

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re: )  
 ) Chapter 11  
 )  
LANG HOLDINGS, INC., )  
a Delaware Corporation, et al.,<sup>1</sup> ) Case No. 09-12543 (KJC)  
 )  
 ) Jointly Administered  
Debtors. )  
 )  
 ) **Hearing Date: November 20, 2009 at 10:00 a.m. (ET)**  
 ) **Objection Deadline: November 13, 2009 at 4:00 p.m. (ET)**

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**NOTICE OF MOTION**

TO: (I) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (II) COUNSEL TO THE DEBTORS' PREPETITION AND DIP SECURED LENDERS; (III) COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS; (IV) COUNSEL TO LHI ENTERPRISES, INC.; (V) PARTIES REQUESTING NOTICE PURSUANT TO BANKRUPTCY RULE 2002; AND (VI) ALL OTHER CREDITORS AND INTEREST HOLDERS IN THESE CHAPTER 11 CASES

**PLEASE TAKE NOTICE** that the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors") have filed the attached **Debtors' Motion for Order (I) Converting Cases to Chapter 7 of the Bankruptcy Code and (II) Setting Bar Date for Filing Final Chapter 11 Fee Applications and Establishing a Hearing Date Thereon** (the "Motion") with the United States Bankruptcy Court for the District of Delaware.

**PLEASE TAKE FURTHER NOTICE** that objections to the relief requested in the Motion, if any, must be filed on or before **November 13, 2009 at 4:00 p.m. (ET)** (the "Objection Deadline") with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must also serve a copy of the objection upon undersigned counsel to the Debtors so that the objection is received on or before the Objection Deadline.

**PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON NOVEMBER 20, 2009 AT 10:00 A.M. (ET), BEFORE THE HONORABLE KEVIN J. CAREY, CHIEF UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 NORTH MARKET STREET, 5TH FLOOR, COURTROOM NO. 5, WILMINGTON, DELAWARE 19801.**

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Lang Holdings, Inc. (9551); Turner Acquisition, Inc. (2115); Avalanche Publishing Acquisition, Inc. (3038); The Lang Companies, LLC (9182); Avalanche Publishing, Inc. (9793); and The Lang Store, Ltd. (2398). The mailing address of each of the Debtors is 514 Wells Street, Delafield, Wisconsin 53018.

**PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED BY THE MOTION WITHOUT FURTHER NOTICE OR HEARING.**

Dated: Wilmington, Delaware  
October 21, 2009

YOUNG CONAWAY STARGATT & TAYLOR, LLP



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Michael R. Nestor (No. 3526)  
David R. Hurst (No. 3743)  
Patrick A. Jackson (No. 4976)  
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*Counsel for Debtors and Debtors in Possession*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
	)	
LANG HOLDINGS, INC.,	)	Case No. 09-12543 (KJC)
a Delaware Corporation, <u>et al.</u> , <sup>1</sup>	)	
	)	Jointly Administered
Debtors.	)	
	)	Hearing Date: November 20, 2009 at 10:00 a.m. (ET)
	)	Objection Deadline: November 13, 2009 at 4:00 p.m. (ET)

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**DEBTORS' MOTION FOR ORDER (I) CONVERTING CASES  
TO CHAPTER 7 OF THE BANKRUPTCY CODE AND (II) SETTING BAR  
DATE FOR FILING FINAL CHAPTER 11 FEE APPLICATIONS AND  
ESTABLISHING A HEARING DATE THEREON**

Lang Holdings, Inc., and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"), hereby move (the "Motion") for entry of an order pursuant to sections 105(a), 331 and 1112 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 1017, 1019 and 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") (i) converting the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code; and (ii)(a) setting a date that is no more than fifteen (15) days after the entry of an order approving this Motion as the date by which all chapter 11 professionals in these cases must file final fee applications (collectively, the "Final Fee Applications") in accordance with the Court's order<sup>2</sup> (the "Interim Compensation Order") regarding professional compensation, and (b) establishing a date for a hearing on such Final Fee Applications. In support of this Motion, the Debtors respectfully represent as follows:

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Lang Holdings, Inc. (9551); Turner Acquisition, Inc. (2115); Avalanche Publishing Acquisition, Inc. (3038); The Lang Companies, LLC (9182); Avalanche Publishing, Inc. (9793); and The Lang Store, Ltd. (2398). The mailing address of each of the Debtors is 514 Wells Street, Delafield, Wisconsin 53018.

