

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

**In re:**

**COMMERCECONNECT MEDIA HOLDINGS,  
INC., et al.,<sup>1</sup>**

**Debtors.**

)  
) **Chapter 11**

)  
) **Case No. 09-**

)  
) **Joint Administration Pending**

**MOTION OF DEBTORS FOR ENTRY OF AN ORDER  
AUTHORIZING DEBTORS TO (I) CONTINUE TO USE  
EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND  
BUSINESS FORMS, (II) PERFORM INTERCOMPANY TRANSACTIONS, AND  
(III) WAIVE THE REQUIREMENTS OF 11 U.S.C. § 345(b) ON AN INTERIM BASIS**

The above-captioned debtors and debtors-in-possession (collectively, the “Debtors” or “Cygnus”) file this motion (the “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), authorizing the continued use of their existing bank accounts, cash management system and business forms. In support of this Motion, the Debtors rely on the Affidavit of James Ogle in Support of First Day Motions (the “Ogle Affidavit”) filed contemporaneously with this Motion, and respectfully state as follows:

**Jurisdiction**

1. On the date hereof (the “Petition Date”), the Debtors commenced their respective bankruptcy cases (the “Chapter 11 Cases”) by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”). No creditors’ committee has yet been appointed in the Chapter 11 Cases by the United States Trustee. The Debtors are continuing in possession of their respective properties and are operating their

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: CommerceConnect Media Holdings, Inc. (1749), Cygnus Business Media, Inc. (0832), Cygnus New Business Launches, Inc. (0713) and Cygnus Interactive New Business Launches, Inc. (1283). The address for each of the Debtors is: 1233 Janesville Avenue, Fort Atkinson, Wisconsin 53538.

respective businesses, as debtors-in-possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

3. The statutory predicates for the relief sought herein are sections 105(a), 345, 364(b) and 503(b)(1) of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

#### **Introduction**

4. As described in more detail below, the Chapter 11 Cases have been commenced to effectuate a negotiated out-of-court restructuring plan that has previously been agreed to by all but one of the Debtors’ senior secured lenders, all of the Debtors’ junior secured lenders, the holders of all of CommerceConnect Media Holdings, Inc.’s (“CCMH”) Series A Preferred Stock and the holders of a majority in interest of CCMH’s voting equity. The Debtors do not intend the Chapter 11 Cases to have any effect on the allowed claims of general unsecured creditors, but rather, to permit such claims to effectively “ride through” the Chapter 11 process and be paid in full without any impact by the bankruptcy on the relative rights, obligations and defenses of the parties. While the Debtors had hoped to avoid the cost of the Chapter 11 Cases by restructuring consensually out-of-court, one (1) hold out senior lender has refused to consent, apparently seeking to extract further value from the companies or its co-lenders. For this reason, the Debtors were forced to modify the consensual restructuring into a prepackaged plan of reorganization (the “Plan”). Approximately 96% of the Debtors’ senior secured lenders and 100% of the Debtors’ junior secured lenders have voted in favor of the Plan, representing

approximately \$200 million of the approximately \$206 million in secured debt owed to these institutional creditors. The Debtors have therefore commenced these Chapter 11 Cases to confirm the Plan, and will be seeking to do so expeditiously.

A. The Debtors' Businesses.

5. Cygnus is a leading business-to-business ("B2B") publisher and communications company, distributing content to diverse audiences in the construction, public safety, industrial and manufacturing, security, technology, transportation and aviation industries. Cygnus employs approximately 680 people, including 430 salaried and hourly employees and 250 independent contractors, all of whose livelihoods depend in some significant measure upon the successful continuation of the Debtors' business enterprise. These employees and independent contractors are essential to the Debtors' business operations and perform a variety of critical functions.

6. Several magazines published by Cygnus have been published for more than 40 years. Cygnus' market-leading brands include *Qualified Remodeler*, *Firehouse*, *Equipment Today*, *Kitchen and Bath Design News*, and the *CPA Technology Advisor*. Cygnus' breadth of content is internationally-recognized, reaching millions of business professionals who rely on Cygnus' proprietary content to make critical business decisions. Cygnus reaches business professionals by utilizing three media platforms: publishing, interactive and expositions.

7. Publishing. Cygnus publishes 42 leading trade publications in 13 major markets, reaching over three million professionals, manufacturers and retail subscribers regularly. Cygnus' publications are staffed with award-winning, industry-recognized writers and editors.

8. Interactive. With 38 website destinations, Cygnus' interactive division is a leading online provider of essential news, information, utilities and e-commerce services to 13 unique markets, providing industry news and information to over two million B2B professionals annually. Cygnus offers its interactive customers a full complement of updated industry news

and award-winning editorial as well as video, webinars, online catalogs, e-newsletters and digital supplements and editions. In 2008, Cygnus interactive websites generated over 180 million page views with nearly two million unique visitors per month.

9. Expositions. Cygnus' exposition division is a leader in producing industry expositions, consistently providing solutions for doing business successfully. It produces approximately 32 trade shows and events annually, managing hundreds of thousands of square feet for thousands of exhibitors and tens of thousands of attendees each year. Additionally, Cygnus is at the forefront in producing electronic show dailies which include broadcast components, and Cygnus also produces custom programming from expo clients for use at trade shows.

