

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:)	Case No. 06-51848
)	(Jointly Administered)
CEP HOLDINGS, LLC, et al.,¹)	
)	Chapter 11
Debtors.)	
)	Judge Marilyn Shea-Stonum

**DEBTORS' APPLICATION FOR AUTHORITY TO RETAIN AND EMPLOY
MCDONALD HOPKINS CO., LPA, AS SPECIAL COUNSEL FOR THE
DEBTORS, NUNC PRO TUNC AS OF OCTOBER 16, 2006**

The above-captioned debtors and debtors in possession (collectively, the "Debtors") hereby apply to the Court for the entry of an order authorizing the retention and employment of McDonald Hopkins Co., LPA ("McDonald Hopkins"), as special counsel for the Debtors, pursuant to sections 327(e) and 328 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") and Rules 2014, 2016 and 5002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), *nunc pro tunc* as of October 16, 2006 (the "Application").

In support of this Application, the Debtors respectfully represent as follows:

I. Introduction

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 within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue of the Debtors' cases and this Application in the Northern District of Ohio is proper under 28 U.S.C. §§ 1408 and 1409.
3. The statutory basis for the relief requested herein are sections 327(e) and 328 of the Bankruptcy Code and Bankruptcy Rule 2014(a).

¹ The Debtors include: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Theraplastics Acquisition, LLC.
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II. Background

4. On September 20, 2006 (the “Petition Date”), the Debtors filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases. On the Petition Date, the Court entered an order jointly administering these cases pursuant to Bankruptcy Rule 1015(b). On September 28, 2006, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the “Committee”).

5. Creative Engineered Polymer Products, LLC (“CEPP”) is a limited liability company formed under the laws of the State of Ohio. CEPP is wholly owned by CEP Holdings, LLC (“Holdings”), a privately-held limited liability company formed under the laws of the State of Ohio. Holdings is a holding company whose sole asset is its membership interests in CEPP. CEPP has three subsidiaries: (i) Composite Parts Mexico S.A. de C.V. (the “CEP Mexico”), a Mexican corporation which is 99.9% owned by CEPP and .01% owned by non-debtor Reserve Capital Group, Ltd; (ii) Thermoplastics Acquisition, LLC (“Thermoplastics”), an Ohio limited liability company which is wholly owned by CEPP and is a debtor in these cases; and (iii) CEP Latin America, LLC (“CEP LA”), a non-debtor Ohio limited liability company which is wholly owned by CEPP. CEP LA was never funded and has no operations or debt. The principal place of business of the Debtors is 3560 West Market Street, Suite 340, Akron, Ohio 44333.

6. The Debtors operate 10 manufacturing plants in Ohio, Michigan, Alabama, South Carolina and Mexico². CEPP operates a total of six plants in Ohio, Michigan and Alabama.

² CEP Mexico, a non-debtor, produces high quality plastics products at two factories in Mexico.

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Non-debtor CEP Mexico operates two plants in Mexico. Thermoplastics operates one plant in Ohio and one in South Carolina.

7. CEPP and its debtor subsidiaries are custom molders and extruders of rubber and plastics products, primarily for the OEM automotive market. The Debtors have achieved a unique position as preferred suppliers of high quality products to major customers, including General Motors, Delphi Corporation, Visteon, Nissan, Daimler-Chrysler, Honda and GKN Automotive. CEPP has maintained this position as a leader in the marketplace through innovative manufacturing techniques and by continuously improving its broad base of material and process technology.

8. Gross sales for the Debtors' businesses are projected to be approximately \$190 million for fiscal 2006.

III. Relief Requested

9. By this Application, the Debtors request authority to retain and employ McDonald Hopkins as special counsel to the Debtors, pursuant to sections 327(e) and 328 of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016, *nunc pro tunc* as of October 16, 2006. The limited purpose of McDonald Hopkins' retention is to represent the Debtors when conflicts arise which prevent their lead counsel, Baker & Hostetler, from such representation.

A. Legal Basis for Relief Requested

10. Section 327(e) of the Bankruptcy Code provides that a debtor, subject to Court approval:

may employ, for a specified special purpose, other than to represent the [debtor] in conducting the case, an attorney that has represented the debtor, if in the best interest of the estate, and if such attorney does not represent or hold any interest adverse to the debtor or to the estate with respect to the matter on which such attorney is to be employed.

11 U.S.C. § 327(e). Section 328, in turn, provides that employment of a professional person under section 327 of the Bankruptcy Code may be “on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, or on a contingent fee basis” subject to later re-evaluation by the court. 11 U.S.C. § 328(a).

11. Rule 2014(a) of the Bankruptcy Rules requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant’s knowledge, all of the [firm’s] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. Proc. 2014(a).

B. Factual Basis for Relief Requested

12. McDonald Hopkins is a full service law firm with more than 110 attorneys. McDonald Hopkins’ principal office is located in Cleveland, Ohio. Because of McDonald Hopkins’ expertise in large chapter 11 cases, as well as its direct experience in the automotive industry, the Debtors selected McDonald Hopkins to serve as their special counsel in the event conflicts arise with their counsel, Baker & Hostetler. The Debtors require experienced and knowledgeable counsel to render essential professional services when conflicted matters arise. McDonald Hopkins has substantial bankruptcy, restructuring, general business, mergers and acquisitions, labor, employee benefits, and litigation expertise, and is well qualified to perform these services and represent the Debtors’ as their special counsel on an as needed basis.