<sup>2</sup> Revised Order Pursuant to 11 U.S.C. §§ 105(a), 327, 330 and 331, Fed. R. Bankr. P. 2016 and Del. Bankr. L.R. 2016-2 Establishing Procedures for Interim Compensation and Reimbursement of Fees and Expenses of Professionals and Official Committee Members [Docket No. 180].

## **JURISDICTION**

1. This Court has jurisdiction over these chapter 11 cases and this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue over these chapter 11 cases and this Motion is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested herein are sections 105(a), 331 and 1112 of the Bankruptcy Code and Bankruptcy Rules 1017, 1019 and 2016.

## **BACKGROUND**

2. On July 16, 2009 (the "Petition Date"), the Debtors each commenced with this Court voluntary cases under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On July 27, 2009, the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an official committee of unsecured creditors in these cases (the "Committee").

4. Information regarding the Debtors' history and business operations, their capital structure and primary secured indebtedness, and the events leading up to the commencement of these chapter 11 cases can be found in the Declaration of Laurie Gilner in Support of Chapter 11 Petitions and First Day Pleadings [Docket No. 3] (the "Gilner Declaration").

5. On October 1, 2009, the Court entered an order [Docket No. 304] (the "Sale Order") approving the sale of substantially all of the Debtors' assets to LHI Enterprises, Inc. ("LHI Enterprises") pursuant to the terms of that certain Asset Purchase Agreement by and

among LHI Enterprises and the Debtors, dated as of August 19, 2009 (as amended, the "Asset Purchase Agreement"). The asset sale to LHI Enterprises closed on October 13, 2009 (the "Closing").

### **RELIEF REQUESTED**

6. By this Motion, the Debtors request entry of an order pursuant to sections 105(a), 331 and 1112 of the Bankruptcy Code and Bankruptcy Rules 1017, 1019 and 2016 (i) converting their chapter 11 cases to cases under chapter 7 of the Bankruptcy Code, and (ii) setting a bar date for all chapter 11 professionals in these cases to file Final Fee Applications and establishing a date for a hearing thereon.

### **BASIS FOR RELIEF**

#### **A. Conversion of Debtors' Chapter 11 Cases to Chapter 7 of the Bankruptcy Code**

7. Section 1112(a) of the Bankruptcy Code governs the conversion of chapter 11 cases to cases under chapter 7 of the Bankruptcy Code. Section 1112(a) provides that:

- (a) The debtor may convert a case under this chapter to a case under chapter 7 of this title unless—
  - (i) the debtor is not a debtor-in-possession;
  - (ii) the case originally was commenced as an involuntary case under this chapter; or
  - (iii) the case was converted to a case under this chapter other than on the debtor's request.

11 U.S.C. § 1112(a). Because subdivisions (i), (ii) and (iii) of section 1112(a) of the Bankruptcy Code are inapplicable here, the Debtors may convert these cases to cases under chapter 7 of the Bankruptcy Code as a matter of right. See In re Dieckhaus Stationers of King of Prussia Inc., 73 B.R. 969, 971 (Bankr. E.D. Pa. 1987) (“[Section 1112(a)] by its terms gives the debtor an absolute right to convert, unless the case is governed by one of the enumerated exceptions.”); In

re Schuler, 119 B.R. 191, 192 (Bankr. W.D. Mo. 1990) (same).

8. Pursuant to the Sale Order, the Debtors have liquidated substantially all of their assets. Moreover, the Debtors terminated all of their regular employees pursuant to the terms of the Asset Purchase Agreement, and currently are operating for the limited purpose of winding down their operations. The Debtors' sole remaining employee -- the Debtors' Chief Restructuring Officer -- has been charged with effectuating the winddown process.

9. Because the Debtors have liquidated or disposed of substantially all of their assets, and have no ongoing business operations, there is no reasonable likelihood of their rehabilitation. Moreover, the Debtors' currently are operating on very limited funds, and such amounts are insufficient to effectuate a plan of liquidation. Although the Debtors believe that they will have sufficient funds to pay administrative costs through the date of the proposed conversion of these cases, the Debtors likely would become administratively insolvent soon thereafter.

10. Accordingly, the Debtors submit that timely conversion of these cases to chapter 7 of the Bankruptcy Code is warranted, and is in the best interests of the Debtors' estates and creditors and all other parties in interest.

**B. Establishment of Bar Date for Filing Final Fee Applications**

11. The Debtors further request that the Court establish a bar date, no more than fifteen (15) days after entry of an Order approving this Motion, for chapter 11 professionals to file their final fee applications (the "Final Fee Bar Date"). Doing so will allow the Debtors' estates to determine, in a timely and efficient manner, the final amount owed to professionals for fees and expenses related to these chapter 11 cases. Finally, the Debtors request that the Court establish a hearing date to consider approval of the Final Fee Applications.

