

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION**

In re) Chapter 11
)
) Case No. 09-12869 (JVA)
SENCORP, et al.,¹) (Joint Administration Requested)
)
) Honorable J. Vincent Aug, Jr.
Debtors.)
)

**MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER (I) APPROVING
CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM,
(II) AUTHORIZING USE OF PREPETITION BANK ACCOUNTS
AND BUSINESS FORMS, (III) WAIVING CERTAIN REQUIREMENTS
OF THE UNITED STATES TRUSTEE, AND (IV) WAIVING
THE REQUIREMENTS OF 11 U.S.C. § 345(B)**

(“CASH MANAGEMENT MOTION”)

The above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”), hereby move this Court (the “**Motion**”) for entry of an order (the “**Order**”), in substantially the form attached hereto as Exhibit C, (i) authorizing and approving the Debtors’ continued use of their existing cash management system (as defined below), (ii) authorizing the Debtors to continue using prepetition bank accounts and business forms, (iii) waiving certain requirements set forth by the United States Trustee for Region 9 (the “**UST**”), and (iv) waiving the

¹ The Debtors in these Chapter 11 cases are: SENCORP, Senco Products, Inc., Senco Export, Inc., SenSource Global Sourcing, LLC, TyRex, LLC, Global Fastening Solutions, LLC, Agrifast, LLC, Nexicor, LLC, Omnifast, LLC, S C FINANCIAL, INC., Senco International, Inc., Sentron Medical, Inc., and Gregg Laboratories, Inc.

requirements of 11 U.S.C. § 345(b) with respect to the Debtors' deposit practices. In support of this Motion, the Debtors respectfully state:²

JURISDICTION

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein is Section 345 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 as amended by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (the "**Bankruptcy Code**").

BACKGROUND

3. The Debtors commenced these above-captioned cases (the "**Chapter 11 Cases**") by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code on May 8, 2009 (the "**Petition Date**"). Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are operating their businesses and managing their affairs as debtors-in-possession. As of the date hereof, no creditors' committee, trustee or examiner has been appointed in any of these Chapter 11 Cases.

4. The Debtors are a group of privately-held companies that collectively constitute a leading designer, manufacturer and distributor of branded pneumatic and battery powered staplers, nailers and screw systems and collated staples, nails and screws. The Debtors' brand names are well-known in the industry for quality, reliability and service. The Debtors sell to a diversified customer base, including pro trades, industrial, consumer, international and commercial customer segments. Certain aspects of the Debtors' businesses,

² The facts and circumstances supporting this Motion are set forth in the Affidavit of David T. Fyffe, Vice President-Corporate Financial Operations and Treasurer of SENCORP, in Support of First Day Motions (the "**First Day Affidavit**"), filed contemporaneously herewith.

including the SENCO name, have existed for over 50 years. As further evidence of the Debtors' long-term success, most of the Debtors' top ten customers have purchase products from the Debtors for more than 20 years.

5. Despite the Debtors' historical strength, the Debtors have not been immune to the recent widespread economic downturn. Over the past several years, the Debtors' sales volume and profitability have been negatively impacted by several economic factors, including (a) the sharp rise in the price of steel rod (the Debtors' primary raw material) to historic levels in 2008, (b) a severe decline in residential and commercial construction (the Debtors' primary customer segments) and (c) the deteriorating economic conditions leading to the current recession.

6. In response to these economic challenges, the Debtors implemented several critical initiatives in 2008 and early 2009. Among other things, the Debtors have implemented significant workforce reductions, as well as significant pay reductions for all of the Debtors' remaining employees, including senior management. The Debtors have also consolidated domestic manufacturing operations from two facilities to one, and have closed three of their six distribution centers. The Debtors have also implemented several moves designed to increase efficiency in inventory, supply and international operations.

7. Despite these efforts, it has recently become clear that the Debtors do not have sufficient liquidity to survive the current economic downturn in their current state. As a result, the Debtors engaged Mesirow Financial, Inc. ("Mesirow") on March 9, 2009 to serve as investment bankers for the Debtors to assist the Debtors in exploring possible sale transactions. Mesirow contacted over 100 financial and strategic parties, and after an intense, expedited marketing period the Debtors determined that the highest and best offer presently available to

the Debtors was an offer from Wynnchurch Capital, Ltd. (“**Wynnchurch**”) to serve as a stalking horse bidder in a sale of substantially all of the Debtors’ assets under Section 363 of the Bankruptcy Code.

8. On April 10, 2009, the Debtors executed a Letter of Intent (the “**LOI**”) with Wynnchurch representing Wynnchurch’s stalking horse bid for substantially all of the Debtors’ assets. Thereafter, on May 7, 2009, the Debtors entered into a binding asset purchase agreement (the “**APA**”) with Wynnchurch and Wynnchurch’s affiliate Senco Holdings, Inc. for the purchase of substantially all of the Debtors’ assets for \$41 million in cash, plus the assumption of certain liabilities. The APA requires the Debtors, among other things, to commence these Chapter 11 Cases by May 11, 2009, obtain by May 28, 2009 an order from this Court approving bidding procedures for the sale of the Debtors’ assets, and to obtain an order from this Court by July 7, 2009 approving the sale of substantially all of the Debtors’ assets to Wynnchurch (or its affiliates) or such other successful bidder as may be selected at the auction in accordance with the bidding procedures. The Debtors are proceeding with a proposed sale process on those timelines.

9. Subject to the approval of this Court, the Debtors have obtained a proposed debtor-in-possession financing facility (the “**DIP Facility**”) from the Debtors’ prepetition secured lenders, led by Bank of America, NA, as administrative agent (the “**DIP Agent**”) and as a lender, which the Debtors believe will provide the Debtors with sufficient liquidity through the above-described sale process.

