

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

COMERICA BANK, a Texas banking association,  
successor in interest by merger to Comerica Bank,  
a Michigan banking corporation,

Plaintiff,

v.

CATALINA PRECISION PRODUCTS, INC. a  
Delaware corporation, and UFE  
INCORPORATED, a Minnesota corporation,

Defendants.

Case No. 2:10-cv-13089  
Hon. George Caram Steeh  
Mag. Judge Mark A. Randon

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**REQUEST AND ORDER FOR APPROVAL OF DISBURSEMENT**  
**OF SALE PROCEEDS**

NOW COMES Conway MacKenzie, Inc., the court-appointed Receiver in this matter

(“Receiver”), and states its Request for Approval of Disbursement of Sale Proceeds as follows:

1. This matter is presented pursuant to the Order (1) Authorizing Receiver to Sell Assets of UFE Incorporated, Located in Osceola, Wisconsin and El Paso, Texas, (2) Authorizing Receiver to Sell Property on Behalf of SPE Investments, LLC, (3) Approving Sale of Such Assets of UFE Incorporated and SPE Investments, LLC Free and Clear of Any and All Liens, Claims, Security Interests and Other Encumbrances of Any Kind or Type, and Transferring Them to the Net Proceeds of Sale, (4) For Approval of Appraisals and Waiver of Publication, and (5) Granting Related Relief entered January 10, 2011 [Docket No. 96] (the “Order”).

2. Paragraph 6 of the Order provides:

The proceeds of sale shall be paid to the Receiver and held by the Receiver pending the Court’s approval of the proposed disbursement of sale proceeds, which proposed disbursement shall take into account applicable taxes which constitute a Lien on the Assets senior to Comerica’s interests and any other Liens on the Assets which are senior to Comerica’s interests.

3. The Sale to Engineered Plastic Components, Inc. pursuant to the Order has closed. The Receiver is in possession of the proceeds of sale in the amount of \$2,100,000.00 (the “Sale Proceeds”). The Receiver proposes distribution of the Sale Proceeds as follows:

Gross Proceeds	\$2,100,000
Stout Risius Ross	(75,000)
Osceola employees accrued vacation & severance reserve	(696,000) <sup>1</sup>
El Paso employees severance reserve	(123,000) <sup>2</sup>
Utility reserve	(20,000)
Material reserve	(10,000)
Other	<u>(10,000)</u>
Net Proceeds to Comerica Bank, Senior Secured Lender	\$1,166,000

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<sup>1</sup> \$696,000 is the amount of the claim filed by the Wisconsin Department of Workforce Development (“WI DWD”) on behalf of employees in the Osceola, Wisconsin facility. The Receiver and counsel for the Receiver are currently working with the WI DWD to resolve the actual amount of the claim, which the Receiver believes to be approximately \$250,000.

<sup>2</sup> These funds represent the maximum amount of severance claims by the employees in the El Paso, Texas facility. The Receiver is presently investigating severance claims and responding to inquiries from the Texas Workforce Commission. The amount necessary to satisfy any allowed claims is expected to be less than the amount held as a reserve.

4. The Receiver requests approval to disburse the Sale Proceeds as set forth above, holding the reserves as noted above.

5. The Receiver also requests that, upon resolution of the claims for which funds are reserved, to the extent any funds reserved for payment of those claims is not utilized, those funds can be paid to Comerica without further order of the Court.

WHEREFORE, the Receiver requests the Court approve the disbursement of Sale Proceeds as set forth herein.

Respectfully submitted,

DATED: January 25, 2011

ERMAN, TEICHER, MILLER,  
ZUCKER & FREEDMAN, P.C.

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DISBURSEMENTS APPROVED; IT IS SO ORDERED.

Dated: January 27, 2011

s/George Caram Steeh  
Hon. George Caram Steeh  
UNITED STATES DISTRICT JUDGE