

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

----- : Chapter 7
In re :
The TSG Group, *et al.*,¹ : Case No. 07-11337 (KG)
 : (Jointly Administered)
Debtors. :
----- : **Hearing Date: 10/25/12 at 11:00 a.m. ET**
 : **Objection Deadline: 10/18/12 at 4:00 p.m. ET**

**APPLICATION OF CHAPTER 7 TRUSTEE FOR ENTRY OF AN ORDER PURSUANT
TO SECTIONS 327(a), (b) AND 330 OF THE BANKRUPTCY CODE, BANKRUPTCY
RULES 2014(a) AND 2016, AND LOCAL RULE 2014-1 AUTHORIZING THE
EMPLOYMENT OF BLANK ROME LLP AS COUNSEL TO THE CHAPTER 7
TRUSTEE NUNC PRO TUNC TO AUGUST 28, 2012**

Edward N. Cahn, as Chapter 7 Trustee (the “Trustee”) for The TSG Group, Inc., *et al.* (collectively, with the jointly administered debtors, the “Debtors”), pursuant to sections 327(a), (b) and 330 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), hereby seeks entry of an order approving this Application (the “Application”) authorizing the Trustee to retain and employ Blank Rome LLP (“Blank Rome”) as his counsel in the Debtors’ chapter 7 cases *nunc pro tunc* to August 28, 2012. In support of this Application, the Verified Statement of Bonnie Glantz Fatell (the “Fatell Statement”) is attached hereto as **Exhibit “A”**. The Trustee respectfully states as follows in support of this Application:

¹ The Debtors and the last four digits of each of the Debtors’ federal tax identification numbers are as follows: (a) The TSG Group, Inc., a Delaware corporation, Fed. Tax Id. #2823; and (b) TSG Operations, Inc., a Delaware corporation, Fed. Tax Id. #7393.

JURISDICTION

1. This Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are 11 U.S.C. §§ 327(a), (b) and 330, Bankruptcy Rule 2014(a), 2016, and Local Rule 2014-1.

BACKGROUND

2. On September 14, 2007 (the "Petition Date"), the Debtors commenced their bankruptcy cases (the "Chapter 11 Cases") by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

3. On September 18, 2007, this Court entered an Order Authorizing Joint Administration of Related Chapter 11 Cases: 07-11337 and 07-11338 [D.I. 25]. The Debtors continued in the management and operation of their businesses and property as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108 until August 25, 2009 when this Court appointed Edward N. Cahn to serve as a chapter 11 trustee (the "Chapter 11 Trustee") [D.I. 898 and 900].

4. The Chapter 11 Trustee retained and employed Blank Rome as his counsel, *nunc pro tunc* to August 25, 2009, pursuant to Bankruptcy Code §§ 327, 328, 330, and 331, Bankruptcy Rule 2014(a) and 2016, and Local Rule 2014-1.

5. Following a sale of substantially all of the estate assets, the Trustee filed a notice that the Debtors' jointly-administered chapter 11 cases were to be styled as *In re TSG Group, Inc., et al., Case No. 07-11337 (KG)*.

6. On August 24, 2012, this Court granted the Chapter 11 Trustee's motion to convert the Chapter 11 Cases to cases under chapter 7 [D.I. 1463] and on August 28, 2012 (the "Appointment Date") Edward N. Cahn was appointed to serve as the chapter 7 trustee [D.I. 1443].

BASIS FOR RELIEF

7. The Trustee respectfully submits that it is necessary for the Trustee to employ counsel to represent the Trustee and assist him in carrying out his duties as a Chapter 7 Trustee, pursuant to 11 U.S.C. § 704.

8. The Trustee believes that Blank Rome is well-qualified to act as its counsel. The Trustee believe that the attorneys at Blank Rome who will render legal services to the Trustee have had considerable experience in reorganization, corporate, and other matters and are capable of rendering the services set forth above. Members of the firm's bankruptcy department have represented debtors, creditors' committees and other parties in major chapter 11 cases. Moreover, Blank Rome served as the Trustee's counsel when the cases were pending under Chapter 11 and have familiarity and experience with these companies.

