

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

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

MOTION FOR ENTRY OF AN ORDER SCHEDULING AN EXPEDITED HEARING ON DEBTORS’ MOTION ESTABLISHING BIDDING AND AUCTION PROCEDURES RELATED TO THE POTENTIAL SALE OF ALL OF THE DEBTORS’ ASSETS

(“MOTION TO EXPEDITE HEARING ON DEBTORS’ SALE 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 A, scheduling an expedited hearing on the Debtors’ Motion Pursuant to 11 U.S.C. §§ 105(A), 363, 365, and Bankruptcy Rules 2002, 6004, 6006 For (I) Entry Of An Order (A) Establishing Bidding And Auction Procedures Related To The Sale Of All Of The Debtors’ Assets; (B) Approving Bid Protections For The Sale Of The Debtors’ Assets; (C) Scheduling An Auction And Sale Hearing For The Sale Of The Debtors’ Assets; (D) Establishing Certain Notice Procedures For Determining Cure Amounts For Executory Contracts And Leases To Be Assigned; And (E) Granting Certain Related Relief; And (II) Entry Of An Order (A) Approving The Sale Of The Debtors’ Assets Free And Clear Of All Liens, Claims, Encumbrances And Interests; And (B) Authorizing The Assumption And Assignment Of Certain

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.

Executory Contracts And Unexpired Leases (the “**Bidding Procedures/Sale Motion**”) on May 22, 2009. The Debtors also respectfully request that this Court establish May 20, 2009 at 12:00 p.m. (prevailing Eastern time) as the deadline for parties to file and serve objections, if any, to the Bidding Procedures/Sale Motion. 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 are sections 105 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**”), and LBR 9073-1.

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. Contemporaneously with this Motion, the Debtors are filing the Bidding Procedures/Sale Motion. By the Bidding Procedures/ Sale Motion, the Debtors seek to establish

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.

auction procedures for the sale of substantially all of their assets, assume and assign certain executory contract and unexpired leases, and schedule a sale hearing in connection therewith.

5. 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, 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.

6. 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.

7. 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.

8. 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.

9. 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 (the "Sale"). Thereafter, on May 7, 2009, the Debtors entered into a binding asset purchase agreement (the "APA") with Wynnchurch and Wynnchurch's affiliate Senco Holding, 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.

10. 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

11. As stated in the Bidding Procedures/Sale Motion, the timing of the Sale is critical. The Debtors have insufficient cash flow to continue to their operations without funding under the DIP Facility. Without financing to continue operations, the only alternative to a going concern sale is to liquidate the Debtors’ assets. The Debtors believe that the proposed Sale will provide a greater return to the Debtors’ estates and their creditors than the liquidation of the Debtors’ assets.

12. In light of the urgency of the relief requested by the Bidding Procedures/Sale Motion, the Debtors request that this Court schedule an expedited hearing on the Bidding and Auction Procedures (as defined in the Bidding Procedures/Sale) Motion on May 22, 2009 (the “**Bidding Procedures Hearing**”). The Debtors respectfully submit that scheduling a hearing on the Bidding and Auction Procedures on May 22, 2009 and establishing May 20, 2009 at 12:00 p.m. (prevailing Eastern time) as the deadline for parties to file objections, if any, to Bidding and Auction Procedures as described in the Bidding Procedures/Sale Motion will enable the Debtors to comply with their obligations under the DIP Facility and the Stalking Horse Asset Purchase Agreement (as defined in the Bidding Procedures/Sale Motion) and still afford ample time for this Court and parties in interest to consider the relief requested by the Bidding Procedures/Sale Motion.

13. The proposed form of Notice of the shortening of time to respond to Bidding and Auction Procedures as described in the Bidding Procedures/Sale Motion and scheduling of the Bidding Procedures Hearing is attached hereto as Exhibit B.

WAIVER OF MEMORANDUM OF LAW

14. The Debtors submit that this Motion does not present any novel issues of law requiring briefing. Therefore, the Debtors request that this Court waive the requirement pursuant to LBR 9013-1(a) memorandum of law in support of this Motion.

NOTICE

15. No trustee, examiner or creditors' committee has been appointed in these cases. A copy of this Motion has been served upon the following parties via telecopier, facsimile, e-mail, regular U.S. mail, postage pre-paid, or overnight delivery, delivery pre-paid: (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) counsel to the proposed Stalking Horse Bidder; (vi) the creditors listed on the Debtors' consolidated list of thirty largest unsecured creditors, as filed with the chapter 11 petitions; (vii) all parties asserting a security interest in the assets of the Debtors to the extent reasonably known to the Debtors; and (viii) any governmental unit listed in Local Bankruptcy Rules 5003-1(d). In light of the nature of the relief requested, the Debtors submit that no further notice is required or needed under the circumstances.

