

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:)	Case No. 06-51848
)	(Jointly Administered)
CEP HOLDINGS, LLC, <i>et al.</i> ,)	Chapter 11
)	
Debtors.)	Honorable Marilyn Shea-Stonum
_____)	United States Bankruptcy Judge
)	
WASHINGTON PENN PLASTIC)	
COMPANY, INC.,)	Document No. _____
)	
Movant,)	
)	
V.)	Related to Doc. No. 390
)	
MCGUIREWOODS LLP, COUNSEL)	Hearing Date: March 27, 2007
TO THE OFFICIAL COMMITTEE OF)	at 2:30 p.m.
UNSECURED CREDITORS,)	
)	
Respondent.)	
_____)	

**OBJECTION TO THE FIRST INTERIM FEE APPLICATION OF
MCGUIREWOODS LLP FOR INTERIM ALLOWANCE OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS FOR THE PERIOD FROM
SEPTEMBER 20, 2006 THROUGH JANUARY 31, 2007**

AND NOW comes Washington Penn Plastic Company, Inc. (“Washington Penn”), by and through its undersigned counsel, and files the within Objection to the First Interim Fee Application of McGuireWoods LLP for Interim Allowance of Compensation and Reimbursement of Expenses as Counsel to the Official Committee of Unsecured Creditors for the Period from September 20, 2006 Through January 31, 2007 (the “Fee Application”) and in support thereof avers as follows:

BACKGROUND

1. On September 20, 2006 (the “Petition Date”), CEP Holdings, LLC, Creative Engineered Polymer Products, LLC, and Thermoplastics Acquisition, LLC (the “Debtors”) filed Voluntary Petitions for relief under Chapter 11 of the Bankruptcy Code, 11 U.S.C. §101 *et seq.*

2. On October 6, 2006, the Official Committee of Unsecured Creditors (the “Committee”) filed an Application for Entry of an Order Pursuant to 11 U.S.C. §§105 and 1103(a) of the Bankruptcy Code Authorizing and Approving the Employment and Retention of McGuireWoods LLP (“McGuireWoods” or “Committee Counsel”) as Counsel for the Committee *Nunc Pro Tunc* as of September 20, 2006 (the “Retention Application”). See Docket No. 109.

3. On October 12, 2006, Washington Penn was added to the Official Committee of Unsecured Creditors by the Office of the United States Trustee.

4. On October 27, 2006, this Court entered a Final Order Authorizing Debtors to: (A) Use Cash Collateral; (B) Incur Postpetition Debt; (C) Grant Adequate Protection and Provide Security and Other Relief to Wachovia Capital Finance Corporation (Central); and (D) Grant Certain Related Relief (the “DIP Order”).

5. Under the DIP Order, the Debtors and the Committee agreed to release Wachovia from any of the Debtors’ direct claims or the Committee’s derivative claims for, among other things, state and federal fraudulent conveyance, fraudulent transfer, deepening insolvency and similar type actions (the “Release”).

6. On November 8, 2006, this Court entered an Order approving the Retention Application of McGuireWoods.

7. On February 5, 2007, the Debtors and the Committee filed a Joint Plan of Liquidation and accompanying Disclosure Statement.

8. On March 2, 2007, Washington Penn filed an Objection to Disclosure Statement (“Disclosure Statement Objection”).

9. The Disclosure Statement Objection specifically sought more complete disclosure with regard to (i) the analysis, if any, that was undertaken with regard to any potential theories of liability against Wachovia, (ii) details of the Release and why it was granted (iii) what consideration was given in exchange for the Release, (iv) whether the consideration given for the Release was valid, (v) the extent of McGuireWoods’ relationship with Wachovia, and (vi) the reason for and appropriateness of the Exculpation Clause which provides a release to the Committee Counsel from any claims related to the Chapter 11 proceedings.

10. On March 20, 2007, Washington Penn filed a Motion for the Appointment of an Examiner Pursuant to 11 U.S.C. §1104(c)(1) (“Examiner Motion”). The Examiner Motion requests the appointment of an Examiner to investigate the facts and circumstances surrounding pre-petition transactions as well as to investigate whether McGuireWoods remained disinterested, and/or whether McGuireWoods had an adverse interest.

11. More specifically, the Examiner Motion, if granted, will direct an Examiner to:

- a. undertake an investigation into the 2005 leveraged buyouts of CEP/CRT Capital Group and Thermoplastics/Parker-Hannifin (collectively referred to as the “LBOs”) and make an independent evaluation/determination of

whether potential claims exist against Wachovia under applicable state and federal avoidance/fraudulent transfer statutes arising out of or relating to the LBOs described above;

- b. determine whether consideration was provided by Wachovia in exchange for the Committee's agreement to release Wachovia of these and other claims under the DIP Order dated October 27, 2006 (the "DIP Order");
- c. determine whether the Debtors' and Committee's professionals were disinterested persons, whether they had adverse interests to the Debtors' Estate, and whether they conducted a reasonably prudent investigation of the potential claims against Wachovia before agreeing to the release of Wachovia under the DIP Order; and
- d. opine whether it is appropriate for general unsecured creditors to vote to accept the Joint Plan containing releases of the Debtors' and the Committee's professionals.

THE LIMITED OBJECTION

12. Washington Penn objects to the Fee Application only to the extent that this Court appoints an Examiner and to the extent that the Examiner makes a determination that Committee Counsel inappropriately recommended the Committee agree to a release of Wachovia under the DIP Order, was not disinterested, or had an adverse interest to the Committee.

13. If the Court does not appoint an Examiner, then Washington Penn has no objection to the Fee Application.

14. To the extent an Examiner is appointed, Washington Penn suggests that the Court defer consideration of the Fee Application until after the Examiner files any reports.

WHEREFORE, Washington Penn respectfully requests that this Court defer consideration of the Fee Application until after the Court decides the pending Examiner Motion, and, Washington Penn respectfully requests that this Court defer to the report of any Examiner in connection with the Fee Application.

Respectfully submitted,

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