

**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 **Application for Order Authorizing the Employment of Gray Reed & McGraw, P.C. as Counsel to the Debtor Pursuant to Sections 327(a) and 329 of the Bankruptcy Code and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure, Retroactive to the Petition Date**, 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

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UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

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

**APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT OF GRAY REED & MCGRAW, P.C. AS COUNSEL TO THE DEBTOR PURSUANT TO SECTIONS 327(a) AND 329 OF THE BANKRUPTCY CODE AND RULES 2014 AND 2016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, RETROACTIVE TO THE PETITION DATE**

Gulf Packaging, Inc., the above-captioned debtor and debtor in possession (the “Debtor,” “GPI” or the “Company”) for its Application for Order Authorizing the Employment of Gray Reed & McGraw, P.C. (“Gray Reed” or the “Firm”) as Counsel to the Debtor Pursuant to Sections 327(a) and 329 of the Bankruptcy Code and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure, Retroactive to the Petition Date (the “Application”), respectfully represents:

**JURISDICTION**

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Application is a core proceeding under 28 U.S.C. § 157(b)(2)(A).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

**INTRODUCTION**

3. On April 29, 2015 (the “Petition Date”), GPI filed its voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). GPI continues to

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

operate its business and manage its properties as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. No request has been made for the appointment of a trustee or examiner.

#### **BACKGROUND**

5. The Debtor is a national distributor of packaging equipment and supplies, which sells its product by and through several independent entities ("Affiliates").<sup>2</sup> Many of these Affiliates are also guarantors under GPI's credit facility with FCC, LLC d/b/a First Capital ("FCC"). When the Debtor is combined with the Affiliates, there are over twenty (20) warehousing locations to better serve the Debtor's customer base.

6. 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] (the "Gavin Declaration"), filed on the Petition Date.

#### **RELIEF REQUESTED**

7. By this Application, the Debtor respectfully requests entry of an order authorizing the retention of Gray Reed as counsel, retroactive to the Petition Date.

#### **BASIS FOR RELIEF**

8. Due to the Firm's expertise and experience in bankruptcy and restructuring matters, as well as its historical representation of the Debtor, Gray Reed is well qualified to represent the Debtor in connection with its chapter 11 case.

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<sup>2</sup> 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.

9. Gray Reed's compliance with the requirements of sections 327, 329 and 504 of the Bankruptcy Code and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedures (the "Bankruptcy Rules") is set forth in greater detail in the Statement of Gray Reed & McGraw, P.C. and Declaration of Jason S. Brookner Pursuant to Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure and Sections 327(a), 329 and 504 of the Bankruptcy Code, filed concurrently herewith and attached hereto as Exhibit "A" (the "Brookner Declaration").

10. The Debtor believes that the employment and retention of Gray Reed as counsel is necessary and in the best interests of the Debtor's estate.

**A. Services to Be Rendered**

11. The services to be rendered to the Debtor by Gray Reed will encompass all aspects of representing a chapter 11 debtor in possession including, but not limited to, the following:

- (a) advising the Debtor concerning its powers and duties as a debtor in possession in the continued operations of its business and management of its properties;
- (b) acting to help protect, preserve and maximize the value of the Debtor's estate;
- (c) preparing all necessary motions, applications, reports, and pleadings in connection with the Debtor's chapter 11 case, including preparation and solicitation of a chapter 11 plan and disclosure statement and related documents; and
- (d) performing such other legal services for the Debtor in connection with its chapter 11 case that the Debtor determines are necessary and appropriate.

**B. Disclosures Concerning Conflicts of Interest**

12. To the best the Debtor's knowledge, information and belief, Gray Reed and its respective attorneys do not represent any of the Debtor's creditors or other parties in interest, or

their respective attorneys or representatives, in connection with this chapter 11 case or in any matter which is adverse to the interests of the Debtor.

13. To the best of Debtor's knowledge and belief, Gray Reed is "disinterested" as such term is defined in section 101(14) of the Bankruptcy Code. Similarly, Gray Reed does not hold any interest adverse to the Debtor, as a debtor in possession, or its estate in the matters upon which Gray Reed is to be engaged.

**C. Compensation**

14. In advance of filing, the Debtor paid Gray Reed an aggregate of approximately \$160,000.00 in connection with pre-petition services rendered to, and expenses incurred on behalf of, the Debtor in connection with bankruptcy advice, counseling and preparation. As of the Petition Date, Gray Reed holds approximately \$8,500.00 as a retainer for post-petition services. Gray Reed will not draw on the remaining retainer balance without application to the Court for allowance of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules and Orders of this Court.

15. The Debtor understands that Gray Reed will bill at its established hourly rates and seek reimbursement of expenses, as customarily charged to its non-bankruptcy clients. The hourly billing rates for attorneys at Gray Reed are set forth in the accompanying Brookner Declaration.

16. The Debtor understands that the rates charged by Gray Reed may be adjusted from time to time and are usually adjusted on an annual basis.

