

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re: Estate BIPCO, LLC
Case No. 10-31202 (DOT)


MONTHLY OPERATING REPORT

JULY 1, 2014 THROUGH JULY 31, 2014

Required Documents	Form No.	Documents Attached	Explanation Attached	Affidavit/Supplement Attached
Balance Sheet	MOR-1	X		
Income Statement	MOR-2	X		
Cash Receipts and Disbursements	MOR-3	X		
Accounts Receivable Aging	MOR-4a	X		
Aging of Post petition Payables	MOR-4b	X		
Status of Post petition Taxes	MOR-4c		X	
Bank Reconciliations	MOR-5a	X	X	
Investment Accounts	MOR-5b			
Cash	MOR-5c	X		
Insider Payments	MOR-6a			
Restructuring Professional Payments	MOR-6b	X	X	
Post petition Status of Leases Payable	MOR-6c	X		
Adequate Protection Payments	MOR-6d			
Debtor Questionnaire	MOR-7a	X		X
Insurance	MOR-7b	X	X	

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (MOR-1 THROUGH MOR-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY) IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:



ORIGINAL SIGNATURE OF RESPONSIBLE PARTY


Edward D. Sherrick

PRINTED NAME OF RESPONSIBLE PARTY

President
TITLE

October 15, 2014
DATE

PREPARER:



ORIGINAL SIGNATURE OF PREPARER

Eric A. Goebel

PRINTED NAME OF PREPARER

Manager, Cash/Treasury
TITLE

October 15, 2014
DATE

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BALANCE SHEET (MOR-1)

JULY 31, 2014

(IN USD)

ASSETS

CURRENT ASSETS :

Cash		\$	7,501,708
Cash Collateral			19,511,668
Accounts Receivable - Trade			0
Accounts Receivable - Other			0
Due from White Birch Paper Company			0
Inventory:			
Raw Materials & Stores	\$	0	
Finished Goods		0	0
Timberdeeds			0
Deposits, Prepaid Expenses and Other			0
Total Current Assets			<u>27,013,376</u>

FIXED ASSETS:

Machinery & Equipment	\$	0	
Timberlands		0	0
		0	0
Less - Accumulated Depreciation and Depletion		0	0

Total Assets **\$ 27,013,376**

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities		\$	834,978
Accrued Service Charge			0
Current Portion Capitalized Leases			0
Total Current Liabilities			<u>834,978</u>

LIABILITIES SUBJECT TO COMPROMISE:

Intercompany F.F. Soucy L.P.		5,738	
Intercompany Brant Industries, Inc.		59,822	
Accounts Payable		1,195,581	
Intercompany White Birch Paper Company *		135,854,779	137,115,920
Total Liabilities			<u>137,950,898</u>

STOCKHOLDERS' EQUITY

Contributed Capital			97,371,253
Retained Earnings (Deficit)			(208,308,775)
Total Stockholders' Equity			<u>(110,937,522)</u>
Total Liabilities and Stockholders' Equity		\$	<u><u>27,013,376</u></u>

*This amount is currently the subject of the Objection and Motion to Recharacterize of the Official Committee of Unsecured Creditors to the General Unsecured Claim of White Birch Paper Company (the "Motion"). Notwithstanding the Motion, for this monthly operating report, Estate BIPCO will characterize the amount in the same manner as it was characterized in Estate BIPCO's Schedule of Assets and Liabilities solely for the ease of reference

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INCOME STATEMENT (MOR-2)
MONTH OF JULY
(IN USD)

	<u>2014</u>	<u>2013</u>
	<u>MONTH OF</u> <u>JULY</u>	<u>MONTH OF</u> <u>JULY</u>
SALES		
Gross	\$ 0	\$ 0
Freight	0	0
Net Sales	<u>0</u>	<u>0</u>
COST OF GOODS SOLD	<u>0</u>	<u>0</u>
Gross Profit (Loss)	0	0
GENERAL AND ADMINISTRATIVE EXPENSE		
Sales Commission	0	0
Write off of Goodwill	0	0
Other	(11,501)	(72,919)
Operating Profit (Loss)	<u>(11,501)</u>	<u>(72,919)</u>
OTHER INCOME (EXPENSE)		
Interest Income	0	0
Interest Expense	0	0
Other Income/(Loss) Asset Sale	0	0
Net Income (Loss)	<u>(11,501)</u>	<u>(72,919)</u>
DEFICIT BEGINNING OF PERIOD	(208,297,274)	(207,747,399)
PRIOR PERIOD ADJUSTMENT	0	0
DISTRIBUTION DURING THE PERIOD	<u>0</u>	<u>0</u>
DEFICIT END OF PERIOD	<u>\$ (208,308,775)</u>	<u>\$ (207,820,318)</u>