RELIEF REQUESTED

10. By this Motion, the Debtors hereby seek entry of an order (i) authorizing and approving the Debtors’ continued use of their existing cash management system, (ii) authorizing the Debtors to continue using prepetition bank accounts, and (iii) waiving the

requirements of 11 U.S.C. § 345(b) with respect to the Debtors' deposit practices. In connection with this relief, the Debtors also request a waiver of certain Operating Instructions and Reporting Requirements for Chapter 11 Cases (the "**UST Guidelines**") established by the UST that require the Debtors to close all prepetition bank accounts and open new accounts designated as debtor-in-possession accounts and consisting of (i) a general account to process all revenues and receipts from the operation of the Debtors' business, (ii) a payroll account and (iii) a tax account to satisfy tax liabilities as they accrue. However, to address the intent of the UST Guidelines, the Debtors will maintain their books and records so as to provide a clear line of demarcation between prepetition and postpetition transactions and operations, and take such other steps as may be necessary to assure that there is no postpetition payment of prepetition claims (except to the extent otherwise authorized by this Court).

SUMMARY OF CASH MANAGEMENT SYSTEM

A. Request for Authority to Continue Using the Debtors' Existing Cash Management System

11. The Debtors' businesses and financial affairs (and those of their non-debtor foreign subsidiaries), carried out over several states and countries, are complex, requiring the collection, disbursement and movement of funds through numerous bank accounts in the ordinary course of the Debtors' businesses (the "**Cash Management System**"). To lessen the disruption caused by these chapter 11 cases and maximize the value of the Debtors' estates, it is essential that they be allowed to maintain their well-developed system for managing cash. The Cash Management System is an integrated system that provides well-established mechanisms for the collection, distribution, and management of funds used in the Debtors' business operating throughout the United States and internationally. The flow of funds through the bank accounts is described below.

12. **Bank of America Accounts:** In the ordinary course of business, the Debtors maintain fifteen accounts at Bank of America (“**BoA**”), including a concentration account, eight lockbox accounts, a commercial card account, two disbursement accounts, two depository accounts, and a travel account, as described below.

- (a) Debtors maintain eight lockbox accounts (collectively, the “**Lockbox Accounts**”) at BoA for the daily receipts of certain of their U.S. entities: Senco Products, Inc. (Account No. XXXXXXXX870), TyRex, LLC (Account No. XXXXXXXX757), Agrifast, LLC (Account No. XXXXXXXX938), Nexicor, LLC (Account No. XXXXXXXX615), Omnifast, LLC (Account No. XXXXXXXX849), Sentron Medical, Inc. (Account No. XXXXXXXX961), and Gregg Laboratories, Inc. (Account No. XXXXXXXX953). On the morning of each business day, funds deposited in all of these accounts on the previous business day are automatically swept to the Debtors’ secured lender, BoA, to pay down the Revolving Line of Credit. The Debtors also maintain a commercial card account with BoA to process payments made by customers who pay the Debtors for their purchases via credit cards. On the morning of each business day, funds in the commercial card account deposited on the previous business day are swept to BoA to pay down the Debtors’ revolving line of credit (the “**Revolving Line of Credit**”).
- (b) The Debtors maintain a concentration account (the “**BoA Concentration Account**”) at BoA (Account No. XXXXXXXX745) in SENCORP’s name. Each business day, this account automatically sweeps deposits received in five additional BoA accounts; as defined below. These accounts include two disbursement accounts, two depository accounts, and a travel account, as defined below. The BoA Concentration Account maintains a balance of the funds that are swept into the account, and uses the balance, along with funds from the Revolving Line of Credit, to fund other accounts.
- (c) The Debtors maintain a disbursement checking account for Senco Products, Inc. (the “**Senco Disbursement Account**”) at BoA (Account No. XXXXXXXX277). As checks from Senco Products, Inc. are presented, funds are automatically advanced from the Revolving Line of Credit to the BoA Concentration Account. Upon settlement of the checks, the funds are automatically transferred from the BoA Concentration Account to the Senco Disbursement Account to offset the charge for the checks clearing.
- (d) The Debtors also maintain a disbursement checking account for Nexicor, LLC (the “**Nexicor Disbursement Account**”) at BoA (Account No. XXXXXXXX885). As checks from Nexicor, LLC are presented, funds are automatically advanced from the BoA Concentration Account to the Nexicor Disbursement Account in sufficient amount to allow such checks

to clear. The Debtors must manually verify that there are sufficient funds in the BoA Concentration Account to offset the charge for checks clearing in the Nexicor Disbursement Account. If necessary, the Debtors may request that additional funds be transferred from the Revolving Line of Credit to the BoA Concentration Account to cover the charge for checks clearing in the Nexicor Disbursement Account. This account can also accept deposits for Nexicor, LLC cash receipts. At the beginning of each business day, any deposits in the Nexicor Disbursement Account are swept to the BoA Concentration Account.

- (e) The Debtors maintain a depository account for the receipt of wire transfers by Senco Products, Inc. (the “**505 Account**”) at BoA (Account No. XXXXXXXX505). This account receives wire transfers from foreign entities, including royalty payments and the payment of invoices. In addition, this is the primary account from which Senco Products, Inc. initiates electronic funds transfers (“**EFT**”), including transfers to pay sales taxes and to pay the business expenses of sales representatives. The Debtors must manually transfer funds from the BoA Concentration Account into the 505 Account to cover outgoing EFTs.
- (f) The Debtors maintain a depository account for the receipt of wire transfers by the foreign entity Senco General Tools (BVI) Co., Ltd. at BoA (Account No. XXXXXXXX027). This account can also initiate wire transfers when the Debtors need to fund Senco General Tools (BVI) Co., Ltd. At the beginning of each business day, funds deposited in this account on the previous business day are swept to the BoA Concentration Account.
- (g) The Debtors maintain a travel account at BoA (Account No. XXXXXXXX752) in the name of Senco Products, Inc.. This account settles American Express transactions in which employees holding American Express credit cards take out cash against the credit cards. Funds sufficient to settle such transactions are automatically transferred from the BoA Concentration Account to the travel account to do so. This account has a minimal amount of activity and low dollar volume transactions of approximately \$1,000 per month. At the beginning of each business day, funds deposited in this account on the previous business day are swept to the BoA Concentration Account.