B. Economic Performance and Other Challenges.

10. Cygnus' capital structure is highly leveraged, with approximately \$206 million in total funded debt (inclusive of accrued interest) as of June 30, 2009. Cygnus' funded debt consists primarily of (i) not less than \$173 million of senior, first lien debt under a credit agreement (the "Prepetition Credit Agreement") dated as of July 13, 2004, having General Electric Capital Corporation ("GECC") as agent; and (ii) approximately \$33 million of junior, second lien debt under a term loan dated as of July 13, 2004, having Barclays Bank PLC ("Barclays") as agent. In addition, Cygnus has issued approximately \$81 million of Series A Redeemable Preferred Stock (as of June 30, 2009, including accretion), approximately \$109,820 of Series B Preferred Stock (as of June 30, 2009), and approximately \$4,252 of Series C Preferred Stock (as of June 30, 2009).

11. Based on 2008 EBITDA of \$23 million, the total leverage ratio (secured debt) is approximately 8.9x and the aggregate leverage is 12.5x (including Series A but excluding Series B and Series C Preferred Stock).

12. Since the second quarter of 2008, Cygnus has been unable to meet its total leverage ratio covenants and has been in default under its financing agreements. The result of the covenant default was that lenders denied the company use of the \$13 million of availability under the Prepetition Credit Agreement, and Cygnus' liquidity has become constrained. Cygnus has been unable to make regular debt service payments to either the senior secured lenders or junior secured lenders, and has been operating under a nonbinding forbearance from the lenders. Further, as a result of these events, Cygnus' credit rating has been downgraded by Moody's and Standard & Poor's.

13. Additionally, Cygnus faces certain challenges that are not specific to it, but rather are being seen across the B2B industry. In addition to decreased advertising arising from the current economic climate, the B2B industry specifically has undergone a fundamental change driven by enhanced functionality of online advertising and tools causing traditional advertisers to reduce their allocation of resources to B2B publications and increase spending in their marketing budgets on their own websites.

14. Finally, Cygnus has been negatively affected by the overall shift away from print media. Although Cygnus has three media platforms, the majority of the business is devoted to and revenue is derived from print media. The management team continues to believe that in order to be more successful, the Cygnus model needs to continue to shift toward interactive media and away from print, providing the most appropriate balance for Cygnus' advertisers.

C. Sale Efforts; Negotiations with Lenders.

15. More than three years ago, the Board of Directors of Cygnus engaged a well-known, leading investment bank to conduct a process to broadly market the company. This marketing process was unsuccessful in producing a credible bid that satisfied the Board of

Directors. After a change in management teams and approximately twelve months later, the Board of Directors retained a nationally recognized boutique investment bank focused on media companies to again market the company through a solicitation process where numerous parties were contacted. During this period Cygnus undertook a considerable internal restructuring designed to address the business challenges facing all print media companies.

16. The second marketing process concluded with the leading party providing a bid that failed to satisfy the secured creditors of the company and would not provide a recovery for other constituents. As noted above, the sale processes occurred at a time when print media businesses were (and continue to be) in considerable upheaval, and when the economy as a whole has been subject to considerable decline.

17. Due to these disappointing marketing process results, Cygnus engaged Miller Buckfire & Co., LLC ("Miller Buckfire") to assist the company's efforts to address its liquidity constraints and its overleveraged balance sheet. Miller Buckfire is an investment banking firm with considerable expertise in distressed scenarios, including ones such as those faced by the company where the value of a company is less than its secured debt.

18. Miller Buckfire has performed a number of tasks simultaneously, including resoliciting the leading bidder noted above, soliciting interest from potential investors and strategic partners and conducting negotiations with Cygnus' secured lenders and preferred equity holders regarding an internal restructuring of the company's balance sheet. There have been a number of sit down meetings with and/or management presentations to interested parties and extensive negotiations with the senior secured and junior secured lenders.

19. Unfortunately, the multiple sales processes did not produce a buyer who could or would purchase Cygnus for an amount necessary to satisfy even the company's senior secured

debt. As a result, Miller Buckfire and Cygnus turned their attention to the various restructuring possibilities. After examining the options, including both a chapter 11 bankruptcy filing and an out-of-court restructuring, Miller Buckfire and Cygnus concluded that an out-of-court restructuring presented the most viable option for the Debtors, as it likely would have the least impact on the Debtors' going concern value, the lowest cost of implementation and potentially could be consummated more quickly than the other alternatives. These factors translated into the best potential return for the Debtors' stakeholders.

20. The result is that Miller Buckfire and Cygnus developed, along with GECC, the other senior lenders, Barclays, the holders of the Series A Preferred Stock and the holders of a majority in interest of the Debtors' voting equity, a proposed restructuring that would convert a large portion of the existing senior secured debt, and all of the existing junior secured debt, into equity and warrants, respectively (the "Out-of-Court Restructuring").

D. Need for Relief.

21. The Out-of-Court Restructuring was intensely negotiated over a series of months, among the Debtors, GECC, the other senior lenders, Barclays, the holders of the Series A Preferred Stock and the holders of a majority in interest of the Debtors' voting equity. Throughout the process, each of GECC and Barclays has been in nearly constant contact with the registered holders of the senior secured debt and junior secured debt. Information and documentation has been made available in real time to all senior lenders, including, in the case of the senior secured lenders, through an on-line document database (*Intralinks*).

22. Until the week of July 13, 2009, the Out-of-Court Restructuring had been proceeding apace. As early as Monday of that week, all of the parties were hopeful that the Out-of-Court Restructuring would close on July 16, 2009, and in fact, the professionals had already

begun to collect the signatures of the parties to the Out-of-Court Restructuring agreements when an unexpected obstacle arose.

