

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

IN RE: : Case No. 06-51848  
: (Jointly Administered)  
CEP HOLDINGS, LLC, et al.,<sup>1</sup> :  
: Chapter 11  
Debtors. :  
: Honorable Marilyn Shea-Stonum  
: United States Bankruptcy Judge

**CEP LIQUIDATING TRUST'S SECOND OMNIBUS OBJECTION TO  
CLAIMS FILED WITH THE BANKRUPTCY COURT**

The Liquidating Trustee, on behalf of the CEP Liquidating Trust, in the above-captioned cases hereby files this Second Omnibus Objection ("Objection") to Claims Filed with the Bankruptcy Court, or the Debtors' claims agent, BMC Group, Inc. ("BMC"), as set forth in the Claims Objection Registers for Case Nos. 06-51847, 06-51848, and 06-51849, and hereby moves this Court, pursuant section 502 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code"), Rule 3007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the First Amended Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Official Committee of Unsecured Creditors dated May 25, 2007 (the "Joint Plan"), for an order, the proposed form of which is attached hereto, granting the relief sought by this Objection, and in support thereof state as follows:

**JURISDICTION**

1. On September 20, 2006 (the "Petition Date"), each of the Debtors filed with the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division (the "Court"), its respective voluntary petition for relief under chapter 11 of the Bankruptcy Code commencing the above-captioned chapter 11 cases. The Court authorized the joint administration of these cases on September 26, 2006 (Docket No. 68).

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<sup>1</sup> The Debtors are: CEP Holdings, LLC; Creative Engineered Polymer Products, LLC; and Thermoplastics Acquisition, LLC.

2. This Court has jurisdiction over this Objection pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(B).

3. The statutory predicates for the relief requested herein are 11 U.S.C. § 502 and Bankruptcy Rule 3007.

### **BACKGROUND**

4. On October 13, 2006, BMC was approved as the Debtors' claims and noticing agent (Docket No. 133).

5. On November 15, 2006, this Court entered the Order pursuant to Sections 501 and 502 of the Bankruptcy Code and Bankruptcy Rules 2002 and 3003(c)(3), Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof (the "Bar Date Order") (Docket No. 284). Pursuant to the Bar Date Order, this Court approved the form and manner of the bar date notice (the "Bar Date Notice"). Pursuant to the Bar Date Order and Bar Date Notice, the general bar date for filing proofs of claim was March 1, 2007 (the "General Bar Date") and March 19, 2007, for governmental units (the "Governmental Unit Bar Date") (collectively, the General Bar Date and the Governmental Bar Date are the "Bar Dates"). The Bar Date Order and Bar Date Notice further provided that Claimants (defined herein) were required to file proofs of claim with BMC, not with the Court.

6. On January 2, 2007, the Debtors served a copy of the Bar Date Notice on all parties who had filed a notice of appearance and request for service pursuant to Bankruptcy Rule 2002, all of the Debtors' scheduled creditors in these cases, the Debtors' equity holders, and certain other parties (Docket No. 292).

7. Since the Petition Date, BMC has received approximately 670 proofs of claim in totaling approximately \$190,000,000.0 (collectively, the parties asserting claims against the Debtors are "Claimants" and individually, "Claimant"). The Liquidating Trustee contends that many of these proofs of claim, *inter alia*, are patently illegitimate, duplicative, assert claims for

which the Debtors, and the Liquidating Trustee as successor, have no liability and/or are overstated.

8. On July 25, 2007, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Joint Plan (Docket No. 661). On August 17, 2007, the effective date (the "Effective Date") of the Plan occurred.

9. Article VII of the Plan sets forth the means for implementation and execution of the Joint Plan, including the formation of the CEP Liquidating Trust, which trust is charged with, *inter alia*, claims' administration, prosecution of objections to claims and making plan distributions. Section 1.56 of the Plan appoints Shaun M. Martin as the Liquidating Trustee.

#### **APPLICABLE AUTHORITY**

10. Pursuant to section 502(a) of the Bankruptcy Code, any claim for which a proof of claim has been filed shall be deemed allowed unless a party in interest objects. If an objection is filed, the Court, upon notice and a hearing, shall determine the proper and appropriate amount of such claim. See 11 U.S.C. § 502(b).