13. **National City Bank Accounts:** In the ordinary course of business, the Debtors maintain five accounts at National City Bank (“**NCB**”), including a concentration account, two payroll accounts, and two disbursement accounts, as described below.

- (a) The Debtors maintain a concentration account (the “**NCB Concentration Account**”) at (Account No. XXXXXXXX490) in SENCORP’s name. The

primary purpose of this account is to fund related payroll accounts of the Debtors at NCB. The Debtors request a transfer of funds, usually via wire transfer, from the BoA Concentration Account to the NCB Concentration Account in amounts sufficient to cover payroll and other disbursements. Funds in the four additional NCB accounts—two payroll accounts and two disbursement accounts—are automatically swept to this account at the beginning of the following business day. The NCB Concentration Account is the only NCB account that carries a balance. This account can also be used to initiate wire transfers, although the Debtors rarely do so.

- (b) The Debtors maintain a payroll account (the “**SENCORP Payroll Account**”) at NCB (Account No. XXXXXXXX503) to handle payroll for the SENCORP corporate office, the Global Fastening Solutions, LLC corporate office, and the Senco Products, Inc. Supplemental Retirement Program (“**SERP**”). Payroll is processed by Automated Data Processing (“**ADP**”), who is authorized to withdraw the funds necessary for payroll, including payroll taxes and ADP’s processing fees. The SENCORP Payroll Account is automatically funded by transfers from the NCB Concentration Account. The Debtors must verify that there are sufficient funds in the NCB Concentration Account to fund the SENCORP Payroll Account. The SENCORP Payroll Account can receive deposits, but it typically does not, and the Debtors do not intend for this account to receive deposits in the future.
- (c) The Debtors also maintain a payroll account (the “**Senco Payroll Account**”) at NCB (Account No. XXXXXXXX538) to handle the weekly, hourly, and semi-monthly salary payroll for Senco Products, Inc. Payroll is processed by ADP, who is authorized to withdraw funds necessary for payroll, including payroll taxes and ADP’s processing fees. The Senco Payroll Account is automatically funded by transfers from the NCB Concentration Account. The Debtors must verify that there are sufficient funds in the NCB Concentration Account to fund the Senco Payroll Account. The Senco Payroll Account can receive deposits, but typically does not, and the Debtors do not intend for this account to receive deposits.
- (d) The Debtors maintain a disbursement account (the “**SENCORP Disbursement Account**”) at NCB (Account No. XXXXXXXX870) on which accounts payable checks issued by the SENCORP corporate office for general business purposes are drawn. As checks are presented for settlement, funds are automatically transferred from the NCB Concentration Account to cover checks clearing the SENCORP Disbursement Account. The Debtors must verify that there are sufficient funds in the NCB Concentration Account to fund the SENCORP Disbursement Account.

- (e) The Debtors maintain a disbursement account (the “**GFS Disbursement Account**”) at NCB (Account No. XXXXXXXX446) on which accounts payable checks issued by Global Fastening Solutions, LLC for general business purposes are drawn. As checks are presented for settlement, funds are automatically transferred from the NCB Concentration Account to cover checks clearing the GFS Disbursement Account. The Debtors must verify that there are sufficient funds in the NCB Concentration Account to fund the GFS Disbursement Account.

14. **Fifth Third Bank Accounts:** In the ordinary course of business, the Debtors maintain nine accounts at Fifth Third Bank (“**FTB**”), including a concentration account, three payroll accounts, two depository accounts, two disbursement accounts, and an operating account, as defined below.

- (a) The Debtors maintain a concentration account (the “**FTB Concentration Account**”) at FTB (Account No. XXXXXXXX926) in SENCORP’s name. The primary purpose of this account is to fund related payroll accounts of the Debtors at FTB, although this account can also received deposits. The Debtors request a transfer of funds, usually via wire transfer, from the BoA Concentration Account to the FTB Concentration Account in amounts sufficient to cover payroll and other disbursements. Activity in the eight additional FTB accounts is automatically swept to this account on a daily basis. The FTB Concentration Account is the only FTB account that carries a balance. The Debtors also use this account to initiate approximately between five to ten wire transfers per month. This account also serves as the primary depository account for any funds received at the SENCORP corporate office, including tax refunds, vendor refunds, and deposits under COBRA.
- (b) The Debtors maintain a checking account (the “**Worker’s Compensation Account**”) at FTB (Account No. XXXXXXXX791) in the name of Senco Products, Inc. for payments made by the Debtors under their self-insured worker’s compensation program. The third party administrator for the worker’s compensation program issues checks from the Worker’s Compensation Account to pay worker’s compensation claims of Senco Products, Inc.’s employees. As checks are presented to the account, funds are automatically swept from the FTB Concentration Account to settle the checks. The Debtors pass approximately \$10,000 to \$15,000 per week through the Worker’s Compensation Account. The Debtors must verify that there are sufficient funds in the FTB Concentration Account to fund the Workers’ Compensation Account.
- (c) The Debtors maintain a disbursement account (the “**FTB Medical Account**”) at FTB (Account No. XXXXXXXX825) for the payment of

weekly employee health insurance claims through United Health Care (“**UHC**”). UHC is authorized to debit each week the amount necessary to cover the required funds for health such insurance claims. Funds are swept automatically from the FTB Concentration Account to cover the debits. The Debtors must verify that there are sufficient funds in the FTB Concentration Account to fund this account.

