

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
Eastern Division

In Re:)	BK No.: 13-2100
LYON WORKSPACE PRODUCTS,)	(Jointly Administered)
L.L.C., et al.)	Chapter: 11
)	Honorable Janet S. Baer
)	
Debtor(s))	

**ORDER APPROVING SETTLEMENT AGREEMENT REGARDING
SATISFACTION OF SECURED CLAIM, DISPOSITION OF EXCESS
COLLATERAL AND SHORTENING AND REDUCING NOTICE**

Upon the Motion of the above-captioned Debtors and the Official Committee of Unsecured Creditors for entry of an order approving the settlement agreement (the "Settlement Agreement") with Sentry Insurance Company ("Sentry") regarding the satisfaction of the secured claim of Sentry, the disposition of excess collateral and shortening and reducing notice; and upon consideration of the Motion and all pleadings related thereto; and the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), (c) litigating the issue would be burdensome, time consuming, and expensive, (d) shortened notice of the Motion is due and proper under the circumstances; (e) the terms of the Settlement Agreement are fair, equitable, in the best interests of the Debtors' estate, and within the range of reasonableness for approval under Bankruptcy Rule 9019(a) and applicable case law; and after due deliberation, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

1. The Motion is GRANTED as stated herein.
2. Limited notice of the hearing on the Motion is deemed adequate and sufficient;
3. The Settlement Agreement attached to this Order as Exhibit A, is approved in its entirety;
4. The Debtors are authorized to pay Chicago Series of Lockton Companies, LLC ("Lockton") its fee of \$43,900, an amount equal to ten percent (10%) of any collateral returned to the Debtors pursuant to the Court's order on October 16, 2013 (DE 371) approving the Debtors' retention of Lockton for related services.
5. This Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Order.

Enter:

Janet S. Baer
United States Bankruptcy Judge

Dated: *2/24/14*

Prepared by:



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EXHIBIT A

EXECUTION COPY

SETTLEMENT AGREEMENT

This agreement (the "Settlement Agreement") is entered into by and between (i) Lyon Workspace Products L.L.C. et al¹ (the "Debtors") and (ii) Sentry Insurance a Mutual Company ("Sentry").

RECITALS

WHEREAS, on January 19, 2013 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Illinois (the "Court"). (BK No: 13-2100).

WHEREAS Sentry provided Debtors with workers' compensation insurance, both pre- and post-petition (the "Insurance Policies").

WHEREAS, upon motion of Debtors and by order entered January 23, 2013, the Court authorized Debtors, among other things, to maintain existing workers' compensation programs through Sentry. (Doc. 11, Doc. 42)

WHEREAS, Debtors have continued their workers' compensation programs in the ordinary course of business.

WHEREAS, on or about April 23, 2013, Sentry filed its Proof of Claim, indicating a pre-petition claim of \$1,419,658.00 (the "Pre-Petition Claim"), fully secured by loss fund deposits of \$39,000.00 and a \$1,600,000.00 letter of credit (the "Security").

¹ The other Debtors in these jointly administered chapter 11 cases are Pride Metals L.L.C., Sycamore Systems, L.L.C., Paris Metal Products, L.L.C., Durand Products, L.L.C., L&D Group, Inc. Miller Global Solutions, L.L.C., and Lyon Workspace Products, Inc.

WHEREAS, Sentry currently holds the proceeds of a \$1,600,000 letter of credit issued to collateralize Debtors' obligations to Sentry.

WHEREAS, the Debtors have incurred post-petition obligations pursuant to workers' compensation programs which remain unpaid (the "Post-Petition Claim") (and together with the Pre-Petition Claim, the "Sentry Claims").

WHEREAS, as a result of arms-length negotiations, Debtors and Sentry desire to resolve all issues relating to insurance coverage provided and the Sentry claims, by consenting to the Court's entry of an order: (i) granting Sentry an allowed claim of \$1,200,000, and authorizing mutual releases as described below.

WHEREAS, the Trustee has concluded that the settlement described above is in the best interests of the estate, considering, among other things, the issues, disputes and defenses involved, and the cost, expense, delay and uncertainty associated with litigating these matters.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and between the parties as follows:

1. The Parties shall endorse and tender to the Court a *Consent Order Allowing Sentry's Claim in Reduced Amount, Authorizing Retention and Application of Monies Previously Received, Payment by Sentry to Debtors, and Mutual Release of Claims* (the "Consent Order").