11. The Liquidating Trustee is entitled to object to claims under section 502(a) of the Bankruptcy Code and pursuant to the Plan.

#### **OBJECTIONS TO CLAIMS**

12. Attached hereto are exhibits setting forth claims to which the Liquidating Trustee objects (the "Claims Objection Register" and collectively the "Claims Objection Register Claims").

13. The Liquidating Trustee has listed a specific basis for objection for each of the Claims Objection Register Claims, which are clearly identified on each of the accompanying Exhibits under the heading "Reason for Proposed Disallowance." Set forth below is a general explanation of the various bases for objection.

14. Claims may be the subject of multiple objections herein for any of the reasons stated in the preceding paragraph and also may be subject to subsequently filed objections.

15. The Liquidating Trustee reserves the right to further object to any and all claims, whether or not the subject of this Objection, for allowance, and/or distribution purposes and on any other grounds. The Liquidating Trustee reserves the right to modify, supplement and/or amend this Objection as it pertains to any claim or Claimant herein.

#### **NO LIABILITY (BOOKS AND RECORDS)**

16. Exhibit A contains a list of claims for which the Liquidating Trustee contends, based upon a review and analysis of the Debtors' books and records, that the CEP Liquidating Trust, as successor to the Debtors, has no liability (the "Books and Records Claims"). The alleged bases for the Liquidating Trustee's objection to the Books and Records Claims include that the claims are (a) alleged post-petition liabilities, (b) alleged pre-petition liabilities that were paid prior to the Petition Date and/or (c) alleged pre-petition liabilities that were paid pursuant to authority granted by this Court. Accordingly, the Liquidating Trustee submits that the parties asserting the Books and Records Claims on Exhibit A are simply not pre-petition creditors of the Debtors.

17. The Liquidating Trustee, therefore, requests that the Books and Records Claims be disallowed in their entirety.

18. The Liquidating Trustee reserves the right to object to the Books and Records Claims on any other grounds at any time, unless disallowed as proposed herein.

#### **INSUFFICIENT SUPPORT**

19. Exhibit B contains a list of claims that fail to provide sufficient support for the Liquidating Trustee to determine the basis and/or validity for the claims (the "Insufficient Support Claims"). The Liquidating Trustee has also reviewed the books and records, and is unable to discern any liability for these claims.

20. The Liquidating Trustee, therefore, requests that the Insufficient Support Claims be disallowed in their entirety.

21. The Liquidating Trustee reserves the right to object to the Insufficient Support

Claims on any other grounds at any time, unless disallowed as proposed herein.

#### **PAID CLAIMS**

22. Exhibit C contains a list of claims that were paid by the Debtors either on a pre-petition basis or pursuant to Order of Court (the "Paid Claims"). Because such obligations have been satisfied, they are no longer "claims" as defined in the Bankruptcy Code; therefore the Debtors can have no liability for such claims.

23. The Liquidating Trustee, therefore, requests that the Paid Claims be disallowed in their entirety.

24. The Liquidating Trustee reserves the right to object to the Paid Claims on any other grounds at any time, unless disallowed as proposed herein.

#### **RECLASSIFY**

25. Exhibit D contains a list of claims that were filed with an improper claim classification ("Reclassify Claims"). The Liquidating Trustee agrees with the dollar amount of each such claims, but not the claim classification. The Liquidating Trustee proposes to modify the classification of the Reclassify Claims and to allow these claims as allowed general unsecured claims as set forth on Exhibit D.

26. The Liquidating Trustee, therefore, requests that these Reclassify Claims be reclassified and allowed as set forth on Exhibit D.

27. The Liquidating Trustee reserves the right to object to the Reclassify Claims on any other grounds at any time, unless reclassified and allowed as proposed herein.