- (d) The Debtors maintain three payroll accounts at FTB, the “**TyRex Payroll Account**” (Account No. XXXXXXXXX934), the “**Senco International Payroll Account**” (Account No. XXXXXXXXX991), and the “**Omnifast Payroll Account**” (Account No. XXXXXXXXX479). The TyRex Payroll Account serves as the payroll and disbursement account for Tyrex, LLC. ADP is authorized to debit the account to cover the payroll, taxes, and garnishments of TyRex, LLC employees. BoA is authorized to debit the account to cover monthly purchasing card charges for employees of TyRex, LLC. The Debtors also fund the 401(k) contributions for TyRex, LLC employees through this account. The Senco International Payroll Account serves as the payroll and disbursement account for Senco International, Inc. ADP is authorized to debit the account to cover the payroll, taxes, and garnishments of Senco International, Inc. employees. BoA is authorized to debit the account to cover monthly purchasing card charges for employees of Senco International, Inc. The Debtors also fund the 401(k) contributions for Senco International, Inc. employees through this account. The Omnifast Payroll Account serves as the payroll and disbursement account for Omnifast, LLC. ADP is authorized to debit the account to cover the payroll, taxes, and garnishments of Omnifast, LLC employees. BoA is authorized to debit the account to cover monthly purchasing card charges for employees of Omnifast, LLC. The Debtors also fund the 401(k) contributions for Omnifast, LLC employees through this account. Each of the TyRex Payroll Account, the Senco International Payroll Account and the Omnifast Payroll Account are zero balance accounts and the net amounts in such accounts are automatically swept daily to and from the FTB Concentration Account. Furthermore, each of the TyRex Payroll Account, the Senco International Payroll Account, and the Omnifast Payroll Account can receive deposits, but the Debtors’ current practice is to make all deposits to the appropriate Lockbox Account at BoA. The Debtors must verify that there are sufficient funds in the FTB Concentration Account to fund these accounts.
- (e) The Debtors maintain two depository accounts at FTB. The account held by Senco International, Inc. (Account No. XXXXXXXXX732) initiates wires to pay international suppliers. The net funds in the account are automatically swept to the FTB Concentration Account on a daily basis. The account held by Gregg Laboratories, Inc. (Account No. XXXXXXXXX457) receives royalty checks earned by Gregg Laboratories, Inc. The net funds in the account are automatically swept to the FTB Concentration Account at the beginning of the next business day. The

Debtors must verify that there are sufficient funds in the FTB Concentration Account to fund these accounts.

- (f) The Debtors maintain an operating account at FTB for Sentron Medical, Inc. (Account No. XXXXXXXX624), a discontinued operation. The account's primary activity is to receive royalty checks earned by Sentron Medical, Inc. The net funds in the account are automatically swept to the FTB Concentration Account. Although it is rarely, if ever, necessary to fund this account, the Debtors must verify that there are sufficient funds in the FTB Concentration Account to fund this account if necessary.

15. **Miscellaneous Accounts:** The Debtors maintain two bank accounts at Wilmington Trust ("**WT**") that serve S C Financial, Inc. The disbursement account (Account No. XXXX-X719) held by WT pays the business service fees, payroll, phone charges, and various other services used by S C Financial, Inc. This account is managed entirely by WT and is funded periodically by the Debtors. The depository account (Account No. XXXXXX-000) maintained at WT receives the miscellaneous assets of S C Financial, Inc. There is very little activity in this account.

16. **Accounts Not Controlled By Debtors:** In addition, the Debtors fund, but do not control, two accounts at JP Morgan Chase ("**JPM**") that are administered by UHC. The first account is titled "UHC Admstr Plan for Senco Products, Inc. Medical and Dental Benefits Plan" (the "**Senco Medical Plan Account**") (Account No. #XXXXXXXXXXXX114). The second account is titled "UHC Admstr Plan for Senco Products, Inc. Flexible Spending Acct Plan" (the "**Senco Flex Plan Account**") (Account No. #XXXXXXXXXXXX122"). On a weekly basis, UHC debits the FTB Medical Account to fund the Senco Medical Plan Account and the Senco Flex Plan Account. UHC requires that an aggregate minimum balance of \$148,800 be held in the accounts. On a daily basis, UHC debits the Senco Medical Plan Account to cover the medical and dental benefits claims paid on behalf of Senco Products, Inc.

Also on a daily basis, UHC debits the Senco Flex Plan Account to cover claims arising under the flexible spending account portion of Senco Products, Inc.'s benefits program.

17. Finally, the Debtors' Taiwan branch office of Senco Products, Inc. maintains seven bank accounts (the "**Taiwan Bank Accounts**" in various foreign banks. The Debtors plan to close the Taiwan branch office in the near future, and will concurrently close the Taiwan Bank Accounts.

18. A schematic setting forth the Debtors' Cash Management System, as described above, is annexed hereto as Exhibit A and a list of accounts (the "**Bank Accounts**") comprising the Cash Management System is annexed hereto as Exhibit B.

BASIS FOR RELIEF

19. Bankruptcy courts routinely grant chapter 11 debtors authority to continue utilizing existing cash management systems and treat requests for such authority as a relatively "simple matter []." In re Baldwin-United Corp., 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987). This is particularly true where, as here, the chapter 11 cases involve affiliated Debtors with complex financial affairs. See, e.g., In re The Charter Co., 778 F.2d 617, 621 (11th Cir. 1985). This Court has frequently granted chapter 11 debtors the authority to continue to use their existing bank accounts and cash management systems. See, e.g., In re Milacron Inc., Case No. 09-111235 (JVA) (Bankr. S.D. Ohio, March 10, 2009); In re The Antioch Company, Case No. 08-35741 (GRH) (Bankr. S.D. Ohio, Dec. 9, 2008); In re The Wornick Company, Case No. 08-10654 (JVA) (Bankr. S.D. Ohio, Feb. 4, 2008) In re Huff Corporation, Case No. 04-39148 (LSW) (Bankr. S.D. Ohio Nov. 18, 2004); In re Ormet Corporation, Case No. 04-51255 (BJS) (Bankr. S.D. Ohio); In re National Century Financial Enterprises, Inc., Case No. 02-65235 (DEC) (Bankr. S.D. Ohio, Nov. 19, 2002).