23. On July 14, 2009, the Debtors were informed by GECC that one of the 21 holders of the not less than \$173 million of senior, first lien debt, may refuse to consent to the Out-of-Court Restructuring. That holder, Genesis CLO 2007-2 Ltd. ("Leichtman Fund"), a fund managed by Levine Leichtman Capital Partners ("Levine Leichtman"), holds approximately \$6.4 million of the not less than \$173 million of senior, first lien debt, which is less than 4% of the dollar amount of the claims in that class. Nonetheless, on an out-of-court basis, the Prepetition Credit Agreement requires unanimous consent of the holders to effectuate the transactions required. See Prepetition Credit Agreement, § 11.2(c).

24. Since that time, each of the Debtors, GECC and Barclays, and their respective professionals, have attempted to obtain Levine Leichtman's consent – with no success. Levine Leichtman's refusal to consent has therefore made an out-of-court solution impossible. Given the foregoing factors, the Debtors have determined that a chapter 11 prepackaged plan affords them the best option to preserve and realize upon the value of the companies and is the only remaining option to implement the agreed upon restructuring.

25. In consultation with their professionals, and after careful examination, the Debtors' Boards of Directors, the Debtors, GECC and Barclays have determined that chapter 11, combined with the prepackaged Plan, is the best and most efficient way to maximize a return for the Debtors, their estates, and all parties-in-interest. Additionally, the Debtors have entered into a cash collateral agreement with GECC which, subject to Bankruptcy Court approval, allows the Debtors' the use of cash collateral to ensure that the Debtors will have sufficient liquidity to complete the Chapter 11 process and effectuate the Plan.

26. Consistent with the terms of the Out-of-Court Restructuring previously agreed to by the Debtors, all but one of the holders of the senior, first lien debt and all of the holders of the junior, second lien debt, the Plan seeks to impair only the not less than \$173 million of senior, first lien debt under a Prepetition Credit Agreement (Class 3), the approximately \$33 million of junior, second lien debt (Class 4), any intercompany obligations (Class 6) and the existing equity interests in the Debtors (Class 7 and 8). Holders of other secured claims and general unsecured claims will have their allowed claims reinstated, or, at the option of the Debtor, paid in full. The result is that the Plan provides for no impairment of virtually all the going-concern obligations of the Debtors, as well as the conversion of a large portion of the existing senior secured debt, and all of the existing junior secured debt, to equity and warrants, respectively. The conversion of debt to equity results in a greatly reduced debt service and a largely deleveraged balance sheet.

27. On July 27, 2009, the Debtors solicited votes for or against the Plan from Class 3 and 4, the only Classes entitled to vote under the Plan. As noted above and contained in the voting affidavit of Garden City Group<sup>2</sup> filed contemporaneously herewith, approximately 95% in number and approximately 96% in dollar amount of Class 3 creditors (all but the Leichtman Fund) have accepted the Plan and 100% in number and dollar amount of Class 4 creditors have voted to accept the Plan. Class 7 and Class 8 creditors were not solicited as they are receiving no distributions on account of their claims/interests and are deemed to have rejected the Plan.

28. The existence of a Plan that has been overwhelmingly approved by the voting Classes, as well as the cash collateral agreement between GECC and the Debtors, will allow the Debtors to transition through bankruptcy as smoothly and as quickly as possible. The Debtors' publications, interactive web site and expositions should be virtually unaffected. Further, out of an abundance of caution, the Debtors seek approval as part of their "first day motions" relief

which will allow the Debtors' obligations to employees and critical vendors to be honored in the ordinary course of business until such time as the Plan is confirmed and the obligations reinstated.

29. The Chapter 11 Cases have therefore been instituted to enable the Debtors to effectively take these steps and otherwise maximize the value of their assets.

### **Relief Requested**

30. By this Motion, the Debtors seek entry of an order (i) authorizing them to (a) continue use, with the same account numbers, of all bank accounts listed on **Exhibit 1** to the Proposed Order (the "**Bank Accounts**"), (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors-in-possession, (c) if needed, open new debtor-in-possession accounts, (d) continue using debit, wire and ACH payments, (e) use, in their present form, all correspondence and business forms (including, without limitation, letterhead, purchase orders and invoices), without reference to their status as debtors-in-possession, (f) implement, within forty-five (45) days of the Petition Date, a new software system which will allow the Debtors to reference their status as debtors-in-possession on checks, unless the Plan is confirmed prior to the expiration of the forty-five (45) day period, and (g) continue performing and honoring their obligations and commitments with respect to the Intercompany Transactions (as hereinafter defined); and (ii) granting them a 45-day extension of time to comply with the requirements of section 345(b) of the Bankruptcy Code.

31. The Debtors also request that the Court authorize the banks at which the Bank Accounts are maintained (as set forth in **Exhibit 1** of the Proposed Order, the "**Banks**") to continue to maintain, service and administer such accounts. The Debtors request that the Court authorize the Banks to debit the Debtors' accounts in the ordinary course of business on account

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<sup>2</sup> The Garden City Group is the Debtors' proposed Claims, Noticing and Balloting Agent.

of: (a) all checks drawn on the Debtors' accounts which are cashed at the Banks' counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (b) all checks or other items deposited in one of Debtors' accounts with any of the Banks prior to the Petition Date which have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any of the Banks as service charges for the maintenance of the cash management system; provided, however, that the Banks shall be authorized to rely on the Debtors' representation that such checks or wires are permitted to be honored pursuant to first day orders, the Banks shall have no obligation to verify same and shall have no liability for honoring checks or wires authorized by the Debtors. Furthermore, the Banks shall have no liability for honoring checks or wires authorized by the Debtors and shall be indemnified by the Debtors' estates with respect to any and all claims or losses arising from the Bank's good faith reliance on instructions from the Debtors, except that Debtors shall not indemnify the Banks for their gross negligence or malfeasance.