#### **RECLASSIFY, REDUCE AND ALLOW**

28. Exhibit E contains a list of claims for which the Liquidating Trustee is unable to reconcile the claim classification and/or claim amount following an extensive examination of the Debtors' books and records (the "Reclassify, Reduce and Allow Claims"). The Liquidating Trustee does not dispute the validity of the claims themselves, only the amounts and classifications of such claims. The Liquidating Trustee, therefore, requests that these claims be

reclassified, reduced and allowed as set forth on Exhibit E.

29. The Liquidating Trustee reserves the right to object to the Reclassify, Reduce and Allow Claims on any other grounds at any time, unless reclassified, reduced and allowed as proposed herein.

#### **REDUCE AND ALLOW**

30. Exhibit F contains a list of claims that were filed in an overstated amount (the “Reduce and Allow Claims”). The Liquidating Trustee does not dispute the validity of the claims themselves, only the amounts of the claims. The Liquidating Trustee proposes to modify the classification of the Reduce and Allow Claims and to allow these claims in the amounts as modified as set forth on Exhibit F. The Liquidating Trustee, therefore, requests that Reduce and Allow Claims be reduced and allowed as set forth on Exhibit F.

31. The Liquidating Trustee reserves the right to object to the Reduce and Allow Claims on any other grounds at any time, unless reduced and allowed as proposed herein.

#### **REDUNDANT CLAIMS**

32. Exhibit G contains a list of claims that are redundant in that more than one proof of claim was filed for the same debt (the “Redundant Claims”). The Liquidating Trustee does not dispute the validity of the claims themselves, only the duplicity of the claims. The Redundant Claims listed Exhibit G under “Claim To Be Expunged” should be disallowed. The claims (“Surviving Claims”) listed under “Surviving Claim Number” shall remain in effect and are not affected by this Objection; provided, however, that such Surviving Claims may be the subject of a separate objection stated herein, or as subsequently filed hereinafter.

33. The Liquidating Trustee, therefore, requests that the Redundant Claims be disallowed in their entirety and reserves the right to object to the Surviving Claims on any other grounds at any time.

34. The Liquidating Trustee reserves the right to object to the Redundant Claims on any other grounds at any time, unless disallowed as proposed herein.

### **LATE FILED CLAIMS**

35. Exhibit H contains a list of claims that were filed after the applicable bar date for the filing of such claims.

36. The Bar Date Order, which set the Bar Dates in these bankruptcy cases, provides that “[a]ny entity that is required to file a proof of claim in these Cases pursuant to the Bankruptcy Code, the Bankruptcy Rules or this Order with respect to a particular claim against a Debtor, but fails to properly do so by the applicable Bar Date, shall be forever barred, estopped, and enjoined from . . . asserting any claim against the Debtors . . . .” Bar Date Order, ¶ 13.

37. Likewise, pursuant to section 9.3 of the Plan, if a party holding a claim resulting from the rejection of an executory contract and/or unexpired lease fails to file a proof of claim within thirty (30) days after the Confirmation Date, then such claim “shall be forever barred and shall not be enforceable against the Debtors or any property to be distributed under the Plan . . . .” Plan, § 9.3.

38. The Liquidating Trustee, therefore, requests that the Late Filed Claims identified on Exhibit H be disallowed in their entirety.

39. The Liquidating Trustee reserves the right to object to the Late Filed Claims on any other grounds at any time, unless disallowed as proposed herein.

### **NO SUPPORTING DOCUMENTATION**

40. Exhibit I contains a list of claims for which the Claimants failed to provide any support for the Liquidating Trustee to determine the bases for or validity of the claim (“No Supporting Documentation Claims”). The Liquidating Trustee also has reviewed the Debtors’ books and records, and is unable to discern any liability for the No Supporting Documentation Claims. The Liquidating Trustee, therefore, requests that these claims be disallowed in their entirety.

41. The Liquidating Trustee reserves the right to object to the No Supporting Documentation Claims on any other grounds at any time, unless disallowed as proposed herein.

### **AMENDED CLAIMS**

42. Exhibit J contains a list of claims that were rendered moot by the Claimant filing a subsequent “amending” claim that supersedes a previously filed claim (the “Amended Claims”). The Liquidating Trustee objects to the Amended Claims because, among other reasons, the same claimant subsequently filed an amended claim(s) and the previously filed, corresponding claim(s) should be disallowed.