20. The Debtors must be able to continue using the Cash Management System as described above so that they can consolidate and coordinate management of cash and transfers of funds to operate their businesses efficiently and effectively. The current Cash Management System allows the Debtors to collect, transfer and disburse funds as needed throughout the Debtors' complex business operations and provides significant benefits to the Debtors, including the ability to: (a) closely track all corporate funds; (b) ensure cash availability; and (c) reduce administrative expenses by facilitating the movement of funds and the development of up-to-date status reports and account balance information. Any disruption in the Cash Management System could delay the collection and disbursement of funds and threaten the orderly operation of the Debtors' businesses.

21. Under these circumstances, maintaining the Debtors' Cash Management System is both essential and in the best interests of the Debtors' respective estates and creditors. Furthermore, preserving the "business as usual" atmosphere and avoiding the unnecessary distractions that would inevitably be associated with any substantial disruption in the Debtors' Cash Management System will facilitate the Debtors' chapter 11 efforts. Of course, as they have historically, the Debtors will continue to maintain records with respect to transfers of cash, so that the Debtors, as well as their creditors and this Court, can trace funds through the Cash Management System and ensure that all transactions are adequately documented and readily ascertainable. For these reasons, the Debtors request the authority to continue to use their Cash Management System.

22. In conjunction with the authority to continue to use their Cash Management System, the Debtors request that no bank participating in the Cash Management System (the "**Cash Management Banks**") that honors a prepetition check or other item drawn

on any account that is the subject of this Motion (a) at the direction of the Debtors, (b) in a good faith belief that this Court has authorized such prepetition check or item to be honored, or (c) as a result of an innocent mistake made despite implementation of reasonable item handling procedures, be deemed to be liable to the Debtors or to their estates on account of such prepetition check or other item being honored post-petition. The Debtors believe that such flexibility accorded the Cash Management Banks is necessary to induce the Cash Management Banks to continue providing cash management services without additional credit exposure.

B. Request for Authority to Maintain Their Existing Bank Accounts and Business Forms

23. The United States Trustee for Region 9, who administers bankruptcy cases filed in the Southern District of Ohio, has issued certain UST Guidelines pursuant to 28 U.S.C. § 586. The UST Guidelines require that chapter 11 debtors, among other things: (a) close all existing bank accounts upon filing of their petitions and open new “debtor-in-possession” accounts in certain financial institutions designated as authorized depositories by the U.S. Trustee; (b) establish one debtor-in-possession account for all estate monies required for the payment of taxes; (c) maintain a separate debtor-in-possession account for payroll; and (d) maintain a separate debtor-in-possession account for all revenues and receipts and all other income received by the Debtors.

24. The Debtors seek a waiver of the UST requirement that their bank accounts be closed and that new postpetition bank accounts be opened. If enforced in these cases, such requirements would cause enormous disruption in the Debtors’ businesses and would impair the Debtors’ chapter 11 efforts. As described above, the Debtors’ Bank Accounts comprise a complex established cash management system that the Debtors must maintain in order to ensure smooth collections and disbursements in the ordinary course of their businesses.

Therefore, to avoid delays in paying debts incurred post-petition, and to ensure a smooth transition into chapter 11, the Debtors should be permitted to continue to maintain the existing Bank Accounts and, if necessary, to open new accounts and close existing accounts in the normal course of business operations. Otherwise, closing old Bank Accounts and opening new Bank Accounts will be disruptive, time consuming and expensive.

25. Accordingly, the Debtors request that this Court waive the strict enforcement of the requirement that the Debtors open new bank accounts. The Debtors further request that the Bank Accounts be deemed debtor-in-possession accounts and that the Debtors be authorized to maintain and continue using these accounts in the same manner and with the same account numbers, styles and document forms as those employed during the prepetition period.

26. In other cases, this Court has waived the strict enforcement of bank account closing requirements and replaced them with an alternative procedure that provides the same protection. See, e.g., In re Milacron Inc., Case No. 09-111235 (JVA) (Bankr. S.D. Ohio, March 10, 2009); In re The Antioch Company, Case No. 08-35741 (GRH) (Bankr. S.D. Ohio, Dec. 9, 2008); In re The Wornick Company, Case No. 08-10654 (JVA) (Bankr. S.D. Ohio, Feb. 4, 2008); In re Huffly Corporation, Case No. 04-39148 (LSW) (Bankr. S.D. Ohio Nov. 18, 2004); In re Ormet Corporation, Case No. 04-51255 (BJS) (Bankr. S.D. Ohio); In re National Century Financial Enterprises, Inc., Case No. 02-65235 (DEC) (Bankr. S.D. Ohio, Nov. 19, 2002).

27. The Debtors represent that, if the relief requested herein is granted, they will implement appropriate mechanisms to ensure that no payments will be made on any debts incurred by them prior to the Petition Date, other than those authorized by this Court. To

prevent the possible inadvertent payment of prepetition claims, except those otherwise authorized by this Court, the Debtors will work closely with the Cash Management Banks to ensure appropriate procedures are in place to prevent checks issued prepetition from being honored absent this Court's approval.

28. Although the Debtors seek authorization to utilize and retain their existing checks and bank accounts, the Debtors will maintain their books and records so as to provide a clear line of demarcation between prepetition and postpetition transactions and operations. The Debtors further represent that if the relief requested in this motion is granted, they will not pay, and each of the Banks will be directed not to pay, any debts incurred before the Petition Date, other than as authorized by this Court.

