation, the presence of hazardous, toxic, polluting, or contaminating substances or wastes), which may be asserted on any basis, including, without limitation, under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; (e) any liabilities, debts or obligations of or required to be paid by, the Debtor for any taxes of any kind for any period; (f) any liabilities, debts, commitments or obligations for any taxes relating to the operation of the Sale Assets prior to Closing; and (g) any litigation.

18. Buyer has given substantial consideration under the Purchase Agreement for the benefit or the holders of any Liens. The consideration given by Buyer shall constitute valid and valuable consideration for the releases of any potential claims of successor liability of Buyer, which releases shall be deemed to have been given in favor of Buyer by all holders of Liens.

19. The Sale contemplated by the Purchase Agreement is undertaken by Buyer without collusion and in good faith, as that term is defined in Section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale unless such authorization and consummation of such Sale is duly stayed pending such appeal. Buyer is a good faith purchaser within the meaning of Section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of Section 363(m) of the Bankruptcy Code.

20. Nothing contained in any plan of reorganization or liquidation, or order of any type or kind entered in (a) this chapter 11 case, (b) any subsequent chapter 7 case into which this chapter 11 case may be converted, or (c) any related proceeding subsequent to entry of this Order, shall conflict with or derogate from the provisions of the Purchase Agreement or the terms of this Order.

21. Pursuant to Bankruptcy Rules 9014 and 6004(h), this Order shall be effective immediately upon entry and the Debtor and Buyer are authorized to close the Sale immediately upon entry of this Order.

22. No bulk sales law or any similar law of any state or other jurisdiction applies in any way to the Sale.

23. There are no brokers involved in consummating the Sale and no brokers' commissions are due.

24. The failure specifically to include any particular provision of the Purchase Agreement in this

Order shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the Purchase Agreement be authorized and approved in its entirety.

25. Nothing in this Order, or in any agreement approved by or entered into pursuant to this Order, (a) releases, nullifies, precludes, or enjoins the enforcement of any liability to a governmental unit under police or regulatory statutes or regulations to which any entity would be subject as the owner or operator of property after the date of entry of this Order; or (b) authorizes the transfer to any entity of any licenses, permits, registrations, or other governmental authorizations and approvals without such entity's compliance with all applicable legal requirements under non-bankruptcy law governing such transfers.

26. The provisions of this Order are non-severable and mutually dependent.

27. The Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto and in accordance with the terms thereof, without further order of this Court, provided that such modification, amendment or supplement does not have a material adverse effect on the Debtor's estate.

28. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

29. To the extent that this Order is inconsistent with any prior order or pleading with respect to the Motion in this chapter 11 case, the terms of this Order shall govern.

30. To the extent there are any inconsistencies between the terms of this Order and the Purchase Agreement (including all ancillary documents executed in connection therewith), the terms of this Order shall govern.

31. The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion. This Court shall retain jurisdiction to, among other things, interpret, implement, and enforce the terms and provisions of this Order and the Purchase Agreement, all amendments thereto and any waivers and consents thereunder, and each of the agreements executed in connection therewith to which the Debtor is a party or which has been assigned by the Debtor to Buyer, and to adjudicate, if necessary, any and all disputes concerning or relating in any way to the Sale.

32. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the findings of fact herein constitute conclusions of law, they are adopted as such. To the extent any of the conclusions of law herein constitute findings of fact, they are adopted as such.

Enter:

Dated:

United States Bankruptcy Judge

Prepared by:

Joseph D. Frank (IL No. 6216085)

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