C. Services to be Rendered

13. The Debtors contemplate that McDonald Hopkins will render legal services to the Debtors as requested by the Debtors, on an as needed basis. This includes, but not limited to representing the Debtors as their primary conflicts counsel, when specific matters arise that cannot be handled by Baker & Hostetler.

D. Proposed Compensation

14. Subject to the Court's approval and in accordance with section 330(a) of the Bankruptcy Code, McDonald Hopkins will charge the Debtors for legal services on an hourly basis in accordance with McDonald Hopkins' ordinary and customary hourly rates, plus reimbursement of actual, necessary out-of-pocket expenses incurred by McDonald Hopkins. The current hourly rates charged by McDonald Hopkins for professionals and paraprofessionals are as follows.

<u>Billing Category</u>	<u>Range</u>
Shareholders	\$255 - \$460
Of Counsel	\$215 - \$400
Associates	\$145 - \$290
Paralegals	\$100 - \$180
Law Clerks	\$ 85

These hourly rates are subject to periodic adjustments to reflect economic and other conditions.

15. McDonald Hopkins will maintain detailed, contemporaneous records of time and any actual and necessary expenses incurred in connection with the rendering of legal services by category and nature of services rendered. McDonald Hopkins will submit interim and final applications for compensation and any related expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, Local Bankruptcy Rules and all court orders related to the same.

16. To the best of the Debtors' knowledge, information and belief, no promises have been received by McDonald Hopkins or by any shareholder, counsel, or associate thereof, as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code. To the best of the Debtors' knowledge, information and belief, McDonald Hopkins has no agreement with any other entity to share with such entity compensation received by McDonald Hopkins in connection with these chapter 11 cases.

17. As of the Petition Date, McDonald Hopkins received no compensation or retainer during the preceding twelve months from the Debtors for legal services rendered, or to be rendered, and expenses incurred.

E. Rule 2014 Disclosure

18. To the best of the Debtors' knowledge, information and belief, McDonald Hopkins: (a) does not have any connection with the Debtors, their affiliates, this Court, the United States Trustee, any person employed in the Office of the United States Trustee, or their respective attorneys and accountants, except as set forth in the attached Disclosure of Compensation and Verified Statement of Jean R. Robertson (the "Verified Statement");³ and (b) does not represent or hold any interest adverse to the Debtors or to their estates with respect to the limited matters for which it is to be employed.

19. McDonald Hopkins has advised the Debtors that it searched its computerized client database and determined that it has represented or represents certain of the Debtors' creditors or other parties in interest in these cases, in matters wholly unrelated to the Debtors' chapter 11 cases. *See* Verified Statement and the Schedules attached thereto. Except as described in the Verified Statement, McDonald Hopkins does not represent, to its knowledge,

³ A copy of the Verified Statement is attached hereto as Exhibit A; Schedules 1 and 2 are attached thereto.

any of the Debtors' 50 largest unsecured creditors or other significant parties in interest in these cases.

IV. Nunc Pro Tunc Relief

20. The Debtors seek entry of any order authorizing them to retain McDonald Hopkins *nunc pro tunc* to October 16, 2006. In the flurry of activity since the filing of Ford's Emergency Motion for Relief from the Automatic Stay, the Debtors have called upon McDonald Hopkins lawyers, yet have been unable to finalize the retention papers. McDonald Hopkins has done its best to be responsive and to protect the Debtors' interests. *Nunc pro tunc* retention will assure McDonald Hopkins that it is not penalized for the brief delay in the filing of this Application.

V. Notice

21. Notice of the Application has been given to (a) the Office of the United States Trustee for the Northern District of Ohio, (b) the Debtors' secured lenders, and (c) counsel for the Committee, and (d) all parties that have requested notices in these cases. The Debtors submit that, under the circumstances, no other or further notice need be given.

22. Because this Application presents no novel issues of law and the authorities relied upon are stated herein, the Debtors respectfully request that the Court waive the requirement contained in Local Bankruptcy Rule 9013-1(a) that the Debtors file a separate memorandum of law in support of this Application.

23. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, the Debtors request the relief sought by this Application be immediately effective and enforceable upon entry of the order requested hereby.

VI. No Prior Request

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

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit B: (a) authorizing the Debtors to retain and employ McDonald Hopkins to represent the Debtors as special counsel in their chapter 11 cases, pursuant to sections 327(e) and 328 of the Bankruptcy Code and Bankruptcy Rules 2014, 2016 and 5002, *nunc pro tunc* as of October 16, 2006; and (b) granting such other and further relief as the Court may deem proper.

Dated: October 30, 2006

CEP HOLDINGS, LLC, et al.,
Debtors and Debtors- in-possession

/s/Joseph Mallak

Joseph Mallak
CEO of the Debtors