43. The Liquidating Trustee, therefore, requests that the Amended Claims listed be classified and allowed as described in Exhibit J.

44. The Liquidating Trustee reserves the right to object to the Amended Claims on any other grounds at any time, unless disallowed as proposed herein.

### **DUPLICATE CLAIMS**

45. Exhibit K contains a list of claims that were filed by creditors that filed two (2) or more proofs of claim against the Debtors in the same amount and/or based on the same underlying obligation (the “Duplicate Claims”).

46. The Liquidating Trustee objects to the Duplicate Claims because, among other reasons, the amounts and bases of the Duplicate Claims also are set forth in another claim filed by the same Claimant or because such claims are otherwise duplicative of another claim filed against the Debtors. The Duplicate Claims listed Exhibit K under “Duplicate Claim Number” should be disallowed. The claims (“Remaining Claims”) listed under “Remaining Claim Number” shall remain in effect and are not affected by this Objection; provided, however, that such Remaining Claims may be the subject of a separate objection stated herein, or as subsequently filed hereinafter.

47. The Liquidating Trustee reserves the right to object to the Duplicate Claims and the Remaining Claims on any other grounds at any time.



### **NOTICE AND PROCEDURE**

48. Notice and a copy of this Objection have been provided to all Claimants with claims that are the subject to this Objection as identified on Exhibits A, B, C, D, E, F, G, H, I, J and K. The Liquidating Trustee submits that the following methods of service upon the Claimants should be deemed by the Court to constitute due and sufficient service of this Objection: (a) service in accordance with Bankruptcy Rule 7004 and the applicable provisions of Federal Rule of Civil Procedure 4; (b) to the extent counsel for a Claimant is not known to the Liquidating Trustee, by first class mail, postage prepaid, on the signatory of the Claimant's proof of claim form or other representative identified in the proof of claim form or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the Claimant's behalf in the Debtors' bankruptcy cases.

49. To the extent any Claimant timely files and properly serves a response to this Objection by **October 26, 2007 at 4:00 p.m.**, the Liquidating Trustee requests that the Court schedule an initial status conference with respect to any such responding Claimant's claims at a status hearing that will be held **October 30, 2007 at 9:30 a.m.**, and thereafter schedule the matter for a future hearing as to the merits of such claims to the extent necessary and appropriate. To the extent that any Claimant fails to timely file and properly serve a response to this Objection as required by the Case Management Order and applicable law, the Liquidating Trustee will submit an order, substantially in the form attached hereto, and request the Court to disallow such Claimant's claim(s) as set forth in the applicable exhibit for all purposes in these bankruptcy cases.

### **RESERVATION OF RIGHTS**

50. The CEP Liquidating Trust reserves the right to object further to any of the Claims Objection Register Claims on any and all additional factual and/or legal grounds. Without limiting the generality of the foregoing, the CEP Liquidating Trust specifically reserves the right to (i) amend this Objection, (ii) file additional papers in support of this Objection, (iii) file

a subsequent objection on any ground or grounds to any part of any of the Claims Objection Register Claims that are not disallowed in their entirety as requested herein and (iv) take other appropriate actions to (a) respond to any allegation or pleading that may be filed in response to this Objection, (b) further object to any of the Claims Objection Register Claims that provides (or attempts to provide) additional documentation or substantiation or (c) further object to any claim based on any additional information that may be discovered upon further review by the CEP Liquidating Trust or through discovery pursuant to the applicable provisions of Part VII of the Bankruptcy Rules. Further, the CEP Liquidating Trust reserves the right to file additional objections to any claim asserted against the CEP Liquidating Trust or the Debtors' estates.

**NO PRIOR RELIEF**

51. No previous request for the relief sought herein has been made to this Court or any other court.

WHEREFORE, the Liquidating Trustee requests the Court to enter an Order sustaining this Objection and granting such other and further relief as the Court deems appropriate.

Dated: October 10, 2007

Respectfully submitted,

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