

**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 **Application for Order Authorizing the Employment of Equity Partners HG LLC as Debtor's Investment Banker Pursuant to Sections 327, 328 and 504 of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure**, a copy of which is attached hereto and hereby served upon you.

Dated: May 19, 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., ¹)	Case No. 15-15249 (PSH)
)	
Debtor.)	
)	

APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT OF EQUITY PARTNERS HG LLC AS DEBTOR’S INVESTMENT BANKER PURSUANT TO SECTIONS 327, 328 AND 504 OF THE BANKRUPTCY CODE AND RULE 2014 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE

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 Equity Partners HG LLC (“Equity Partners”) as Debtor’s Investment Banker Pursuant to Sections 327, 328 and 504 of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure (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 operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

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

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.

BACKGROUND

5. The Debtor is a national distributor of packaging equipment and supplies, which sells its product by and through several independent entities ("Affiliates").² 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 Equity Partners as investment banker and financial advisor, effective as of May 18, 2015.

BASIS FOR RELIEF

8. Due to the Firm's expertise and experience in a variety of industries, including but not limited to, manufacturing, processing, retailing and wholesale distributing, as well as its

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.

reputation for providing sound investment banking services and financial solutions to distressed companies and debtors in the bankruptcy context, Equity Partners is well qualified to represent the Debtor in connection with its chapter 11 case. In fact, out of 450 transactions that Equity Partners orchestrated and completed for companies across forty-four (44) states, at least one hundred and fifty (150) of them were approved by bankruptcy court orders in at least fifty-seven (57) bankruptcy courts.

9. Equity Partner's compliance with the requirements of sections 327, 328 and 504 of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedures (the "Bankruptcy Rules") is set forth in greater detail in the Statement of Equity Partners HG, LLC and Declaration of Kenneth W. Mann Pursuant to Rule 2014 of the Federal Rules of Bankruptcy Procedure and Sections 327, 328 and 504 of the Bankruptcy Code, filed concurrently herewith and attached hereto as Exhibit "A" (the "Mann Declaration").

10. The Debtor believes that the employment and retention of Equity Partners as investment banker and financial advisor is necessary and in the best interests of the Debtor's estate.

A. Services to Be Rendered

11. As described more fully in the engagement agreement attached as Exhibit "B" (the "Engagement Agreement"), the services to be rendered to the Debtor by Equity Partners will include the following:

- (a) Inspect the Assets to determine their physical condition.
- (b) Prepare a program which may include marketing the Assets through newspapers, magazines, journals, letters, fliers, signs, telephone solicitation, the Internet and/or such other methods as Equity Partners may deem appropriate.

- (c) Prepare advertising letters, fliers and/or similar sales materials, which would include information regarding the Assets.
- (d) Endeavor to locate parties who may have an interest in becoming a joint venture partner, investing in, acquiring, or refinancing the Debtor's business or the Assets.
- (e) Circulate materials to interested parties regarding the Assets, after completing confidentiality documents.
- (f) Respond, provide information to, communicate and negotiate with and obtain offers from interested parties and make recommendations to Debtor as to whether or not a particular offer should be accepted.
- (g) Communicate regularly with Debtor in connection with the status of Equity Partners' efforts with respect to the disposition of the Assets. This shall include a weekly written report to all Parties-in-Interest.
- (h) Recommend to Debtor the proper method of handling any specific problems encountered with respect to the marketing or disposition of the Assets.
- (i) Perform related services necessary to maximize the proceeds to be realized for the Assets.

B. Disclosures Concerning Conflicts of Interest

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

C. Compensation

14. The Debtor proposes, pursuant to the terms of the Engagement Agreement, and subject to Court approval, that Equity Partners be compensated as follows: (a) Debtor will advance \$20,000 to Equity Partners for marketing expenses to be incurred and (b) Equity Partners will be entitled to a fee only if Equity Partners is successful in its efforts. If Equity Partners is able to successfully obtain an equity investment in the Debtor or realize a sale of the Debtor's assets, then Equity Partner's compensation for such services will, as set forth more fully in the Engagement Agreement and in the Mann Declaration, be no less than \$150,000 and will exceed \$150,000, incrementally, as Gross Value increases.³ If Equity Partners successfully negotiates a joint venture or merger that is consummated, then the Debtor will pay Equity Partners no less than \$200,000 for such services and such fee will increase, incrementally, as Gross Value increases. The percentages and triggering values are set forth in section 6 of the Engagement Agreement.

15. The Debtor believes that the Engagement Agreement, generally, and the fee arrangement reflected therein, provide reasonable and market-based terms that are the result of arm's length negotiations and discussions between the Debtor, the Debtor's Chief Restructuring Officer and Equity Partners. The fee structure is designed to motivate and fairly compensate Equity Partners for its work by basing compensation on results. And, because Equity Partner's compensation is contingent on the occurrence of a transaction and to be calculated based on the Gross Value of any such transaction, Equity Partners requests that it not be required to file time records in accordance with the United States Trustee Guidelines.⁴

³ Gross Value is defined in section 5 of the Engagement Agreement.

⁴ Equity Partners does not customarily maintain time records because clients are not charged based on hourly rates.
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16. Section 328 of the Bankruptcy Code permits a debtor to pay court approved professionals on a “fixed percentage” or “contingency” fee basis. 11 U.S.C. § 328(a). And, fee arrangements have been approved and implemented pursuant to section 328 of the Bankruptcy Code in chapter 11 cases in this District. *See, e.g., In re Caesars Entm't Operating Company*, No. 15-01145 (ABG) (Bankr. N.D. Ill. March 25, 2015) [Docket No. 1004] (approving employment subject to section 328 standard); *In re Hartmarx Corp.*, No. 09-02046 (BWB) (Bankr. N.D. Ill. Feb. 19, 2009) [Docket No. 145] (same); *In re Kmart Corp.*, No. 02-02474 (SPS) (Bankr. N.D. Ill. April 23, 2002) [Docket No. 2554] (same).

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, (iv) counsel to the Committee and (v) 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.

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Respectfully submitted this 19th day of May, 2015.

FRANKGECKER LLP

/s/ Joseph D. Frank

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