

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

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In re: : Case No. 06-51848
: (Jointly Administered)
CEP HOLDINGS, LLC, et al.,¹ :
: Chapter 11
Debtors. :
: Honorable Marilyn Shea-Stonum
: :
: Hearing Date: 2/13/07 at 9:30 a.m.
: Objection Deadline: 2/9/07 at 4:00 p.m.
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**APPLICATION OF DEBTORS AND DEBTORS IN
POSSESSION, PURSUANT TO SECTIONS 327(a), 328 AND 330
OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 6005, FOR
ENTRY OF AN ORDER AUTHORIZING THEM TO EMPLOY GUTMANN
& MIDDLETON, INC. AS APPRAISER, EFFECTIVE AS OF JANUARY 25, 2007**

CEP Holdings, LLC and its affiliated debtors and debtors in possession (each a “**Debtor**” and collectively, the “**Debtors**” or “**CEP**”) in the above-captioned Chapter 11 cases (the “**Cases**”), hereby apply (the “**Application**”), pursuant to sections 327(a), 328 and 330 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 6005 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), for entry of an order authorizing them to employ Gutmann & Middleton, Inc. (“**Gutmann**”) as appraiser to prepare an appraisal of real property located in Vandalia, Ohio, pursuant to the terms and conditions of proposed engagement agreement (the “**Engagement Agreement**”), a copy of which is attached hereto as **Exhibit A** and fully incorporated herein by reference, effective as of January 25, 2007. In support of the Application, the Debtors respectfully represent as follows:

¹ The Debtors are: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC.

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Application is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicates for the relief requested herein are sections 327(a), 328 and 330 of the Bankruptcy Code and Bankruptcy Rule 6005.

BACKGROUND

4. On September 20, 2006 (the “**Petition Date**”), each Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to an order entered by the Court on September 26, 2006, the Cases are being jointly administered for procedural purposes only.
5. The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On September 28, 2006, the United States Trustee appointed an official committee of unsecured creditors. No trustee or examiner has been appointed.
6. Prior to the Petition Date, on or about December 21, 2005, Debtor Thermoplastics Acquisition, LLC (“**Thermoplastics**”) entered into a financing lease with Parker Hannifin Corporation (“**Parker Hannifin**”) regarding a 64,000 square foot manufacturing facility located at 985 Falls Creek Drive, Vandalia, Ohio (the “**Property**”). Because the financing lease with Parker Hannifin relating to the Property is a financing lease, it is not subject to rejection under section 365 of the Bankruptcy Code.
7. The Debtors are in the process of liquidating their estates under Chapter 11 of the Bankruptcy Code and their operations at the Property have ceased. The Debtors currently are in the process of determining whether it would be in the best interest of the Debtors’ estates to sell

the Property pursuant to section 363 of the Bankruptcy Code or, if the Debtors have no equity in the Property, abandon the Property pursuant to section 544 of the Bankruptcy Code. In order to make an informed business decision regarding the appropriate disposition of the Property, the Debtors seek to retain Gutmann to prepare an appraisal of the Property.

BASIS FOR RELIEF REQUESTED

8. The retention of Gutmann as appraiser to prepare an appraisal of the Property is warranted under sections 327(a), 328 and 330 of the Bankruptcy Code, Bankruptcy Rule 6005 and applicable case law. Section 327(a) of the Bankruptcy Code provides:

Except as otherwise provided in this section, the trustee, with the court's approval, may employ one or more attorneys, accountants, *appraisers*, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title.

11 U.S.C. § 327(a) (emphasis added). Bankruptcy Rule 6005 provides that an “order of the court approving the employment of an appraiser or auctioneer shall fix the amount or rate of compensation.” Fed. R. Bankr. P. 6005.

QUALIFICATIONS

9. Gutmann was founded in March of 1985 and has grown to one of the largest valuation and consulting firms in the State of Ohio. The principals of Gutmann have over 90 years of combined real estate appraisal experience. Gutmann's staff is fully licensed/certified in the State of Ohio and currently includes over 10 appraisers plus support personnel. The appraisal activities of Gutmann include all types of commercial and industrial real estate. The Debtors believe that Gutmann is well qualified and equipped to provide appraisal services to the Debtors regarding the valuation of the Property.

SERVICES AND FEE

10. Gutmann is willing to prepare an appraisal of the Property pursuant to the terms and conditions of the Engagement Agreement. Gutmann's appraisal will be performed and reported in accordance with the Uniform Standards of Professional Appraisal Practice. Gutmann's fee for the appraisal will not exceed \$3,500.00, and will be payable within 30 days of receipt of the final appraisal, subject to the approval of this Court.

DISINTERESTEDNESS

11. Gutmann meets the requirements set by section 327(a) of the Bankruptcy Code. As set forth in the declaration of Mark Middleton (the "**Declaration**"), Gutmann does not hold or represent an interest adverse to the Debtors' estates and is a "disinterested person" as such term is defined pursuant to section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that Gutmann:

- a. is not a creditor, an equity security holder, or an insider;
- b. is not and was not within two years before the Petition Date, a director, officer, or employee of the Debtors; and
- c. does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason.

A copy of the Declaration is attached hereto as **Exhibit B**.

12. Accordingly, the employment of Gutmann meets the requirements of section 327(a) of the Bankruptcy Code and should be approved to assist in the sale or abandonment of the Property.

NOTICE

13. Notice of the Application has been given to the parties listed on the Core Group and the 2002 Service List maintained by the Debtors and any other parties in interest directly affected by this Application (where applicable).

14. 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.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court (a) enter an order substantially in the form attached hereto as **Exhibit C**, granting the relief requested herein; and (b) grant such other and further relief to the Debtors as the Court may deem proper.

Dated: January 29, 2007
Cleveland, OH

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

By: /s/ Joseph F. Hutchinson, Jr.
One of Their Attorneys

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