2. Upon entry of the Consent Order and that Order becoming final and non-appealable (the "Consummation Date"), the Debtor, as estate representative, shall forever withdraw, release, discharge, waive and forgive Sentry and its assigns, administrators and successors in interest, for and from any and all claims, actions, causes of action, counterclaims and any other obligation of any kind or nature arising from or related to the Bankruptcy Code, or any other applicable state or federal law, or the Sentry Claims, whether accrued or to accrue,

whether asserted by way of a claim, counterclaim, cross-claim, third-party action, action for indemnity or contribution or otherwise; *provided, however*, that the foregoing shall not constitute a release of any rights to enforce the terms of this Settlement Agreement.

3. On the Consummation Date, Sentry shall forever withdraw, release, discharge, waive and forgive the Debtors and their respective assigns, administrators and successors in interest, for and from any and all claims, actions, causes of action, counterclaims, and any other obligation of any kind or nature, arising from or related to the Sentry Claims; *provided, however*, that the foregoing shall not constitute a release of any rights to enforce the terms of this Settlement Agreement.

4. Within thirty (30) days of the consummation date, Sentry shall pay \$439,000.00 (the "Settlement Funds") to the Debtors' Estate (the amount by which the security exceeds Sentry's allowed claim), by and through a wire transfer in such amount to a bank account to be established in the name of the Debtors, with counsel to the Official Committee of Unsecured Creditors and the Debtors as joint signatories, the Settlement Funds to be held in such account and applied pursuant to applicable Orders of the Bankruptcy Court.

5. Nothing in this Stipulation shall affect Sentry's rights or obligations under the Insurance Policies to adjust, settle, contest, deny and compromise all claims, as required by the provisions of such Insurance Policies. While this bankruptcy proceeding continues, Debtor shall continue to reasonably cooperate with Sentry, if requested by Sentry, in the adjustment and defense of claims under the Insurance Policies. Any special handling instructions agreed upon by Sentry are no longer applicable (such as arrangements in which Sentry was to request authority, communicate updates, etc.).

6. The Debtors and Sentry each represent that they own and have not assigned or otherwise transferred or proposed to assign or transfer to any other person or entity any of such party's rights and claims or causes of action as are being altered or otherwise affected pursuant to the terms of this Settlement Agreement.

7. This Settlement Agreement may be executed by the parties on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Any executed copy of this Agreement delivered by confirmed facsimile or electronic mail shall be deemed to be binding to the same extent as an original executed copy of this Settlement Agreement.

8. This Settlement Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their legal representatives, predecessors, successors and assigns.

9. The Parties to this Settlement Agreement acknowledge that they have read all of the terms of this Settlement Agreement and have entered into those terms voluntarily after obtaining the advice of independent legal counsel. This Settlement Agreement shall be deemed to have been jointly drafted by the Parties hereto and shall be construed accordingly. No provision shall be construed or interpreted for or against either of the Parties to this Settlement Agreement. The individuals signing this Settlement Agreement on behalf of the Parties to the Agreement represent and warrant that they are duly authorized and fully competent to do so.

10. It is expressly understood and agreed that the terms hereof, including the recital paragraphs and headings, are contractual and that the agreement herein contained and the consideration transferred is to compromise disputed claims. This Settlement Agreement contains the entire agreement and understanding between the Parties pertaining to the subject matter of

this Settlement Agreement and supersedes and replaces all prior and contemporaneous negotiations, agreements and proposed agreements, written or oral. This Settlement Agreement may be modified only by a writing signed by each of the parties hereto or their duly appointed agents.

11. The Court shall retain exclusive jurisdiction to interpret and enforce the terms of this Settlement Agreement and to resolve any disputes in connection herewith.

This Settlement Agreement is subject to the approval of the Bankruptcy Court as set forth herein (Par. 1, *infra*) and shall be effective only upon entry of the Consent Order.

SIGNATURES FOLLOW ON NEXT PAGE

Dated: February 17, 2014

LYON WORKSPACE PRODUCTS, L.L.C. ET AL

By counsel,

By: /s/ Daniel A. Zazove

Dated: February 17, 2014

SENTRY INSURANCE A MUTUAL COMPANY

By: *Daniel J. Aprai*

Its: Vice President National Accounts

Address: 1800 North Point Drive
Stevens Point, WI 54481

Telephone: 715-346-6000