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CASH RECEIPTS AND DISBURSEMENTS (MOR-3)
JULY 1, 2014 THROUGH JULY 31, 2014
BOOK BALANCE (IN USD)

	CURRENT PERIOD 7/1/2014 - 7/31/2014	CUMULATIVE FILING TO DATE
BEGINNING CASH		
1. CASH - BEGINNING OF PERIOD	\$ 7,513,209	\$ 4,106,521
RECEIVABLES FROM WHITE BIRCH		
2. CASH RECEIVABLES	\$ -	\$ 978,160
COLLECTION OF ACCOUNTS RECEIVABLE		
3. PREPETITION	\$ -	\$ 12,458,973
4. POSTPETITION	\$ -	\$ 355,577,065
5. TOTAL OPERATING RECEIPTS	\$ -	\$ 368,036,038
NON - OPERATING RECEIPTS		
6. LOANS & ADVANCES (ATTACH LIST)	\$ -	\$ -
7. SALE OF ASSETS	\$ -	\$ -
8. OTHER (ATTACH LIST)	\$ -	\$ -
9. TOTAL NON-OPERATING RECEIPTS	\$ -	\$ -
10. TOTAL RECEIPTS	\$ -	\$ 369,014,198
11. TOTAL CASH AVAILABLE	\$ 7,513,209	\$ 373,120,719
OPERATING DISBURSEMENTS		
12. PAYROLL RELATED	\$ -	\$ 43,476,452
13. CHEMICALS	\$ -	\$ 28,701,721
14. CLOTHING, WIRES AND FELTS	\$ -	\$ 6,855,923
15. SERVICES	\$ -	\$ 17,196,636
16. EMPLOYEE RELATED	\$ -	\$ 407,140
17. EQUIPMENT	\$ -	\$ 20,118,186
18. FREIGHT	\$ -	\$ 31,312,144
19. INVENTORY	\$ -	\$ 13,591,108
20. LEASES	\$ -	\$ 507,176
21. MISCELLANEOUS	\$ 2,560	\$ 5,023,058
22. OFFICE SUPPLIES AND INSURANCE	\$ -	\$ 7,104,077
23. OPERATING SUPPLIES	\$ -	\$ 1,060,536
24. RECYCLED FIBER	\$ -	\$ 32,768,813
25. WOOD FIBER	\$ -	\$ 38,846,896
24. UTILITIES	\$ -	\$ 73,484,427
25. TAXES	\$ -	\$ 1,872,488
25. CORPORATE DISBURSEMENTS - MGMT FEE	\$ -	\$ 11,157,890
26. TOTAL OPERATING DISBURSEMENTS	\$ 2,560	\$ 333,484,671
REORGANIZATION EXPENSES		
27. PROFESSIONAL FEES	\$ 8,941	\$ 11,594,009
28. U.S. TRUSTEE FEES	\$ -	\$ 329,275
29. OTHER ESCROW DEPOSITS	\$ -	\$ 20,211,056
30. TOTAL REORGANIZATION EXPENSES	\$ 8,941	\$ 32,134,340
31. TOTAL DISBURSEMENTS	\$ 11,501	\$ 365,619,011
CASH HELD BY WHITE BIRCH PAPER		
32. CASH RECEIVABLE FROM WHITE BIRCH	\$ -	\$ -
ENDING CASH		
33. CASH - END OF MONTH	\$ 7,501,708	\$ 7,501,708

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ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND TAXES (MOR 4)
AS OF JULY 31, 2014
(IN USD)

ACCOUNTS RECEIVABLE AGING (MOR-4a)	
AGING PERIOD	AMOUNT
1. 0-30	\$0
2. 31-60	\$0
3. 61-90	\$0
4. 91+	\$0
5. TOTAL ACCOUNTS RECEIVABLE	\$0
6. AMOUNT CONSIDERED UNCOLLECTIBLE	\$0
7. ACCOUNTS RECEIVABLE (NET)	\$0