29. In the ordinary course of its business the Debtors use many pre-printed correspondence and business forms. The nature and scope of the Debtors' business and the numerous suppliers of goods and services require that the Debtors be permitted to continue using their existing pre-printed correspondence and business forms without alteration or modification. Changing correspondence and business forms would be unnecessary and burdensome to the estates, as well as expensive and disruptive to the Debtors' business operations. Parties doing business with the Debtors undoubtedly will be aware of the Debtors' status as debtors in possession. Accordingly, the Debtors also request authority to use their respective correspondence and business forms without placing the label "debtor in possession" on each such correspondence or form.

C. Request for a Waiver of the Deposit Requirements of 11 U.S.C. § 345(b)

30. The Debtors are requesting that this Court waive the requirements of Section 345(b) and permit them to maintain their deposits in their accounts in accordance with their existing deposit practices. Courts may grant a waiver of the deposit guidelines contained

in Section 345. In re Service Merchandise Co., 240 B.R. 894 (Bankr. M.D. Tenn. 1999) (waiving requirements of Section 345(b) because benefit of waiver to debtor outweighed any risk of harm to the estate).

31. Section 345(a) of the Bankruptcy Code authorizes deposits or investments of money of a bankruptcy estate, such as cash, in a manner that will “yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment.” 11 U.S.C. § 345(a). For deposits or investments that are not “insured or guaranteed by the United States or by a department agent or instrumentality of the United States or backed by the full faith and credit of the United States,” Section 345(b) of the Bankruptcy Code provides that the estate must require from the entity with which the money is deposited or invested a bond in favor of the United States secured by the undertaking of an adequate corporate surety. 11 U.S.C. § 345(b).

32. A court may, however, relieve a debtor-in-possession of the restrictions imposed by Section 345(b) for “cause.” 11 U.S.C. § 345(b). Given the complexity of the Debtors’ Cash Management System and the security of the Cash Management System, the Debtors submit that cause exists to grant waiver of the requirements of Section 345(b) of the Bankruptcy Code. Requiring the Debtors to change deposits and other procedures could result in harm to the Debtors, their estates and creditors because it would disrupt the Debtors’ existing cash management system.

33. This Court previously has granted similar relief. See, e.g., In re Milacron Inc., Case No. 09-111235 (JVA) (Bankr. S.D. Ohio, March 10, 2009); In re The Wornick Company, Case No. 08-10654 (JVA) (Bankr. S.D. Ohio, Feb. 4, 2008).

WAIVER OF MEMORANDUM OF LAW

34. This Motion includes citations to the applicable authorities and a discussion of their application to this Motion. Accordingly, the Debtors respectfully submit that such citations and discussion satisfy the requirement that the Debtors submit a separate memorandum of law in support of this Motion pursuant to Local Bankruptcy Rule 9013-1(a).

NOTICE

35. No trustee, examiner or creditors' committee has been appointed in these Chapter 11 Cases. The Debtors have provided notice of this Motion to: (i) the Office of the United States Trustee for the Southern District of Ohio; (ii) counsel to the administrative agent for the Debtors' prepetition lenders; (iii) counsel to the administrative agent for the Debtors' proposed debtor-in-possession lenders; (iv) counsel to Wynnchurch; (v) the creditors listed on the Debtors' consolidated list of thirty largest unsecured creditors, as filed with the chapter 11 petitions; (vi) all parties asserting a security interest in the assets of the Debtors to the extent reasonably known to the Debtors; (vii) any governmental unit listed in LBR 5003-1(d); and (viii) all banks identified on the List of Accounts Comprising the Cash Management System attached hereto as Exhibit B. In light of the nature of the relief requested, the Debtors submit that no further notice is required or needed under the circumstances. **Please take notice that the Debtors have filed a Motion for an Expedited Hearing to consider First Day Motions and Applications, including the foregoing. The Debtors shall serve notice of the objection deadline and expedited hearing date pursuant to further order(s) of this Court.**

NO PRIOR REQUEST

36. No prior motion for the relief requested herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that this Court enter the Order, substantially in the form attached hereto as Exhibit C, (i) authorizing and approving the Debtors' continued use of their existing cash management system, (ii) authorizing the Debtors to continue using prepetition bank accounts and business forms, (iii) waiving certain requirements set forth in the UST Guidelines; (iv) waiving the requirements of 11 U.S.C. § 345(b) with respect to the Debtors' deposit practices; and (v) granting such other and further relief as this Court deems appropriate.

Dated: May 8, 2009
Cincinnati, OH

Respectfully submitted,

LATHAM & WATKINS LLP

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Stephen R. Tetro II (pro hac vice motion pending)
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- and -