**NOTICE**

12. The Debtors will provide notice of this Motion to: (i) the U.S. Trustee; (ii) counsel to the Debtors' prepetition and DIP secured lenders; (iii) counsel to the Committee; (iv) counsel to LHI Enterprises, Inc.; (v) parties requesting notice pursuant to Bankruptcy Rule 2002; and (vi) all other creditors and interest holders in these chapter 11 cases. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto, granting the relief requested herein and such other and further relief as is just and proper.

Dated: Wilmington, Delaware  
October 21, 2009

YOUNG CONAWAY STARGATT & TAYLOR, LLP



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	)	Jointly Administered
Debtors.	)	
	)	Ref. Docket No. _____

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**ORDER (I) CONVERTING CASES TO CHAPTER 7 OF THE BANKRUPTCY CODE  
AND (II) SETTING BAR DATE FOR FILING FINAL CHAPTER 11 FEE  
APPLICATIONS AND ESTABLISHING A HEARING DATE THEREON**

Upon consideration of the Motion<sup>2</sup> of the above-captioned Debtors for entry of an order pursuant to sections 105(a), 331 and 1112 of the Bankruptcy Code and Bankruptcy Rules 1017, 1019 and 2016 (i) converting the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code, and (ii) setting a bar date for the filing of Final Fee Applications and establishing a hearing date thereon; and upon consideration of the entire record of these chapter 11 cases; and due and sufficient notice of the Motion having been given under the circumstances; and it appearing that no other or further notice need be provided; and it appearing that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors and other parties in interest; and after due deliberation, and good and sufficient cause appearing therefor, it is hereby

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<sup>2</sup> All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Motion.

**FOUND AND DETERMINED AS FOLLOWS:**

A. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this District and before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The Debtors have liquidated substantially all of their assets, terminated any remaining business operations, and there is no reasonable likelihood of their rehabilitation.

C. The Debtors have demonstrated sufficient cause for converting these chapter 11 cases to cases under chapter 7 of the Bankruptcy Code and for the related relief set forth herein.

**NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

1. The Motion is GRANTED.
2. The Debtors' chapter 11 bankruptcy cases are hereby converted, effective as of the date and time of entry of this Order, to cases under chapter 7 of the Bankruptcy Code.
3. The Debtors shall:
  - a. Forthwith turn over to the interim chapter 7 trustee, once one is appointed, all records and property of their estates in their possession or control, as required by Bankruptcy Rule 1019(4);
  - b. Within fifteen (15) days of entry of this Order, file a schedule of unpaid debts incurred after the Petition Date and prior to entry of this Order, including the name and address of each such creditor, as required by Bankruptcy Rule 1019(5)(A)(i); and
  - c. Within thirty (30) days of entry of this Order, file and transmit to the Office of the United States Trustee for the District of Delaware a final report and account, as required by Bankruptcy Rule 1019(5)(A)(ii).

4. The chapter 11 professionals retained in these chapter 11 cases shall file final applications for compensation (including, without limitation, fees and expenses which are not the subject of any previous application, and any “holdbacks” retained in accordance with the Interim Compensation Order), which Final Fee Applications shall be filed with this Court and served in accordance with the notification and service procedures set forth in the Interim Compensation Order for the service of Fee Applications (as defined in the Interim Compensation Order), on or before 4:00 p.m. on December \_\_\_, 2009, or be forever barred from receiving any such compensation. A hearing on such timely filed Final Fee Applications shall be held before this Court at \_\_\_\_\_ (ET) on December \_\_\_, 2009.

5. Notwithstanding anything to the contrary herein, nothing in this Order nor the conversion of the chapter 11 bankruptcy cases to cases under chapter 7 of the Bankruptcy Code shall affect or modify the terms of the Asset Purchase Agreement and all related documents, the terms of the Sale Order, or the rights and remedies of LHI Enterprises, Sun Lang Finance, LLC, Catterton Partners V, LP and/or Catterton Partner V Offshore, LP as set forth in the Asset Purchase Agreement and all related documents and the Sale Order, which rights and remedies shall be preserved in their entirety.

6. This Court shall retain jurisdiction to hear and determine any and all matters arising from or related to the interpretation or implementation of this Order.

Dated: Wilmington, Delaware  
November \_\_\_, 2009

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Honorable Kevin J. Carey  
Chief United States Bankruptcy Judge