### **Basis for Relief**

#### A. Description of the Debtors' Cash Management System.

32. In the ordinary course of business, the Debtors maintain nine depository accounts. Customers deposit checks into one of four lockboxes at JPMorgan Chase Bank ("JPMorgan") in Wisconsin. Cash and checks collected by employees at expositions and trade show events are deposited at local branch office locations of Wells Fargo & Company ("Wells Fargo"), Bremmer Bank ("Bremmer") and Bank of America, N.A ("Bank of America"). Credit card transactions are processed through one of two Johnson Bank ("Johnson Bank") accounts. Lastly, a small

percentage of checks and wires are deposited directly into the Debtors' Main Concentration and Disbursement Account ("MCD") located at JPMorgan.

33. Collections from the various accounts are swept to the MCD. Collections from the JPMorgan lockboxes are automatically swept daily to the MCD via wire. Funds deposited into the Wells Fargo, Bremmer and Bank of America accounts are swept on an as-needed basis via automatic clearing house ("ACH") payments. Credit card transactions are swept at least once a week by ACH or wire to the MCD.

34. Deposits and disbursements are made from the MCD. Disbursements are made to fund vendors, payroll, employee expenses, benefits and lease payments via wire, electronic fund transfer ("EFT") transactions and checks. The Debtors utilize an external payroll processing service company, Ceridian Corporation ("Ceridian"), to facilitate the distribution of paychecks to their employees and handle other related tasks. On the day prior to a pay day, Ceridian executes a reverse wire and removes payroll amounts and all taxes from MCD. Ceridian then pays employees via ACH payments or by check. ACH payments are also initiated weekly to reimburse travel expenses incurred by employees. Similarly, the Debtors utilize Anthem Blue Cross Blue Shield ("Anthem") and Delta Dental ("Delta") to facilitate the disbursement of funds in connection with the Debtors' medical and dental plans, respectively, through the use of reverse wires out of the MCD. The Debtors fund both Anthem and Delta each week, and both Anthem and Delta pay their respective claims directly. The Debtors utilize Independent Health Corporation ("IHC") in connection with the administration of their flexible spending plan by wiring on a bi-weekly basis from the MCD to IHC all of the payments to be made to the employees; IHC then issues the reimbursement checks for qualified claims from a sub-account and initiates the wires directly to the employees. In addition, automatic payments are made from

the MCD to the United States Postal Service (“USPS”) under an automated postage-payment plan. The automatic payments to the USPS occur daily through a reverse wire based on actual mailing costs. Lastly, disbursements are made via wire to pay down the revolving credit facility and term loans, although no payments have been made on this facility since October 1, 2008.

35. The Debtors’ cash management system is similar to those commonly employed by corporate entities of comparable size and complexity to the Debtors.<sup>3</sup> Indeed, large, multiple-entity businesses use such systems because of the numerous benefits provided, including, without limitation, the ability to: (a) quickly create status reports on the location and amount of funds, which allows management to track and control such funds; (b) ensure cash availability; and (c) reduce administrative costs through a centralized method of coordinating the collection and movement of funds. Granting the Debtors authority to continue using the cash management system will help facilitate a smooth transition into the Chapter 11 Cases.

B. The Continued Use of the Debtors’ Cash Management System Is Essential to the Debtors’ Ongoing Operations and Restructuring Efforts.

36. As described in the Ogle Affidavit, the Debtors’ business and financial affairs are complex, requiring them to collect, disburse and move funds through numerous bank accounts. The Office of the United States Trustee has established certain operating guidelines for debtors-in-possession relating to cash management systems (the “UST Guidelines”). These UST Guidelines require, among other things, that a debtor: (a) establish one debtor-in-possession account for all estates’ funds required for the payment of taxes (including payroll taxes); (b) close all existing bank accounts and open new debtor-in-possession accounts; (c) maintain a separate debtor-in-possession account for cash collateral and obtain checks that bear the designation “debtor-in-possession”; (d) reference the bankruptcy case number and type of

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<sup>3</sup> A chart explaining the Debtors’ cash flow is annexed hereto as Exhibit B.

account on such checks; and (e) continue performing and honoring their obligations and commitments with respect to the Intercompany Transactions.

37. However, in similarly large chapter 11 cases, courts in this and other Districts often waive these requirements on the grounds they are impractical and potentially detrimental to a debtor's postpetition business operations and restructuring efforts. See, e.g., In re The Fairchild Corporation, Case No. 09-10899 (CSS) (Bankr. D. Del. Mar. 20, 2009); In re Wickes Holdings, LLC, No. 08-10212 (KJC) (Bankr. D. Del. Feb. 5, 2008); In re Delta Financial Corporation, No. 07-11880 (CSS) (Bankr. D. Del. Dec. 19, 2007); In re Pope & Talbot, Inc., No. 07-11738 (CSS) (Bankr. D. Del. Nov. 21, 2007); In re Tweeter Home Entm't Group, Inc., No. 07-10787 (PJW) (Bankr. D. Del. June 13, 2007).

38. The Debtors have utilized their cash management system in its current structure for approximately eight years as part of their ordinary and usual business practices. Given the corporate and financial structure of the Debtors, it would be difficult to establish an entirely new cash management system for each debtor entity. To comply with the UST Guidelines, the Debtors also would need to execute new signatory cards and depository agreements and create a new manual system for issuing checks and paying postpetition obligations.<sup>4</sup> The delays that would result from opening these accounts, revising cash management procedures and instructing customers to redirect payments would disrupt the Debtors' business.