FROST BROWN TODD LLC

By: /s/ Ronald E. Gold

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**PROPOSED ATTORNEYS FOR DEBTORS
AND DEBTORS-IN-POSSESSION**

Exhibit A

Flowchart of Debtors' Cash Management System

DEBTORS' ACCOUNT STRUCTURE

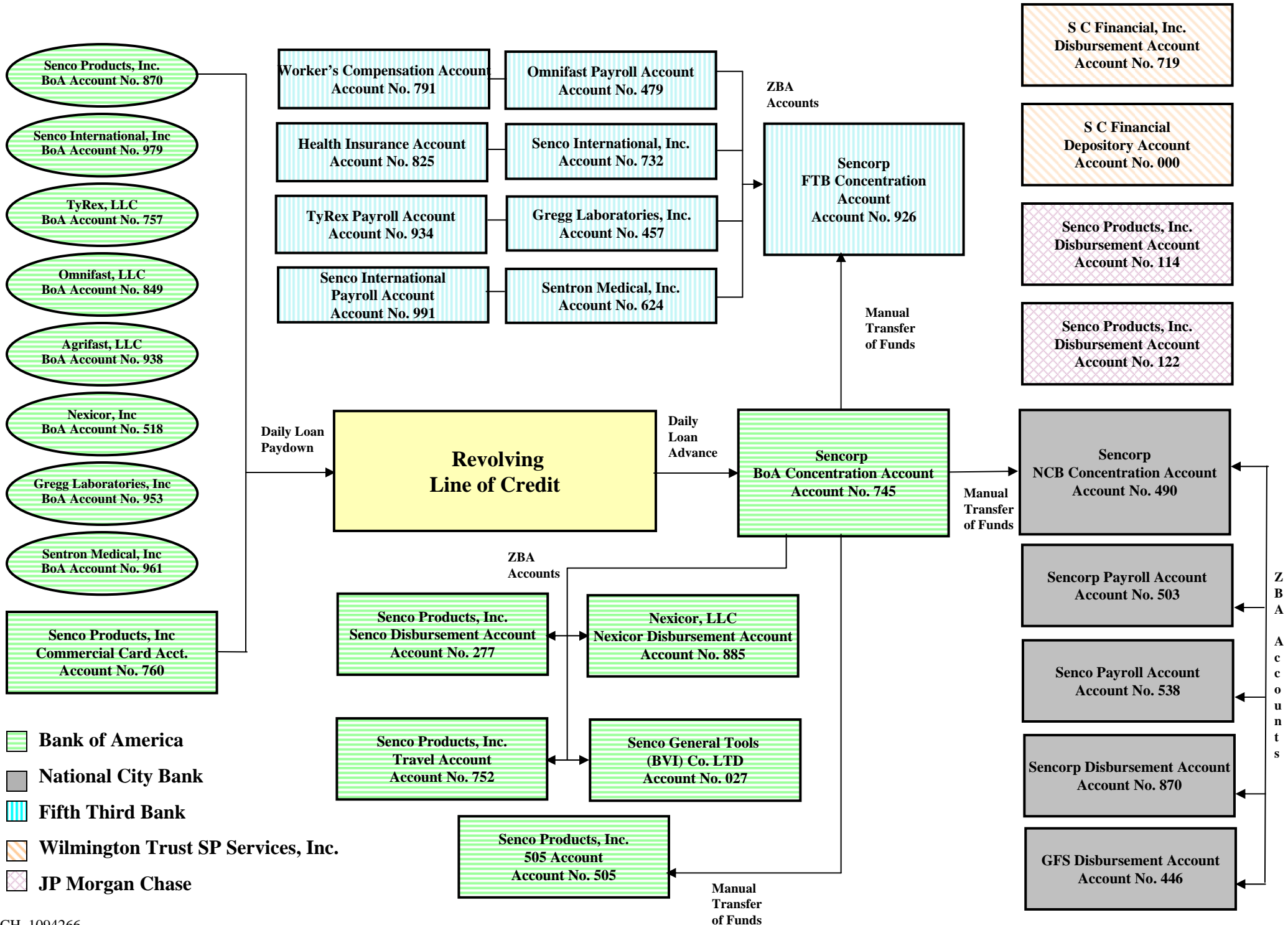


Exhibit B

List of Accounts Comprising the Cash Management System

Debtor Holding Account	Bank	Bank Address	Account Type	Account Number (last 3 digits)
SENCORP	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Concentration	745
SENCORP	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Concentration	926
SENCORP	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Disbursement	825
SENCORP	National City Bank	909 Wright's Summit Parkway Suite 310 Locator 25-C742N Fort Wright, KY 41011 Attn: Jay Wuest	Concentration	490
SENCORP	National City Bank	909 Wright's Summit Parkway Suite 310 Locator 25-C742N Fort Wright, KY 41011 Attn: Jay Wuest	Payroll	503
SENCORP	National City Bank	909 Wright's Summit Parkway Suite 310 Locator 25-C742N Fort Wright, KY 41011 Attn: Jay Wuest	Disbursement	870
Senco Products, Inc.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Disbursement	277
Senco Products, Inc.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Depository	505
Senco Products, Inc.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Disbursement, Depository	752
Senco Products, Inc.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Depository	760
Senco Products, Inc.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Depository	870
Senco Products, Inc.	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Disbursement	791
Senco Products, Inc.	National City Bank	909 Wright's Summit Parkway Suite 310 Locator 25-C742N Fort Wright, KY 41011 Attn: Jay Wuest	Payroll	538

Debtor Holding Account	Bank	Bank Address	Account Type	Account Number (last 3 digits)
Senco Products, Inc.	JP Morgan Chase	Uniprise Banking 6NB 450 Columbus Boulevard Hartford, CT 06103 Attn: Delza Nelson, Banking Analyst - and - J.P. Morgan Chase 4CMC 18th Floor - W2 Brooklyn, NY 11245	Disbursement	114
Senco Products, Inc.	JP Morgan Chase	Uniprise Banking 6NB 450 Columbus Boulevard Hartford, CT 06103 Attn: Delza Nelson, Banking Analyst - and - J.P. Morgan Chase 4CMC 18th Floor - W2 Brooklyn, NY 11245	Disbursement	122
Agrifast, LLC	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Lockbox	938
Global Fastening Solutions, LLC	National City Bank	909 Wright's Summit Parkway Suite 310 Locator 25-C742N Fort Wright, KY 41011 Attn: Jay Wuest	Disbursement	446
Gregg Laboratories, Inc.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Lockbox	953
Gregg Laboratories, Inc.	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Operating	457
Nexicor, LLC	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Disbursement, Depository	885
Nexicor, LLC	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Lockbox	518
Omnifast, LLC	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Lockbox	849
Omnifast, LLC	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Payroll, Disbursement, Depository	479
S C Financial, Inc.	Wilmington Trust SP Services, Inc.	1105 N. Market St., Suite 1300 Wilmington, DE 19801	Disbursement	719