NO PRIOR REQUEST

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

WHEREFORE, for the foregoing reasons and the reasons stated in the Bidding Procedures/Sale Motion, the Debtors respectfully request that this Court enter an order (i) shortening to 14 days the time in which parties may respond to Bidding and Auction Procedures as described in the Bidding Procedures/Sale Motion, (ii) scheduling an expedited hearing on the Bidding Procedures/Sale Motion on the May 22, 2009 and (iii) granting the Debtors such other and further relief as this Court deems just and appropriate under the circumstances.

Dated: May 8, 2009
Cincinnati, Ohio

Respectfully submitted,

LATHAM & WATKINS LLP

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

EXHIBIT A

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

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

**ORDER SCHEDULING AN EXPEDITED HEARING ON DEBTORS' MOTION
ESTABLISHING BIDDING AND AUCTION PROCEDURES RELATED TO THE
POTENTIAL SALE OF ALL OF THE DEBTORS' ASSETS**

Upon consideration of the motion of the Debtors¹ for entry of an Order Scheduling an Expedited Hearing on Debtors' Motion Establishing Bidding and Auction Procedures Related to

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the Potential Sale of All of the Debtors' Assets (the "**Motion**")² 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 appearing:

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. All objections to the Motion, if any, shall be and hereby are OVERRULED.
3. An expedited hearing on the Bidding and Auction Procedures as described in the Bidding Procedures/Sale Motion is scheduled for May 22, 2009, at __:00 __.m. at the United States Bankruptcy Court, 221 E. Fourth Street, Atrium Two, Suite 800, Cincinnati, Ohio 45202 (the "**Bidding Procedures Hearing**"). May 20, 2009 at 12:00 p.m. (prevailing Eastern time) is hereby set as the deadline for parties to file objections, if any, to Bidding and Auction Procedures as described in the Bidding Procedures/Sale Motion.
4. The Notice attached to the Motion as Exhibit B, is approved in all respects and is in full compliance with LBR 9013-1.

² Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Motion.

5. Service of the Notice via telecopier, e-mail, overnight delivery or other express mail service as soon as practicable after the entry of this Order on the parties set forth in the Motion is deemed to be sufficient and adequate notice under the circumstances and in full compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules.

6. This Court shall retain jurisdiction over all matters arising from or related to the interpretation, implementation and enforcement of this Order.

7. This Order is effective immediately upon entry.

SO ORDERED.

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EXHIBIT B

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

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

**NOTICE OF MOTION SCHEDULING AN EXPEDITED HEARING ON DEBTORS’
MOTION ESTABLISHING BIDDING AND AUCTION PROCEDURES RELATED TO
THE POTENTIAL SALE OF ALL OF THE DEBTORS’ ASSETS**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On May 8, 2009, the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) filed the Motion Pursuant to 11 U.S.C. §§ 105(A), 363, 365, and Bankruptcy Rules 2002, 6004, 6006 For (I) Entry Of An Order (A) Establishing Bidding And Auction Procedures Related To The Sale Of All Of The Debtors’ Assets; (B) Approving Bid Protections For The Sale Of The Debtors’ Assets; (C) Scheduling An Auction And Sale Hearing For The Sale Of The Debtors’ Assets; (D) Establishing Certain Notice Procedures For Determining Cure Amounts For Executory Contracts And Leases To Be Assigned; And (E) Granting Certain Related Relief; And (II) Entry Of An Order (A) Approving The Sale Of The Debtors’ Assets Free And Clear Of All Liens, Claims, Encumbrances And Interests; And (B) Authorizing The Assumption And Assignment Of Certain Executory Contracts And Unexpired

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Leases (the “**Bidding Procedures/Sale Motion**”) and requested an expedited hearing on the Bidding Procedures/Sale Motion.

2. On _____, 2009 at ___:00 __.m., the Honorable J. Vincent Aug, Jr., United States Bankruptcy Judge, will conduct an expedited hearing at the United States Bankruptcy Court, 221 E. Fourth Street, Atrium Two, Suite 800, Cincinnati, Ohio 45202, with respect to the Motion (the “**Bidding Procedures Hearing**”).

3. **YOUR RIGHTS MAY BE AFFECTED.** You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.

4. **If you do not want this Court to grant the relief requested in the Motion, or if you want the Court to consider your views on the Motion, then you must also attend the Hearing.**

5. **PLEASE TAKE FURTHER NOTICE THAT,** anyone who wishes to obtain a complete copy of the Motion can do so by either (a) visiting the website of the Debtors’ Claims Agent, The Garden City Group, located at: <http://www.sencorp-reorg.com> or (b) by emailing your request to: Max Eisenberg at max.eisenberg@lw.com.

6. If you or your attorney do not take these steps, this Court may decide that you do not oppose the relief sought in the motion and may enter an order granting that relief pursuant to LBR 9013-1(d).

Dated: _____, 2009
Cincinnati, Ohio

Respectfully submitted,

LATHAM & WATKINS LLP

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