39. In addition, the requirement to maintain all accounts separately would decentralize the Debtors' cash management system. Courts in this District have noted that an integrated cash management system "allows efficient utilization of cash resources and recognizes

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<sup>4</sup> Notwithstanding anything herein to the contrary, the Debtors reserve their rights to close their prepetition Bank Accounts and open new accounts as may be necessary in the Debtors' business judgment and consistent with any postpetition debtor-in-possession financing arrangement approved by the Court. The Debtors will give notice, however, to the United States Trustee and any official committees that may be appointed in the Chapter 11 Cases prior to opening or closing a bank account.

the impracticalities of maintaining separate cash accounts for the many different purposes that require cash.” In re Columbia Gas Sys., Inc., 136 B.R. 930, 934 (Bankr. D. Del. 1992), aff’d in part and rev’d in part, 997 F.2d 1039 (3d Cir. 1993). The United States Court of Appeals for the Third Circuit has agreed, emphasizing that a requirement to maintain all accounts separately “would be a huge administrative burden and economically inefficient.” Columbia Gas, 997 F.2d at 1061; see also In re Southmark Corp., 49 F.3d 1111, 1114 (5th Cir. 1995) (finding that the cash management system allows the debtor “to administer more efficiently and effectively its financial operations and assets”).

C. Maintaining the Existing Cash Management System Will Not Harm Parties in Interest.

40. Approval of the cash management system will greatly facilitate the Debtors’ transition into chapter 11 by, among other things, avoiding administrative inefficiencies and expenses and minimizing delays in payment of postpetition debts. Parties in interest will not be harmed by the Debtors’ maintenance of the existing cash management system, including their Bank Accounts, because the Debtors have implemented appropriate mechanisms to ensure that payments will not be made on any debts incurred before the Petition Date, other than those authorized by the Court. Specifically, the Debtors have centralized their accounts payable systems and implemented restrictions that prohibit payments from being issued without prior approval of the Debtors’ treasury department.

41. In light of the Debtors’ protective measures, the Debtors submit that maintaining the cash management system is in the best interests of their respective estates and creditors.

D. The Court Should Authorize the Debtors To Continue Using Debit, Wire and Automatic Clearing House Payments.

42. The Debtors request that the Court grant further relief from the UST Guidelines to the extent they require the Debtors to make all disbursements by check. In particular, the UST

Guidelines require that all receipts and all disbursements of estate funds be made by check with a notation representing the reason for the disbursement.

43. In the ordinary course of business, the Debtors conduct transactions by debit, wire or ACH payments and other similar methods, as discussed above. In addition, a certain percentage of the Debtors' customer receipts are received through wire payments. To deny the Debtors the opportunity to conduct transactions by debit, wire or ACH payment or other similar methods would interfere with the Debtors' performance of their contracts and unnecessarily disrupt the Debtors' business operations, as well as create additional costs to the Debtors and their affiliates.

E. Business Forms and Checks.

44. As described above, in the ordinary course of business, the Debtors use numerous varieties of business forms. To minimize expenses to the estates, the Debtors request authority to continue to use all correspondence and business forms (including, but not limited to, letterhead, purchase orders and invoices) as such forms were in existence immediately prior to the Petition Date, provided, however, that if the Debtors' business forms stock is depleted prior to the confirmation of the Plan, the Debtors will obtain new business forms stock reflecting their status as debtors-in-possession.

45. By virtue of the nature and scope of the Debtors' business operations and the large number of suppliers of goods and services with whom the Debtors deal on a regular basis, use of new business forms will increase the Debtors' costs.

46. Because parties doing business with the Debtors undoubtedly will be aware of the Debtors' status as debtors-in-possession, changing business forms is unnecessary and unduly burdensome. In other large cases, courts in this District have allowed debtors to use their

prepetition business forms without the “debtor-in-possession” label, at least until the debtors’ existing business forms stock was depleted. See, e.g., In re The Fairchild Corporation, et al., Case No. 09-10899 (CSS) (Bankr. D. Del. Mar. 20, 2009); In re Wickes Holdings, LLC, No. 08-10212 (KJC) (Bankr. D. Del. Feb. 5, 2008); In re Delta Financial Corp., No. 07-11880 (CSS) (Bankr. D. Del. Dec. 19, 2007); In re Pope & Talbot, Inc., No. 07-11738 (CSS) (Bankr. D. Del. Nov. 21, 2007); In re Tweeter Home Entm’t Group, Inc., No. 07-10787 (PJW) (Bankr. D. Del. June 13, 2007).

47. Unlike the business forms, for which there is an existing stock, the Debtors’ checks are printed at the Debtors’ headquarters through the use of a pre-programmed software system. On the Petition Date, the Debtors will immediately contact the software vendor in order to obtain a revised software system which will allow the Debtors to print checks and other business forms in a format that will reflect the Debtors’ status as debtors-in-possession.

48. The Debtors are unable to ascertain with absolute certainty the amount of time that will be required in order to receive and implement the new software system. In connection therewith, the Debtors respectfully request that the Court enter an order authorizing the Debtors’ use of their existing correspondence and business forms for forty-five (45) days. To the extent that the Plan is confirmed prior to the 45-day deadline, this issue is moot. Should the Plan not be confirmed by the 45-day deadline, and should the Debtors require additional time to comply with the UST Guidelines, they will either file a motion seeking further relief prior to the expiration of the requested period or obtain the consent of the United States Trustee for the District of Delaware.

F. The Court Should Authorize the Debtors To Continue Performing Intercompany Transactions and Afford Administrative Expense Priority to Intercompany Claims.