Debtor Holding Account	Bank	Bank Address	Account Type	Account Number (last 3 digits)
S C Financial, Inc.	Wilmington Trust SP Services, Inc.	1105 N. Market St., Suite 1300 Wilmington, DE 19801	Depository	000
Senco General Tools (BVI) Co., Ltd.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Depository	027
Senco International, Inc.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Lockbox	979
Senco International, Inc.	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Depository	732
Senco International, Inc.	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Payroll, Disbursement	991
Sentron Medical, Inc.	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Lockbox	961
Sentron Medical, Inc.	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Operating	624
TyRex, LLC	Bank of America	Mail Code IL4-135-04-65 135 S. LaSalle Street, Suite 425 Chicago, IL 60603	Lockbox	757
TyRex, LLC	Fifth Third Bank	38 Fountain Square Plaza MD 10906B Cincinnati, OH 45263	Payroll	934

Exhibit C

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION**

In re:)	Chapter 11
)	
SENCORP , <u>et al.</u>)	Case No. 09-12869 (JVA)
)	
Debtors.)	Jointly Administered
)	

**ORDER (I) APPROVING CONTINUED USE OF EXISTING
CASH MANAGEMENT SYSTEM, (II) AUTHORIZING USE OF
PREPETITION BANK ACCOUNTS AND BUSINESS FORMS AND
(III) WAIVING CERTAIN REQUIREMENTS OF THE UNITED STATES TRUSTEE,
AND (IV) WAIVING THE REQUIREMENTS OF 11 U.S.C. §345(B)**

Upon consideration of the motion (the “**Motion**”)¹ of the Debtors² for entry of an order (i) authorizing and approving the Debtors’ continued use of the Cash Management System, (ii)

¹ Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Motion.

² The Debtors in these Chapter 11 cases are: SENCORP, Senco Products, Inc., Senco Export, Inc., SenSource Global Sourcing, LLC, TyRex, LLC, Global Fastening Solutions, LLC, Agrifast, LLC, Nexicor, LLC, Omnifast, LLC, S C FINANCIAL, INC., Senco International, Inc., Sentron Medical, Inc., and Gregg Laboratories, Inc.

authorizing the Debtors to continue using prepetition bank accounts and business forms, (iii) waiving certain requirements set forth in the UST Guidelines; and (iv) waiving the requirements of 11 U.S.C. § 345(b) with respect to the Debtors' deposit practices; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Motion and opportunity for objection having been given, with no objections or requests for hearing having been filed, or all objections having been overruled, as the case may be; and it appearing that no other notice need be given; and after due deliberation and sufficient cause therefore, it is hereby::

1. ORDERED that the Motion is hereby GRANTED; and it is further
2. ORDERED that the Debtors are authorized, in the reasonable exercise of their business judgment, to: (i) designate, maintain and continue to use, with the same account numbers, all of their respective depository, concentration, disbursement and other bank accounts in existence on the Petition Date, including, without limitation, those accounts identified on Exhibit B to the Motion (collectively, the "**Bank Accounts**"); (ii) use, in their present form, all other documents related to the Bank Accounts; and (iii) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors-in-possession; and it is further
3. ORDERED that the Debtors are authorized to continue utilizing their integrated Cash Management System to manage their cash and to pay any fees, costs and expenses owed to their Banks that arise in the ordinary course of business, in a manner consistent with the Debtors' prepetition practices; and it is further

4. ORDERED that the Cash Management Banks are hereby authorized and directed to continue to service and administer all such accounts as accounts of the relevant Debtor as debtor-in-possession without interruption and in the usual and ordinary course, and to receive, process, honor and pay any and all checks and drafts drawn on, or electronic transfer requests made on, said account after the Petition Date by the holders or makers thereof, as the case may be; provided, however, that any check drawn or issued by the Debtors before the Petition Date may be honored by any bank only if specifically authorized by order of this Court; and it is further

5. ORDERED that except for those checks that may be honored and paid to comply with any order(s) of this Court authorizing payment of certain prepetition claims, no checks or drafts issued on the bank accounts before the Petition Date but presented for payment after the Petition Date shall be honored or paid; and it is further

6. ORDERED that notwithstanding any other provision of this Order to the contrary, no Cash Management Bank that honors a prepetition check or other item drawn on any account that is the subject of this Order (a) at the direction of the Debtors, (b) in a good faith belief that this Court has authorized such prepetition check or item to be honored, or (c) as the result of an innocent mistake made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Order; and it is further

7. ORDERED that nothing contained herein shall prevent the Debtors from opening any new bank accounts or closing any existing bank accounts as they may deem necessary and appropriate; and it is further

8. ORDERED that each Debtor is authorized to continue to use its existing business and correspondence forms without alteration and without the designation “Debtor-in-Possession” imprinted upon them; and it is further

9. ORDERED that the Debtors are authorized to make disbursements from the Bank Accounts other than by check, to the extent consistent with the Debtors’ existing cash management practices; and it is further

10. ORDERED that effective nunc pro tunc to the Petition Date, the Cash Management Banks shall be and hereby are authorized and directed to receive, process, honor and pay any and all prepetition and post-petition checks drawn on and electronic transfers authorized for payment by this Court; and it is further

11. ORDERED that the Debtors shall cause a copy of this Order to be served on all of the banks at which any Bank Account is maintained within five business days of the date hereof; and it is further

12. ORDERED that certain requirements set forth in the UST Guidelines requiring the establishment of separate accounts for payroll, tax payments, or general revenues and receipts are waived; and it is further

13. ORDERED that notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained hereunder, shall be subject to the requirements imposed on the Debtors under any approved debtor-in-possession financing facility; and it is further

14. ORDERED that the Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order; and it is further

15. ORDERED that the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

16. ORDERED that this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

SO ORDERED.

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