AGING OF POSTPETITION PAYABLES (MOR-4b)					
PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. ACCOUNTS PAYABLE	\$0	\$0	\$0	\$0	\$0

STATUS OF POSTPETITION TAXES (MOR-4c)				
	BEGINNING TAX LIABILITY	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	TOTAL
FEDERAL	See Note 1 Below			
1. WITHHOLDING				
2. FICA-EMPLOYEE				
3. FICA-EMPLOYER				
4. UNEMPLOYMENT				
5. INCOME				
6. OTHER (ATTACH LIST)				
7. TOTAL FEDERAL TAXES				
STATE AND LOCAL				
8. WITHHOLDING				
9. SALES				
10. EXCISE				
11. UNEMPLOYMENT				
12. REAL PROPERTY				
13. PERSONAL PROPERTY				
14. OTHER (ATTACH LIST)				
15. TOTAL STATE & LOCAL				
16. TOTAL TAXES				

NOTE 1: Estate BIPCO, LLC ("Estate BIPCO") believes that it is current on all tax obligations as of July 31, 2014.

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BANK RECONCILIATIONS, INVESTMENT ACCOUNTS AND CASH (MOR-5)
AS OF JULY 31, 2014
(IN USD)

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment, accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

BANK RECONCILIATIONS (MOR-5a)					
	ACCOUNT #1	ACCOUNT #2	ACCOUNT #3	ACCOUNT #4	TOTAL
A. BANK:	HSBC Bank USA, NA ⁽¹⁾	HSBC Bank USA, NA	HSBC Bank USA, NA	HSBC Bank USA, NA	
B. ACCOUNT NUMBER:	XXX-XX011-7	XXX-XX064-8	XXX-XX063-0	XXX-XX2-608	
C. PURPOSE (TYPE):	Collection Acct. (USD)	Payables Disb. (USD)	Payroll Disb. (USD)	Estate Acct. (USD)	
1. BALANCE PER BANK STATEMENT	\$ -	\$ 16,004	\$ -	\$ 7,503,969	\$ 7,519,973
2. ADD. TOTAL DEPOSITS NOT CREDITED	\$ -	\$ -	\$ -	\$ -	\$ -
3. SUBTRACT: OUTSTANDING CHECKS	\$ -	\$ (16,004)	\$ -	\$ (2,261)	\$ (18,265)
4. OTHER RECONCILING ITEMS	\$ -	\$ -	\$ -	\$ -	\$ -
5. MONTH END BALANCE PER BOOKS	\$ -	\$ -	\$ -	\$ 7,501,708	\$ 7,501,708
6. NUMBER OF LAST CHECK WRITTEN	N/A	32050	N/A	38284	

NOTE 1: Amounts for HSBC account XXX-XX011-7 are aggregated with HSBC account XXX-XX064-8.

INVESTMENT ACCOUNTS (MOR-5b)							
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7. NONE							
8.							
9.							
10.							
11. TOTAL INVESTMENTS							

CASH (MOR-5c)	
12. CURRENCY ON HAND	\$ -
13. TOTAL CASH - END OF MONTH (BOOK BALANCE)	\$ 7,501,708

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PAYMENTS TO INSIDERS, RESTRUCTURING PROFESSIONALS, POSTPETITION STATUS OF LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS (MOR 6) JULY 1, 2014 THROUGH JULY 31, 2014 (IN USD)

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSIDERS (MOR-6a)			
NAME	TYPE OF PAYMENT	AMOUNT	TOTAL PAID TO DATE
1. None			
2.			
3. TOTAL PAYMENTS TO INSIDERS			

RESTRUCTURING PROFESSIONALS (MOR-6b) ⁽¹⁾					
NAME	INVOICE DATE	INVOICE NUMBER	PAYMENT DATE	AMOUNT PAID	PERIOD COVERED
1. Kirkland & Ellis LLP	5/21/2014	March Billing	7/31/2014	\$2,605	3/1/2014 through 3/31/2014
2. Kirkland & Ellis LLP	7/11/2014	April Billing	7/31/2014	\$2,824	4/1/2014 through 4/30/2014
3. Kirkland & Ellis LLP	7/11/2014	May Billing	7/31/2014	\$3,512	3/1/2014 through 3/31/2014
TOTAL PROFESSIONAL FEES				\$8,941	