49. Under the cash management system, cash may flow from one Debtor to another in the ordinary course of business or, payments may be made by one Debtor on account of obligations owed by another Debtor (the “Intercompany Transactions”). If these Intercompany Transactions are discontinued, a number of services provided by and to the Debtors could be disrupted. Moreover, the interruption of Intercompany Transactions could preclude the Debtors from receiving certain tax benefits. Accordingly, the Debtors believe continuation of the Intercompany Transactions is in the best interests of the Debtors’ estates and their creditors, and seek authority to enter into such Intercompany Transactions in the ordinary course of business.

50. At any given time, these Intercompany Claims may give rise to balances due and owing between and among the Debtors. These balances represent extensions of intercompany credit made in the ordinary course of business. The Debtors submit that all payments made from the centralized cash management system are subject to rigorous accounting cross-checks and recording. If necessary, the Debtors could and would identify payments made to creditors that legally would give rise to an Intercompany Transaction.

51. To ensure that each individual Debtor will not, at the expense of creditors, fund the operations of an affiliated entity, the Debtors respectfully request that the Court, pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code and subject to the provisions of any order authorizing postpetition use of cash collateral in these Chapter 11 Cases, authorize the Debtors to treat all claims of the Debtors arising out of the Intercompany Transactions (the “Intercompany Claims”) arising after the Petition Date in the ordinary course of business as priority administrative expenses. If the Court authorizes the Debtors to treat Intercompany Claims as priority administrative expenses, then each entity utilizing funds flowing through the cash

management system should continue to bear ultimate repayment responsibility for such ordinary course transactions.<sup>5</sup>

52. Courts have routinely granted such authority in other multidebtor chapter 11 cases for similar reasons. See, e.g., In re Pope & Talbot, Inc., No. 07-11738 (CSS) (Bankr. D. Del. Nov. 21, 2007); In re Joan Fabrics Corp., No. 07-10479 (CSS) (Bankr. D. Del. May 7, 2007); In re Dura Auto. Sys., Inc., No. 06-11202 (KJC) (Bankr. D. Del. Nov. 21, 2006).

53. The Debtors further submit that, because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein, Bankruptcy Rule 6003 has been satisfied.

G. Section 345.

54. The Debtors further request that this Court grant the Debtors a 45-day extension of time to either (i) comply with the requirements of section 345(b) of the Bankruptcy Code or (ii) file a motion seeking to waive the requirements of section 345(b) of the Bankruptcy Code while, in the mean time, permitting the Debtors to maintain their deposits in their accounts in accordance with their existing deposit practices as of the Petition Date.

55. Section 345(a) of the Bankruptcy Code authorizes a debtor in possession to deposit or invest money of the estates, such as cash, “as will yield the maximum net return on such money, taking into account the safety of such deposit or investment.” If deposits or investments are not insured or guaranteed by the United States or backed by the full faith and credit of the United States, section 345(b) of the Bankruptcy Code provides that, unless the Court orders otherwise for cause, the estates must require the entity with which the money is deposited or invested to obtain a bond in favor of the United States that is secured by the undertaking of an

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<sup>5</sup> The Debtors contemplate that Intercompany Claims will be cancelled and receive no distribution under their proposed pre-packaged joint chapter 11 plan of reorganization.

adequate corporate surety. Under Local Rule 4001-3, there is “cause” for relief from section 345 if the debtor files with the Court (a) a statement identifying the money market fund that the Debtors invest with through the Investment Account and (b) a certification from such fund (each, a “Certification”), which shall be accompanied by its currently effective prospectus as filed with the Securities and Exchange Commission, that the fund, among other things, invests exclusively in United States Treasury Bills or United States Treasury Notes owned directly or through repurchase agreements.

56. It is within the Court’s discretion to extend or waive the investment guidelines requirements of section 345(b) of the Bankruptcy Code for “cause.” See 11 U.S.C. § 354(b); see also 140 Cong. Rec. H10752-01 (October 4, 1994) (noting that section 345(b) investment guidelines may be “wise in the case of a smaller debtor with limited funds that cannot afford a risky investment to be lost, [but] can work to needlessly handcuff larger, more sophisticated Debtors”).

57. The Debtors respectfully request that the Court enter an order extending the Debtors’ time to comply with section 345(b) of the Bankruptcy Code for forty-five (45) days, without prejudice to the Debtors’ ability to seek a further extension or final waiver of those requirements. Given the complexity of the Debtors’ cash management system and the mechanisms in place to ensure the security of the cash management system, the Debtors respectfully submit that cause exists to grant an interim forty-five (45) day waiver of the requirements of Bankruptcy Code section 345(b). This Court has previously granted similar relief on numerous occasions. See, e.g., In re The Fairchild Corporation, Case No. 09-10899 (CSS) (Bankr. D. Del. Mar. 20, 2009); In re American Home Mortgage Holdings, Inc., No. 07-11047 (CSS) (Bankr. D. Del. Aug. 7, 2007) (granting sixty day extension); In re ResMAE

Mortgage Corp., No. 07-10177 (KJC) (Bankr. D. Del. Feb. 13, 2007) (same); In re HomeBanc Mortgage Corp., No. 07-11079 (KJC) (Bankr. D. Del. Aug. 14, 2007) (same).

E. Request for Waiver of Stay.

58. The Debtors further seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Rule 6004(h) of the Bankruptcy Rules, “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of ten (10) days after entry of the order, unless the court orders otherwise.” As set forth above, the adequate assurance proposed herein is essential to prevent potentially irreparable damage to the Debtors’ operations, value and ability to reorganize. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the ten (10) day stay imposed by Bankruptcy Rule 6004(h), to the extent it applies.