**NOTICE**

17. Notice of this Application 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 the Debtor's secured lenders, and (iv) all other parties requesting notice in this chapter 11 case. The Debtor respectfully submits that such notice is appropriate and that no other or further notice need be provided.

**NO PRIOR REQUEST**

18. No prior request for the relief sought in this Application has been made in this or any other court.

WHEREFORE, the Debtor respectfully requests that this Court enter an Order (i) granting the relief requested herein and (ii) granting such other and further relief as may be just and proper.

Respectfully submitted this 15th day of May, 2015.

**FRANK GECKER LLP**

/s/ Joseph D. Frank

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[fgecker@fgllp.com](mailto:fgecker@fgllp.com)

-and-

**GRAY REED & MCGRAW, P.C.**

Jason S. Brookner (pro hac vice pending)  
Micheal W. Bishop (pro hac vice pending)  
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Dallas, Texas 75201  
Telephone: (214) 954-4135  
Facsimile: (214) 953-1332  
Email: [jbrookner@grayreed.com](mailto:jbrookner@grayreed.com)  
[mbishop@grayreed.com](mailto:mbishop@grayreed.com)

**PROPOSED COUNSEL TO THE DEBTOR**

## **Exhibit A**

### **Brookner Declaration**

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

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

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**STATEMENT OF GRAY REED & MCGRAW, P.C. AND DECLARATION  
OF JASON S. BROOKNER PURSUANT TO BANKRUPTCY RULES 2014 AND 2016(b)  
AND SECTIONS 327, 329 AND 504 OF THE BANKRUPTCY CODE**

JASON S. BROOKNER declares under penalty of perjury, pursuant to 28 U.S.C. §1746, as follows:

1. I am a Shareholder in the law firm of Gray Reed & McGraw, P.C. ("Gray Reed" or the "Firm"). Gray Reed maintains offices in Houston and Dallas, Texas. With more than 100 attorneys, the Firm provides a full range of legal services to clients throughout Texas and the United States.

2. I submit this Declaration (i) in support of the Debtor's application (the "Application") to employ Gray Reed as its counsel and (ii) to provide disclosures required under Fed. R. Bankr. P. 2014(a) and sections 329 and 504 of the Bankruptcy Code.

3. I have personal knowledge of the facts set forth herein unless otherwise indicated. To the extent any information disclosed herein requires amendment or modification, I will submit a supplemental declaration.

4. Neither I, Gray Reed, nor any lawyer at the Firm represents any party in interest (or its attorneys or accountants) in connection with the Debtor's chapter 11 case, other than the Debtor.

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<sup>1</sup> The last four digits of the Debtor's tax identification number are 5030.



5. Gray Reed has not represented, and will not represent, any party other than the Debtor in connection with the Debtor's chapter 11 case.

**GRAY REED'S DISCLOSURE PROCEDURES**

6. In preparing this Declaration, either I, or someone under my supervision and direction, searched Gray Reed's client database to determine whether Gray Reed had any relationships with the following parties in interest:

- (a) The Debtor;
- (b) The Debtor's Principals, Affiliates and Directors and Officers;
- (c) The Debtor's secured lenders;
- (d) The Debtor's top 20 creditors;
- (e) The individuals employed in the office of the U.S. Trustee for Region 11 in Chicago, Illinois; and
- (f) Certain other parties.

7. A list of each of the entities searched is attached hereto as Schedule 1. Except as set forth in Schedule 2, Gray Reed has no relationship with, or connection to, any of such entities. Under my supervision, Gray Reed will continue to monitor the relationships of the parties in this chapter 11 case and as additional information becomes available or additional connections are discovered, Gray Reed will promptly file supplemental disclosures with the Court.

**GRAY REED'S RATES AND BILLING PRACTICES**

8. Gray Reed's current customary hourly rates presently range from \$195.00 to \$650.00 per hour for attorneys and \$150.00 for paraprofessionals. Hourly rates are periodically adjusted in the normal course of the Firm's business, often due to the increased experience of a particular professional. The attorneys primarily responsible for this engagement and their respective hourly rates are as follows: Jason S. Brookner, shareholder: \$585.00 per hour; Micheal

W. Bishop, member: \$475.00 per hour; Lydia R. Webb, associate: \$250.00 per hour; and Trinitee G. Green, associate: \$250.00 per hour. These attorneys will be assisted by other professionals and paraprofessionals at Gray Reed as necessary. The Debtor understands that the hourly rates charged by Gray Reed may be adjusted from time to time on an annual basis.

9. Pursuant to section 329 of the Bankruptcy Code, Gray Reed discloses that in since January 2015, the Debtor has paid Gray Reed an aggregate of approximately \$160,000.00 for pre-petition services rendered to, and expenses incurred on behalf of, the Debtor in connection with bankruptcy advice, counseling and preparation. Gray Reed has represented the Debtor on general matters since the time of the Debtor's inception in 2012. As of the Petition Date, Gray Reed holds approximately \$8,500.00 as a retainer for post-petition services. Gray Reed will not draw on the remaining retainer balance unless and until authorized to do so by this Court.

