

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

In re:) Chapter 11
)
SENCORP) Case No. 09-12869 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.

_____)
In re:) Chapter 11
)
Senco Products, Inc.) Case No. 09-12884 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.

_____)
In re:) Chapter 11
)
Senco Export, Inc.) Case No. 09-12886 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.

_____)
In re:) Chapter 11
)
SenSource Global Sourcing, LLC) Case No. 09-12877 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.

_____)
In re:) Chapter 11
)
TyRex, LLC) Case No. 09-12876 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.

_____)
In re:) Chapter 11
)
Global Fastening Solutions, LLC) Case No. 09-12887 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.

In re:) Chapter 11
)
Agrifast, LLC) Case No. 09-12890 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
)

In re:) Chapter 11
)
Nexicor, LLC) Case No. 09-12883 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
)

In re:) Chapter 11
)
Omnifast, LLC) Case No. 09-12881 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
)

In re:) Chapter 11
)
S C FINANCIAL, INC.) Case No. 09-(12891 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
)

In re:) Chapter 11
)
Senco International, Inc.) Case No. 09-12880 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
)

In re:) Chapter 11
)
Sentron Medical, Inc.) Case No. 09-12872 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
)

In re:) Chapter 11
)
Gregg Laboratories, Inc.) Case No. 09-12875 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
)
_____)

MOTION OF DEBTORS FOR THE ENTRY OF A BRIDGE ORDER WITH RESPECT TO EMPLOYEE WAGES AND OTHER EMPLOYEE BENEFITS

(“MOTION TO ENTER WAGES BRIDGE ORDER”)

The above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”), hereby respectfully move this Court (the “**Motion**”) for entry of a bridge order (the “**Bridge Order**”), in substantially the form attached hereto as Exhibit A, addressing employee wages and other employee benefits on an interim basis pending this Court’s disposition of the first day motions and applications filed by the Debtors contemporaneously herewith (collectively, the “**First Day Motions**”), in order to avoid immediate and irreparable harm to the Debtors’ businesses and operations. In support of this Motion, the Debtors respectfully state:¹

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 and 507 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**”).

¹ 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.

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, 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 are seeking the entry of a Bridge order granting, on an interim basis pending this Court's disposition of the First Day Motions, certain of the relief requested in the Debtors' Motion to pay prepetition employee wages and other employee benefit claims (the "**Employee Wages Motion**").²

BASIS FOR RELIEF

11. The Debtors respectfully request that this Court enter the Bridge Order granting, on an interim basis pending this Court's disposition of the First Day Motions, certain of the relief requested in the Employee Wages Motion, including the authorization to pay Employee Wages

² See "Motion of the Debtors for an Order (A) Authorizing the Debtors to (1) Pay and Honor Certain Prepetition Claims for (I) Wages, Salaries, Employee Benefits and Other Compensation, (II) Withholdings and Deductions and (III) Reimbursable Expenses; (2) Continue to Provide Certain Employee Benefits in the Ordinary Course of Business; (3) Pay All Related Costs and Expenses; and (B) Directing Banks to Receive, Process, Honor and Pay All Checks Presented for Payment and Electronic Payment Requests Relating to the Foregoing," filed contemporaneously herewith.

and Benefits in accordance with the Debtors' stated policies and prepetition practices. The relief requested by the Bridge Order is only that relief which the Debtors deem absolutely essential to their operations, and without which, even for a short period of time, the Debtors fear their operations could be significantly disrupted. The Debtors' operations continue on a day-to-day basis. As described more fully in the Employee Wages Motion, the Debtors have over 380 employees, paid via check, wire, or direct deposit. Accordingly, at any given time, many payroll and other employee benefit checks may be in the possession of employees but not yet presented to banks for payment. Because the First Day Hearing might not be held on the Petition Date, there may be a "gap" period of a few days between the Petition Date and the First Day Hearing. If the Debtors are not immediately allowed to honor their obligations to employees pursuant to the Bridge Order, the Debtors risk the highly detrimental impact on employee morale and performance that likely would result if any wage, reimbursement, or other payments to employees are not honored and fulfilled.

12. The Debtors estimate that the total amount of payroll and other employee benefit checks that have been issued but not yet cashed by employees is approximately \$30,500 as of the Petition Date. Furthermore, the Debtors estimate that the total amount of prepetition Employee Wages and Benefits owing to various employees is approximately \$1,500 as of the Petition Date.

13. Bridge orders similar to those identified above have been entered in other large chapter 11 cases. See In re Delphi Corp., Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Oct. 8, 2005) (granting, until first day hearing, numerous bridge orders for, among other things, relief related to wages, cash management, customer programs, foreign and other critical vendors, investment guidelines, and cash collateral); In re Delta Airlines, Inc., Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 14, 2005) (granting, until first day hearing, numerous bridge orders for,

among other things, relief related to wages, cash management, customer programs, foreign and other critical vendors, investment guidelines, and cash collateral); In re US Airways Group, Inc., Case No. 04-13819 (SSM) (Bankr. E.D. Va. Sept. 12, 2004) (granting, until first day hearing, numerous bridge orders for, inter alia, relief related to wages, cash management, customer programs, foreign and other critical vendors, and investment guidelines); and In re US Airways Group, Inc., Case No. 02-83984 (SSM) (Bankr. E.D. Va. Aug. 11, 2002) (granting, until first day hearing, numerous bridge orders for, inter alia, relief related to wages, cash management, customer programs, foreign vendors, and essential trade vendors).