**Notice**

59. The Debtors shall provide notice of this Motion by facsimile and/or overnight mail to: (i) the Office of the United States Trustee for the District of Delaware; (ii) the Debtors’ largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions; (iii) counsel to the Debtors’ prepetition secured lenders; (iv) the Department of Justice; and (v) the Internal Revenue Service. As this Motion is seeking first-day relief, notice of this Motion and any order entered hereon will be served on all parties required by Del. Bankr. L.R. 9013-1(m). Due to the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice of this Motion is required.

### **No Prior Request**

60. No prior motion for the relief requested herein has been made to this or any other court.

### **Conclusion**

WHEREFORE, for the reasons set forth herein and in the Ogle Affidavit, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, (i) authorizing the Debtors to (a) continue to use, with the same account numbers, all Bank Accounts listed on **Exhibit 1** to the Proposed Order; (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors-in-possession; (c) if needed, open new debtor-in-possession accounts; (d) continue using debit, wire and ACH payments (e) use, in their present form, all correspondence and business forms, without reference to their status as debtors-in-possession; (f) implement, within forty-five (45) days of the Petition Date, a new software system which will allow the Debtors to reference their status as debtors-in-possession on checks, unless the Plan is confirmed prior to the expiration of the forty-five (45) day period; and (g) continue performing and honoring their obligations and commitments with respect to the Intercompany Transactions; (ii) granting the Debtors a 45-day extension of time to comply with the requirements of 345(b) of the Bankruptcy Code; and (iii) granting further relief as the Court may deem just and proper.

Dated: August 3, 2009  
Wilmington, Delaware

Respectfully submitted,



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- and -

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COLT & MOSLE LLP  
Steven J. Reisman (SR-4906)  
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101 Park Avenue  
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*Proposed Co-Counsel for the  
Debtors and Debtors-in-Possession*

**EXHIBIT A**



Bankruptcy Code; and upon the Affidavit of James Ogle in Support of First Day Motions; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue of this proceeding and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and due and proper notice of this Motion having been provided; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtors are authorized, but not directed, to continue using their integrated cash management system as described in the Motion.
3. The Debtors are authorized to: (a) continue to use, with the same account numbers, the bank accounts in existence on the Petition Date, including, without limitation, those Bank Accounts identified on Exhibit 1 attached hereto; (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors-in-possession; (c) if needed, open new debtor-in-possession accounts; (d) continue using debit, wire and ACH payments (e) use, in their present form, all correspondence and business forms, without reference to their status as debtors-in-possession, (f) implement, within forty-five (45) days of the Petition Date, a new software system which will allow the Debtors to reference their status as debtors-in-possession on checks, unless the Plan is confirmed prior to the expiration of the forty-five (45) day period, and

(g) continue performing and honoring their obligations and commitments with respect to the Intercompany Transactions

4. Except as otherwise expressly provided in this order, all Banks at which the Bank Accounts are maintained are authorized to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors-in-possession, without interruption and in the ordinary course of business, and to receive, process, honor and pay any and all checks, drafts, wires and automated clearing house transfers issued and drawn on any of the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

5. Each of the Banks is authorized to debit the Debtors' Bank Accounts in the ordinary course of business without the need for further order of this Court on account of: (a) all checks drawn on the Debtors' Bank Accounts which are cashed at such Banks' counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (b) all checks or other items deposited in any of the Debtors' Bank Accounts prior to the Petition Date which have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Banks as service charges for the maintenance of the cash management system; provided, however, that the Banks shall be authorized to rely on the Debtors' representation that such checks or wires, specifically identified by the Debtors to the Banks, are permitted to be honored pursuant to first day orders, the Banks shall have no obligation to verify same and shall have no liability for honoring checks or wires authorized by the Debtors and shall be indemnified by the Debtors' estates with respect to any and all claims of losses arising from the Bank's good

faith reliance on instructions from the Debtors, except that Debtors shall not indemnify the Banks for their gross negligence or malfeasance.

6. To the extent that the Debtors have consummated a plan of reorganization and/or obtained the consent of the U.S. Trustee's office by the end of such 45 day period, the Debtors shall be authorized to continue using existing correspondence and business forms indefinitely without further order of this Court.

7. Except as otherwise expressly provided in this Order, all Banks at which the Accounts are maintained are authorized to continue to maintain, service and administer the Bank Accounts as accounts of the Debtors as debtors-in-possession, without interruption and in the ordinary course of business, and to receive process, honor and pay any and all checks, drafts, wire transfers and automated clearing house transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be to the extent funds are available in the Bank Accounts upon which such checks, drafts or wire transfers are drawn and, with respect to automated clearing house transfers, only to the extent such transfers are pre-funded. The Banks are authorized to dishonor any drafts or demands that are not pre-funded and reserve the right at any time to demand that the Debtors cash collateralize any existing or future exposures as a result of providing automatic clearing house services without notice or further order of this Court. Upon three (3) days prior written notice to the Debtors' postpetition lenders, the Debtors are authorized to fund such cash collateral without additional notice or further order.

8. The Debtors are authorized to open any new bank accounts or close any existing Bank Accounts as they may deem necessary and appropriate in their sole discretion; provided, however, that the Debtors give notice to the Office of the United States Trustee for the District of

Delaware and any official committees appointed in these Chapter 11 Cases prior to opening or closing a bank account.

9. The Banks are authorized to pay obligations in accordance with this or any separate order of this Court.

10. The Debtors are authorized to continue performing under and honoring their respective obligations, commitments and transactions resulting in intercompany claims that reflect intercompany receivables and payments made in the ordinary course of the business.