9. The Trustee believes that employment of Blank Rome as counsel will benefit these estates.

10. To the best of the Trustee's knowledge, Blank Rome has no connection with any of the Debtors' creditors or any other party in interest, except as disclosed in the Fatell Statement. The Trustee is satisfied that Blank Rome represents no interest adverse to the Debtors or these estates in the matters upon which it is to be engaged, has no connections with the Debtors, the Debtors' creditors, or any other party in interest, their respective attorneys, financial advisors and accountants, the United States Trustee, or any person employed in the

Office of the United States Trustee (other than as disclosed in the Fatell Statement), and that its employment will be in the best interests of the Debtors and these estates. The Trustee believes that Blank Rome is a “disinterested person” as defined in the Bankruptcy Code.

11. No promises have been made or received by Blank Rome nor any partner, counsel or associate thereof as to payment or compensation in connection with these chapter 7 cases. Blank Rome has no agreement with any entity to share with such entity any compensation received by Blank Rome in these cases.

12. The Trustee requests that Blank Rome be employed as counsel in accordance with Bankruptcy Code §§ 327(a) and (b) and Bankruptcy Rule 2014(a) and 2016. Blank Rome will request compensation and reimbursement of expenses upon proper application to this Court pursuant to Bankruptcy Code §§ 330 and 331, the Bankruptcy Rules, and the Local Rules and orders of this Court.

13. Subject to this Court’s approval, Blank Rome will charge the Trustee for its legal services on an hourly basis in accordance with its ordinary and customary rates in effect on the date services are rendered. The attorneys and paraprofessionals presently designated to represent the Trustee and their current standard hourly rates are:

Stanley B. Tarr - associate	\$475.00 per hour
Tamara Moody – paralegal	\$245.00 per hour

14. These rates may change from time to time in accordance with Blank Rome’s established billing practices and procedures. Blank Rome will maintain detailed, contemporaneous records of time and necessary expenses provided or incurred in connection with the rendering of the legal services described above by category and nature of the services rendered.

15. The Trustee understands that other attorneys and paraprofessionals at Blank Rome may be called upon from time to time as the need and issues arise to represent the Trustee in certain aspects of their chapter 11 cases. The customary hourly rates of Blank Rome, subject to change from time to time, are \$305 to \$940 for partners, \$250 to \$565 for associates and counsel to the firm, and \$100 to \$355 for paraprofessionals.

16. In addition to the hourly rates set forth above, Blank Rome customarily and generally charges clients for the costs of support services the firm provides in connection with a representation, including, without limitation, photocopying charges, long distance telephone calls, facsimile transmissions, messengers, courier mail, secretarial and administrative overtime and temporary services, travel, computer research, lodging and catering for meetings. Some of these services are provided by Blank Rome, in which case the charges are set by Blank Rome, and others are provided by third party service providers, in which case the charges are set by the providers. All such charges for which Blank Rome seeks payment are subject to this Court's approval and/or pursuant to any administrative procedure established by order of this Court.

17. Based on the foregoing, the Trustee submits that the relief requested is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted in all respects. No previous request for the relief sought herein has been made to this or any other Court.

18. The Trustee requests that Blank Rome's employment be deemed effective as of the Appointment Date, in light of the continuing nature of the services which must be performed in order for Blank Rome to properly represent the Trustee and in order to avoid any prejudice resulting from any administrative delay in the filing of this Application or the entry of an order approving this Application.

NOTICE OF APPLICATION

19. In accordance with Rule 2014-1(b) of the Local Rules, the Trustee, through his counsel, has provided notice of this Application to: the Office of the United States Trustee and creditors and parties that have requested notice pursuant to Bankruptcy Rule 2002. The Trustee submits that no other or further notice need be provided.

CONCLUSION

WHEREFORE, the Trustee respectfully requests that this Court enter an order, in substantially the form attached hereto (i) approving the Application; (ii) authorizing the Trustee to retain and employ Blank Rome as its counsel as of August 28, 2012; and (iii) granting the Trustee such other and further relief as this Court may deem just and proper.

Dated: Wilmington, Delaware
October 9, 2012

/s/ Edward N. Cahn
EDWARD N. CAHN, ESQ.
CHAPTER 7 TRUSTEE
THE TSG GROUP, INC. et al.