

United States Bankruptcy Court
Western District of North Carolina

MONTHLY STATUS REPORT

IN RE: Garrison Litigation Management Group, Ltd.

CASE NO: 10-31608

REPORTING PERIOD:

FROM: July 4, 2010

TO: July 31, 2010

I certify under penalty of perjury that the information contained in the attached Monthly Status Report consisting of 9 pages (including exhibits and attachments) is true and correct to the best of my knowledge and belief.

Dated: 8/30/10 _____
Debtor Representative

I certify that I have reviewed the information contained in the attached Monthly Status Report consisting of 9 pages and based on my knowledge of this case and the debtor's financial and business affairs, this Monthly Status Report is accurate, complete, and does not contain any misrepresentation of which I am aware. I further certify that this report has been served on all parties as required by law or court order.

REVIEWED BUT NOT VERIFIED

Dated: 8/30/10 _____
Attorney for Debtor

NARRATIVE ON PROGRESS OF CASE:

On June 5, 2010 (the "Petition Date"), the Debtors filed petitions for relief under Chapter 11 of Title 11 of the United States Code. The Bankruptcy Court heard a number of first day motions on June 8, 2010, including (i) a motion for joint administration of the three cases, (ii) a motion for authority to pay employees certain pre-petition wages and benefits, (iii) a motion for authority to continue using existing bank accounts, forms and records, and cash management system, (iv) a motion for authority to pay certain administrative expense obligations arising from prepetition operations and establishing procedures for resolving reclamation claims, (v) a motion for authority to continue the Debtors' customer practices and honor certain related prepetition obligations (vi) a motion to determine utilities' adequate assurance of performance, (vii) a motion to honor prepetition obligations to common carriers, (viii) a motion for interim authorization to continue performance under services agreements with affiliated entities, and (ix) a motion seeking interim approval of a debtor-in-possession financing agreement with Bank of America ("BoFA"). All first day motions were granted. The Court granted final approval of the debtor-in-possession financing with BoFA on July 15, 2010. The deadline for assuming or rejecting non-residential real property leases was extended to January 3, 2011.

On June 16, 2010, the Court entered an order appointing an Official Committee of Asbestos Personal Injury Claimants and subsequently amended that order on July 20, 2010 (Docket No. 260). On June 17, 2010, the Court entered an order appointing an Official Committee of Unsecured Creditors (Docket No. 104).

The Anchor Packing Company and Garrison Litigation Management Group, Ltd. filed their Schedules and Statements on July 13, 2010. Garlock Sealing Technologies LLC filed its Schedules and Statements on July 20, 2010. A prepetition claims bar date has not yet been set in these cases. The section 341 meeting of creditors was held on August 4, 2010.

The Debtors are analyzing their options with regard to formation of a plan of reorganization at this time. An order was entered to extend the exclusive period by which the Debtors may file a plan to April 1, 2011.

The July monthly status report covers the period from July 4 through July 31, 2010. The Debtor uses a fiscal financial calendar with 4-weeks, 4-weeks, and 5-weeks, respectively, in the three months of each quarter except at year-end. All fiscal years end on December 31.

Per agreement with the Bankruptcy Administrator for the Western District of North Carolina, certain information is presented in a modified or abridged format. Additional information may be available upon request.

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CASH RECONCILIATION:

BofA Operating A/C
-7353
Checking

Beginning Cash Position (G/L Balance) (17,475)

Cash Receipts 1,919

Zero balance transfer from -3567 (Garlock) 17,376

Total Cash Receipts 19,295

Cash Disbursements

Rent 18,386

Telephone Expense 3,069

Supplies Expense 1,341

Dues and Subscriptions 2,040

Repairs/Maintenance 918

Legal Expense 26,843

Workmen's Compensation 1,314

Postage 751

Employee Travel Reimbursement 431

Total Cash Disbursements 55,093

Ending Cash Balance (G/L Balance): (53,274)

Bank Balance per Rec: (53,274)

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BANK ACCOUNTS

Name of Bank: Bank of America, N.A.

Address: P.O. Box 105713
Street and/or PO Box Number

<u>Atlanta</u>	<u>GA</u>	<u>30348-5713</u>
<small>City</small>	<small>State</small>	<small>Zip Code</small>

Type of Account: Controlled Disbursement Checking - Operating
 (i.e., Payroll, Tax, Operating)

Account Number: -7353

Date Period Begins: 3-Jul-10

Ending Balance (per the Attached bank statement for the period)	\$ <u>40</u>
Outstanding Deposits and Other Credits Not On Statement	\$ <u>-</u>
Outstanding Checks and Other Debits Not On Statement	\$ <u>53,314</u>
Ending Reconciled Balance*	\$ <u>(53,274)</u>

Date Period Ends: 30-Jul-10

Highest Daily Balance During Above Period \$ 1,248.57

*The sum of the ending balances of all accounts must reconcile with the Ending Cash Position on the Cash Receipts and Disbursements page.