14. The Debtors recognize that this Motion seeks extraordinary relief, but submit that the circumstances before this Court merit such relief. In light of the potential delay in obtaining a hearing date, the Debtors are faced with the very real possibility that their banks will not honor the payroll and other employee benefit checks for their employees. If the Debtors' banks dishonored such checks, the morale and confidence of the Debtors' employees would be severely impacted, possibly resulting in employees leaving their jobs, with a resulting significant decrease in the value of the Debtors' estates. Thus, the Debtors believe that the circumstances merit approval of the order submitted herewith.

15. The Debtors further request that, upon entry of the Bridge Order, and pending this Court's determination of the First Day Motions, the Debtors' banks be authorized and directed to honor, upon presentation, any prepetition employee claims. The proposed order also provides that banks are authorized and directed to rely on the representations of the Debtors as to which checks to honor.

16. The Debtors have consulted with counsel to the agent for the Debtors' prepetition secured lenders and the Office of the United States Trustee for the Southern District of Ohio, each of whom does not object to the use of cash collateral for the limited purpose set forth in this Motion. Moreover, no payments made by the Debtors under the Bridge Order will exceed the \$10,950 cap set forth in Sections 507(a)(4) and (a)(5). However, as noted above, the Debtors' banks may not honor checks for the payment of prepetition employee payroll and other obligations without express authority from this Court. Accordingly, the Debtors filed this Motion seeking limited emergency relief authorizing and directing such banks to honor all checks for payroll and other employee obligations.

17. Pursuant to the recent revisions to Bankruptcy Rule 6003, the Court may authorize payment of a prepetition claim within 20 days after the Petition Date if such relief is necessary to avoid immediate and irreparable harm. The relief requested in this Motion is absolutely critical and should be authorized. The Employees are vital to the continued operation and the preservation of the going concern value of the Debtor's businesses.

WAIVER OF MEMORANDUM OF LAW

18. 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

19. 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; and (vii) any governmental unit listed in LBR 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

20. 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 (a) enter the Bridge Order substantially in the form attached hereto as Exhibit A; and (b) grant such other and further relief as this Court deems appropriate.

Dated: May 8, 2009
Cincinnati, OH

Respectfully submitted,

LATHAM & WATKINS LLP

Josef S. Athanas (pro hac vice motion pending)
Stephen R. Tetro II (pro hac vice motion pending)
Sears Tower, Suite 5800
233 South Wacker Drive
Chicago, Illinois 60606-6401
Telephone: (312) 876-7700
Facsimile: (312) 993-9767

- and -

FROST BROWN TODD LLC

By: /s/ Ronald E. Gold
Ronald E. Gold, Esq. (0061351)
Beth A. Buchanan, Esq. (0068430)
2200 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45202
Telephone: (513) 651-6800
Facsimile: (513) 651-6981
Email: rgold@fbtlaw.com
Email: bbuchanan@fbtlaw.com

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

EXHIBIT A

Proposed Bridge Order

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

In re:) Chapter 11
)
SENCORP) Case No. 09-12869 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.

_____)
In re:) Chapter 11
)
Senco Products, Inc.) Case No. 09-12884 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.

_____)
In re:) Chapter 11
)
Senco Export, Inc.) Case No. 09-12886(JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
_____)

In re:) Chapter 11
)
SenSource Global Sourcing, LLC) Case No. 09-12877 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
_____)
In re:) Chapter 11
)
TyRex, LLC) Case No. 09-12876 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
_____)
In re:) Chapter 11
)
Global Fastening Solutions, LLC) Case No. 09-12887 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
_____)
In re:) Chapter 11
)
Agrifast, LLC) Case No. 09-12890 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
_____)
In re:) Chapter 11
)
Nexicor, LLC) Case No. 09-12883 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
_____)
In re:) Chapter 11
)
Omnifast, LLC) Case No. 09-12881 (JVA)
)
Debtor.) Honorable J. Vincent Aug, Jr.
)
_____)

In re:	)	Chapter 11
)	
S C FINANCIAL, INC.	)	Case No. 09-12891 (JVA)
)	
Debtor.	)	Honorable J. Vincent Aug, Jr.
)	
_____)	
In re:	)	Chapter 11
)	
Senco International, Inc.	)	Case No. 09-12880 (JVA)
)	
Debtor.	)	Honorable J. Vincent Aug, Jr.
)	
_____)	
In re:	)	Chapter 11
)	
Sentron Medical, Inc.	)	Case No. 09-12872 (JVA)
)	
Debtor.	)	Honorable J. Vincent Aug, Jr.
)	
_____)	
In re:	)	Chapter 11
)	
Gregg Laboratories, Inc.	)	Case No. 09-12875 (JVA)
)	
Debtor.	)	Honorable J. Vincent Aug, Jr.
)	
_____)	