NOTE 1: White Birch Paper Company ("White Birch") remits most, but not all, of the payments in exchange for services Estate BIPCO receives regarding its Chapter 11 case. Subsequently, White Birch allocates charges to Estate BIPCO using intercompany transfers. However, due to the cross-border nature of White Birch's business and this Chapter 11 case, payments identified in response to MOR-6b concern amounts expended not only for Estate BIPCO's restructuring, but also for certain of its Canadian affiliates. These payments are identified in the aggregate amount and White Birch has made no attempt to apportion any amounts to the respective entities that incurred specific charges for restructuring services. This schedule excludes payments made by White Birch with respect to professional restructuring services provided solely to Canadian affiliates.

POSTPETITION STATUS OF LEASES PAYABLE (MOR-6c)				
NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING PERIOD	TOTAL UNPAID POSTPETITION	
1. Toyota Financial Services	0	\$0	\$0	
2. Wells Fargo Financial Leasing	0	\$0	\$0	
3. Caterpillar Financial Services	0	\$0	\$0	
4. Caterpillar Financial Services	0	\$0	\$0	
5. NMHG Financial Services (VBS)	0	\$0	\$0	
6. Ford Motor Credit (post petition)	11	\$0	\$5,115	
7. VBS (post petition)	10	\$0	\$33,080	
8. Pitney Bowes (post petition)	5	\$0	\$3,328	
9. Edwards Business Systems (post petition)	34	\$0	\$27,555	

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QUESTIONNAIRE, INSURANCE AND INSTALLMENT PAYMENTS (MOR-7)

QUESTIONNAIRE (MOR-7a)		
	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		X
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?	X	
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?	X	
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?		X
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?		X
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		X
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		X
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSURANCE (MOR-7b)		
	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSURANCE POLICY ITEMIZATION (MOR-7b #3) (1)		
TYPE OF POLICY	POLICY NUMBER	CARRIER
Excess Fiduciary Liability	MNN587506	Axis Insurance Company
Property	1-72576-XG633	FM Global
Ocean Cargo	0025-89-08DTO	Chubb Group of Insurance Companies
Crime	10BDDAP1041	The Hartford
Pension and Welfare Benefit Plan Fiduciary Liability	14-MG-09-A9767	Houston Casualty Company
Directors, Officers and Organization Liability	14-MGU-09-A19390	U.S. Specialty Insurance Company
Excess Liability Insurance	TL2-621-093858-019	Liberty Mutual Insurance Company
Commercial Excess Liability Umbrella	YSM-CUP-7359N472-TIL-10	Travelers Property Casualty Company of America
Commercial General Liability and Employee Benefits	Y-660-77N4110-COF-10	The Charter Oak Fire Insurance Company
Commercial Automobile	Y-8107359N460-TIL-10	Travelers Property Casualty Company of America

NOTE 1: All insurance premiums are paid by White Birch and charged to Estate BIPCO through intercompany transactions.

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RESPONSE TO QUESTIONS 1, 2, 3, 4 & 5 FROM MOR-7a

- Question #1 – On Sept. 13, 2012, BD White Birch Investment LLC successfully completed the acquisition of the assets of White Birch Paper Company (including its subsidiary, Bear Island).
- Question #2 - White Birch remits most, but not all, payments in exchange for services related to Estate BIPCO's restructuring, as well as insurance coverage. Subsequently, White Birch transfers charges allocated to Estate BIPCO utilizing intercompany transfers.
- Question #3 - As part of the company's cash management system, White Birch receives customer receipts and deposits them into a White Birch owned lockbox. Then, when available, cash in an amount equal to the receivables owed to Estate BIPCO is transferred from the White Birch lockbox to a Estate BIPCO owned HSBC account. The cash receivable from White Birch to Estate BIPCO as of July 31, 2014 totaled \$0. For additional information regarding Estate BIPCO's cash management system, please see *Motion of Bear Island Paper Company, L.L.C. for Entry of an Order Authorizing, but not Directing, the Debtor to: (A) Continue Using Its Existing Cash Management System, Bank Accounts and Business Forms; (B) Maintain Existing Investment Practices; and (C) Continue Performing Ordinary Course Intercompany Transactions* [Docket No. 8].