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Type of Account: Controlled Disbursement Checking - Operating
 (i.e., Payroll, Tax, Operating)

Account Number: -7353

Outstanding Check List

Check Number	Payee	Amount
5930	REED SMITH**	\$ (6,287.65)
5942	NY Dept of Tax & Finance	\$ (55.00)
5968	COVINGTON & BURLING*	\$ (26,842.66)
5972	120 EAST LLC	\$ (10,396.31)
5969	DATAVAULT STORAGES, INC.	\$ (3,600.00)
5971	FRONTIER COMMUNICATIONS OF ROCH INC.	\$ (1,142.38)
5974	HARRIS MARTIN PUBLISHING	\$ (975.00)
5979	STAPLES BUSINESS ADVANTAGE	\$ (816.30)
5982	VERIZON WIRELESS	\$ (731.48)
5977	PRO PARK LLC	\$ (660.00)
5980	THE AMERICAN LAWYER	\$ (430.00)
5975	LINEAGE	\$ (378.00)
5981	THE WALL STREET JOURNAL	\$ (363.48)
5970	FEDEX	\$ (276.86)
5967	COCA COLA ENTERPRISES	\$ (142.90)
5978	ROCHESTER BUSINESS JOURNAL	\$ (136.00)
5976	MOUNTAIN GLACIER, LLC	\$ (79.91)
TOTAL OUTSTANDING		<u>\$ (53,313.93)</u>

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SALES/ACCOUNTS RECEIVABLE

I.	Accounts Receivable Pending As of :	<u>\$</u>
II.	Net Increase (Decrease) in Accounts Receivable ¹	<u>\$</u>
III.	Accounts Receivable Pending As of :	<u>\$</u>

Pending Pre & Post Petition	Total	Collectible	Uncollectible
0-30 Days	\$	\$	
31-60 Days	\$	\$	
61-90 Days	\$	\$	
91 Days and Over	\$		
Total	\$ -	\$ -	\$ -

Intercompany Receivable balances as of July 31, 2010:	GST, LLC	\$ 376,057,388.92
	The Anchor Packing Company	\$ 1,334,370.02
	Total	<u>\$ 377,391,758.94</u>

Garrison holds certain claims against insurance companies relating to its pre-petition payment of certain asbestos claims. These assets are not reported here.

INVENTORY (Cost Basis)

Beginning Date: _____ Ending Date: _____

LIST BY CATEGORY OF INVENTORY USED FOR PRODUCTION OR RESALE*:

Category	Beginning	Used	Added	Adjusted(+/-)	Ending
Finished Goods	\$	\$	\$		\$
Totals	\$ -	\$ -	\$ -	\$ -	\$ -

*Exclude capital items such as machinery and equipment and consumable items such as fuel and general supplies.

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PAYMENTS TO SECURED CREDITORS

No Secured Debt

No Secured Debt Payments Made During the Period

All Secured Debt Payments Made During Reporting Period Are Listed Below:

Creditor	Collateral	Date of Payment	Amount
		Total	\$ -

PAYMENTS ON PRE-PETITION DEBT

No Payments Have Been Made on Pre-Petition Unsecured Debt During the Reporting Period.

All Payments Made on Pre-Petition Unsecured Debt During Reporting Period are Listed Below:

Creditor	Order Date Authorizing Payment	Date of Payment	Amount
Covington & Burling	none*		\$ 26,842.66
		Total	\$ 26,842.66

*This check was issued on a prepetition invoice in error. The Debtors have contacted Covington & Burling and requested that

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ACCRUED POST-PETITION LIABILITIES

X* No Accrued Liabilities Existed at the End of This Reporting Period.

 All Accrued Liabilities Existing at the End of This Reporting Period are Listed Below or on the Sheet(s) Attached. Exclude Current Liabilities which are not Past Due.

Name of Creditor	Date Due	Amount Due	Paid Date	Check#	Notes
Total Accrued Liabilities		\$0			

* The Debtor has excluded from this listing those post-petition liabilities that have been or will be paid in the Debtor's ordinary course of business.

Liabilities are accruing under the Intercompany Services Agreement, which was assumed pursuant to the Order Authorizing Debtors to Assume Pre-Petition Services Agreements with EnPro Industries, Inc. and Coltec Industries, Inc. (Docket. No. 232) and will be paid annually in accordance with that agreement.

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AFFIRMATIONS

- | | | | | | |
|----|-----|----------------------|-----|----------------------|--|
| 1. | Yes | <u> X </u> | No | <u> </u> | All tangible assets of this bankruptcy estate are adequately and properly insured and all other insurance required by law or prudent business judgment are in force. |
| 2. | Yes | <u> X </u> | No | <u> </u> | All insurance policies and renewals if applicable, have been submitted to the Bankruptcy Administrator. |
| 3. | Yes | <u> X </u> | No | <u> </u> | All tax returns have been filed timely and payments made. Copies of returns have been filed post-petition have been submitted to the Bankruptcy Administrator. |
| 4. | Yes | <u> X </u> | No* | <u> </u> | All post-petition taxes have been paid or deposited into a designated tax account. |
| 5. | Yes | <u> </u> | No | <u> X </u> | New Debtor-In-Possession (DIP) bank accounts have been opened and have been reconciled. |
| 6. | Yes | <u> </u> | No | <u> X </u> | New DIP financial books and records have been opened and are being maintained monthly and are current. |

*If the response is "no", a listing must appear on the Accrued Post-Petition Liabilities Sheet. The listing must include the name of the taxing authority, type of tax, the amount due and the period the tax was incurred.

5. Pursuant to order of the Bankruptcy Court, prepetition bank accounts are being used by the Debtor.

6. Pursuant to order of the Bankruptcy Court, prepetition books and records continue to be used by the Debtor, but pre-petition balances and activity can be identified.