BRIDGE ORDER (A) AUTHORIZING THE DEBTORS TO (1) PAY AND HONOR CERTAIN PREPETITION CLAIMS FOR (I) WAGES, SALARIES, EMPLOYEE BENEFITS AND OTHER COMPENSATION, (II) WITHHOLDINGS AND DEDUCTIONS AND (III) REIMBURSABLE EXPENSES; (2) CONTINUE TO PROVIDE EMPLOYEE BENEFITS IN THE ORDINARY COURSE OF BUSINESS; (3) PAY ALL RELATED COSTS AND EXPENSES; AND (B) DIRECTING BANKS TO RECEIVE, PROCESS, HONOR AND PAY ALL CHECKS PRESENTED FOR PAYMENT AND ELECTRONIC PAYMENT REQUESTS RELATING TO THE FOREGOING

Upon the Motion of the Debtors for the Entry of a Bridge Order With Respect to Employee Wages and Other Employee Benefits (the "Motion")¹ in which the above-captioned

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

Debtors request the entry of a bridge order granting the relief requested in the Motion of the Debtors for an Order (A) Authorizing the Debtors to (1) Pay and Honor Certain Prepetition Claims for (I) Wages, Salaries, Employee Benefits and Other Compensation, (II) Withholdings and Deductions and (III) Reimbursable Expenses; (2) Continue to Provide Employee Benefits in the Ordinary Course of Business; (3) Pay All Related Costs and Expenses; and (B) Directing Banks To Receive, Process, Honor and Pay All Checks Presented for Payment and Electronic Payment Requests Relating to the Foregoing (the “**Employee Wages Motion**”), on an interim basis pending this Court’s disposition of the Employee Wages Motion on its merits after notice and a hearing; and upon the Affidavit of David T. Fyffe, Vice President-Chief Financial Operations and Treasurer of SENCORP, in Support of First Day Motions (the “**First Day Affidavit**”), filed contemporaneously with the Motion; 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 Employee Wages Motion is granted on an interim basis pending this Court’s disposition of the Employee Wages Motion at the First Day Hearing; and it is further

2. ORDERED that, subject to the limitations contained in Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, the Debtors are authorized, but not directed, to (x) honor and

pay the Employee Wages and Benefits in accordance with the Debtors' stated policies and prepetition practices, and in the ordinary course of the Debtors' businesses, all as more fully described in the Employee Wages Motion, in each case without regard to whether such claims arose before or after the Petition Date; and it is further

3. ORDERED that the Debtors are authorized, but not directed, to continue to allocate and distribute the Deductions and the Payroll Taxes in accordance with the Debtors' stated policies and prepetition practices or as required by applicable federal, state and local law, without regard to whether such amounts arose before or after the Petition Date; and it is further

4. ORDERED that the Debtors are authorized, but not directed, to pay all costs and expenses associated with the payment and administration of the Employee Wages and Benefits, including payment to third-party administrators, without regard to whether such amounts arose before or after the Petition Date; and it is further

5. ORDERED that this Order shall be served on any bank on which checks were drawn via overnight mail;

6. ORDERED that to the extent that checks are issued to Employees or other entities in connection with the Employee Wages and Benefits programs and policies, the banks upon which any checks are drawn in payment thereof, either before, on or after the date on which the Debtors filed these Chapter 11 Cases be, and hereby are, authorized and directed to honor such checks upon presentation; and it is further

7. ORDERED that all banks and other financial institutions on which checks were drawn or electronic payment requests made in payment of such prepetition obligations approved herein are authorized and directed to (i) receive, process, honor, and pay all such checks and electronic payment requests when presented for payment (assuming that sufficient funds are then

available in the Debtors' bank accounts to cover such payments), and (ii) rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order; and it is further

8. ORDERED that the Debtors are authorized to reissue any check, electronic payment or other transfer that was drawn in payment of any claims arising from or related to the Employee Wages and Benefits programs and policies that is not cleared by a depository; and it is further

9. ORDERED that any payment or transfer made or service rendered by the Debtors pursuant to this Order is not, and shall not be deemed, an admission as to the validity of the underlying obligation, a waiver of any rights the Debtors may have to dispute such obligation or an approval or assumption of any agreement, contract, or lease under Section 365 of the Bankruptcy Code; and it is further

10. 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

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

12. ORDERED that the requirement set forth in Rule 9013-1 of the Local Bankruptcy Rules for the Southern District of Ohio that any motion or other request for relief be accompanied by a memorandum of law is hereby deemed satisfied by the contents of the Motion or otherwise waived; and it is further

13. ORDERED that, notwithstanding anything in this Order to the contrary, the payment of any claims pursuant to this Order and other honoring of the Employee Wages and Benefit claims shall neither (i) make such obligations administrative expenses of the Debtors'

bankruptcy estates entitled to priority status under Sections 503 and 507 of the Bankruptcy Code nor (ii) constitute approval by this Court of any employee plan or program, under any section of the Bankruptcy Code, including Section 503(c); and it is further

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

SO ORDERED.

###