10. No promises have been received by Gray Reed or any member, counsel or associate thereof as to payment or compensation in connection with this chapter 11 case other than in accordance with the provisions of the Bankruptcy Code and Orders of this Court. Gray Reed has no agreement with any other entity to share with such entity any compensation received by Gray Reed, other than among the attorneys at Gray Reed.

11. The Debtor's Application requests approval of Gray Reed's retention on the terms and conditions Gray Reed charges its non-bankruptcy clients, namely, prompt payment of its hourly rates as adjusted from time to time and reimbursement of actual out-of-pocket expenses at the actual cost incurred by Gray Reed, or based upon formulas that approximate the actual cost where the actual cost is not easily ascertainable. Subject to these terms and conditions, Gray Reed intends to apply for compensation for professional services rendered in this chapter 11 case and

for reimbursement of actual and necessary expenses incurred in connection therewith, in accordance with the provisions of the Bankruptcy Code and Orders of this Court.

12. The attorneys at Gray Reed who will be working on this engagement are familiar with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedures, and the Local Bankruptcy Rules for this District, and shall comply therewith.

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

Executed on this 14<sup>th</sup> day of May, 2015.

  
\_\_\_\_\_  
Jason S. Brookner

**Schedule 1**

**List of Entities Searched**

The Debtor

Gulf Packaging, Inc.

Debtor's Principals, Affiliates and Directors & Officers

Gulf Systems, Inc.	Charles Foster
Gulf-Great Lakes Packaging Corporation	Joseph Fleck
Gulf-Arizona Packaging LLC	Maggie Fleck
Florida Gulf Properties LLC	Carol Cutshall
Gulf Packaging - Sacramento LLC	Jeffrey Cutshall
Gulf-Pacific Packaging Corporation	William Cutshall
Carolina-Gulf Packaging LLC	Arman Sarkisian (immediately former CEO)
Paul Albert	Robert Lange
Paul Corley	Fleck Family Partnerships
Carl Fleck	CWJ - Eagle
Bob McCormick	

Debtor's Secured Lenders

FCC, LLC d/b/a First Capital  
Merchants and Manufacturers Bank

Debtor's 20 Largest Creditors

Acme	Laminations Corporation
AEP Industries	Strapack
Inteplast Group, Ltd.	Vibac Canada Inc.
Maillis Strapping Systems	Bemis Clysar, Inc.
Signode-Acme	ITW
Intertape Polymer Corporation	Stacktight
Berry Plastics Corporation	ARS Development
Polychem Corporation	Leicatex Ltd.
Sigma Stretch Film	Packaging Corp Of America
Dynaric, Inc.	Laddawn
Itistrap	Lifoam Industries, LLC
Interwrap Corp.	Dubose Strapping
GTA Tapes & Adhesives Inc.	Pactiv LLC
XSYS, Inc.	UPS

Office of the U.S. Trustee for the Northern District of Illinois

Patrick Layng  
Constantine Harvalis  
Kimberly Bacher  
Patricia Brasier  
Joanne W. Burne  
Denise Ann Delaurent  
Michelle M. Engel  
Sandra George-Booker  
Kathryn M. Gleason  
David Gucwa  
Cameron Gulden  
Julie Hearn  
Pamela Hillman  
Benita Jones  
Maria Kaplan  
Keith E. Manikowski

Laura McCabe  
Rita Mierzwa  
Jeremiah Nelson  
Kathryn O'Kelly  
Patricia A. Parker  
M. Gretchen Silver  
Jeffrey Snell  
Roman L. Sukley  
Thomas Thornton  
Jennifer Toth  
Robert J. Wakefield  
Connie Jean Warner  
Shaun Washington  
Stephen G. Wolfe  
Marie Yapan

Counsel to the Flecks

Adelman & Gettleman, Ltd.

**Schedule 2**

**List of Connections**

1. Gray Reed has in the past worked, and may presently and may in the future work, in cases with some of the professionals that will or may be involved in this case, including Gavin/Solmonese. Ted Gavin was hired by Gray Reed as a testifying expert for a discrete contested matter in the case captioned *In re Eastern 1996D Limited Partnership*, Case No. 13-34773-HDH-11 (Bankr. N.D. Tex.), where Gray Reed represented the debtor. The contested matter for which Mr. Gavin was retained concluded in the summer of 2014.
2. Jason Brookner has been a member of the American Bankruptcy Institute (“ABI”) for twenty (20) years, and is presently a Co-Chair for the Texas & Southwest Region of the ABI’s Anthony H.N. Schnelling Endowment Fund. Mr. Gavin is the Endowment’s Vice President of Development.
3. Gray Reed has in the past performed professional services for some of all of the Debtor’s Affiliates (as that term is defined in the Application). Gray Reed has not represented, and will not represent, any Affiliate in any matter connected to the Debtor’s chapter 11 case. To the extent any matter arises during the chapter 11 case that involves or relates to any legal work performed by Gray Reed for an Affiliate, such matter will be handled by FrankGecker, the Debtor’s proposed co-counsel for this chapter 11 case.