11. All intercompany claims against a Debtor by another Debtor or a non-debtor affiliate arising after the Petition Date, as a result of intercompany transfers in the ordinary course of business, be accorded administrative expense priority in accordance with sections 503(b) and 507(a)(2) of the Bankruptcy Code.

12. Any requirements under section 345 of the Bankruptcy Code are waived for an interim period of forty-five (45) days, without prejudice to the Debtors' right to seek a further extension or final waiver of these requirements.

13. As soon as practicable after the entry of this Order, the Debtors shall serve a copy of this Order on the Banks.

14. Except with respect to the limitation on liability regarding the Banks in paragraph 5 above, notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any order regarding the use of cash collateral.

15. Nothing in the Motion or this Order, nor as a result of the Debtors' payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission as to the validity or priority of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute

any claim; or (c) an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code.

16. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

17. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

18. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), 7062 or 9014, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

19. To the extent this Order is inconsistent with any other prior order or pleading with respect to the Motion in these cases, the terms of this Order shall govern.

20. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: \_\_\_\_\_, 2009  
Wilmington, Delaware

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UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT 1**

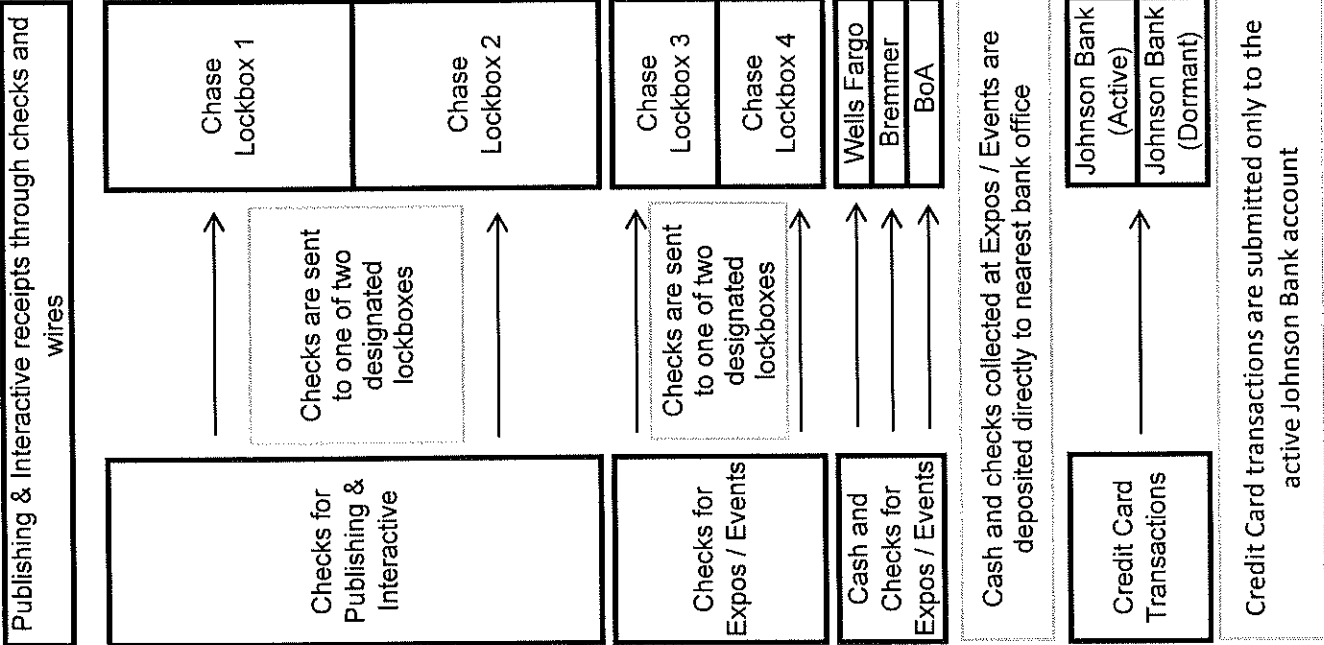
**List of Bank Accounts**

<b>Bank</b>	<b>Account Name</b>	<b>Account Number</b>	<b>Address</b>
Bank of America	Cygnus Business Media, Inc	003931690816	Regional Center VA2-125-04-01 PO Box 27025 Richmond, VA 23261
Bremer Bank	Cygnus Business Media	651356	101 East Fourth St Redwood Falls, MN 56283
JPMorgan Chase (Main Account)	Cygnus Business Media Inc	20569075	111 East Wisconsin Avenue Milwaukee, WI 53202
JPMorgan Chase (Disbursements Account)	Cygnus Business Media Inc	30010899	111 East Wisconsin Avenue Milwaukee, WI 53202
JPMorgan Chase (E Commerce Credit Cards)	Cygnus Business Media Inc	623470119	111 East Wisconsin Avenue Milwaukee, WI 53202
JPMorgan Chase (E Commerce Account)	Firehouse.Com Credit Card Account	623472081	111 East Wisconsin Avenue Milwaukee, WI 53202
JPMorgan Chase - Flexben Account	Cygnus Business Media - Flexben	698569969	111 East Wisconsin Avenue Milwaukee, WI 53202
Johnson Bank	Cygnus Business Media Inc NY Division	11379400	200 Sherman Ave, West Fort Atkinson, WI 53538
Johnson Bank (Credit Card Deposits)	Cygnus Business Media Inc Credit Card Account	1000297977	200 Sherman Ave, West Fort Atkinson, WI 53538
Wells Fargo Bank	Johnson Hill Press Inc dba Cygnus Expositions	275812485	Burnsville Parkway Office PO Box B 514 Minneapolis, MN 55479

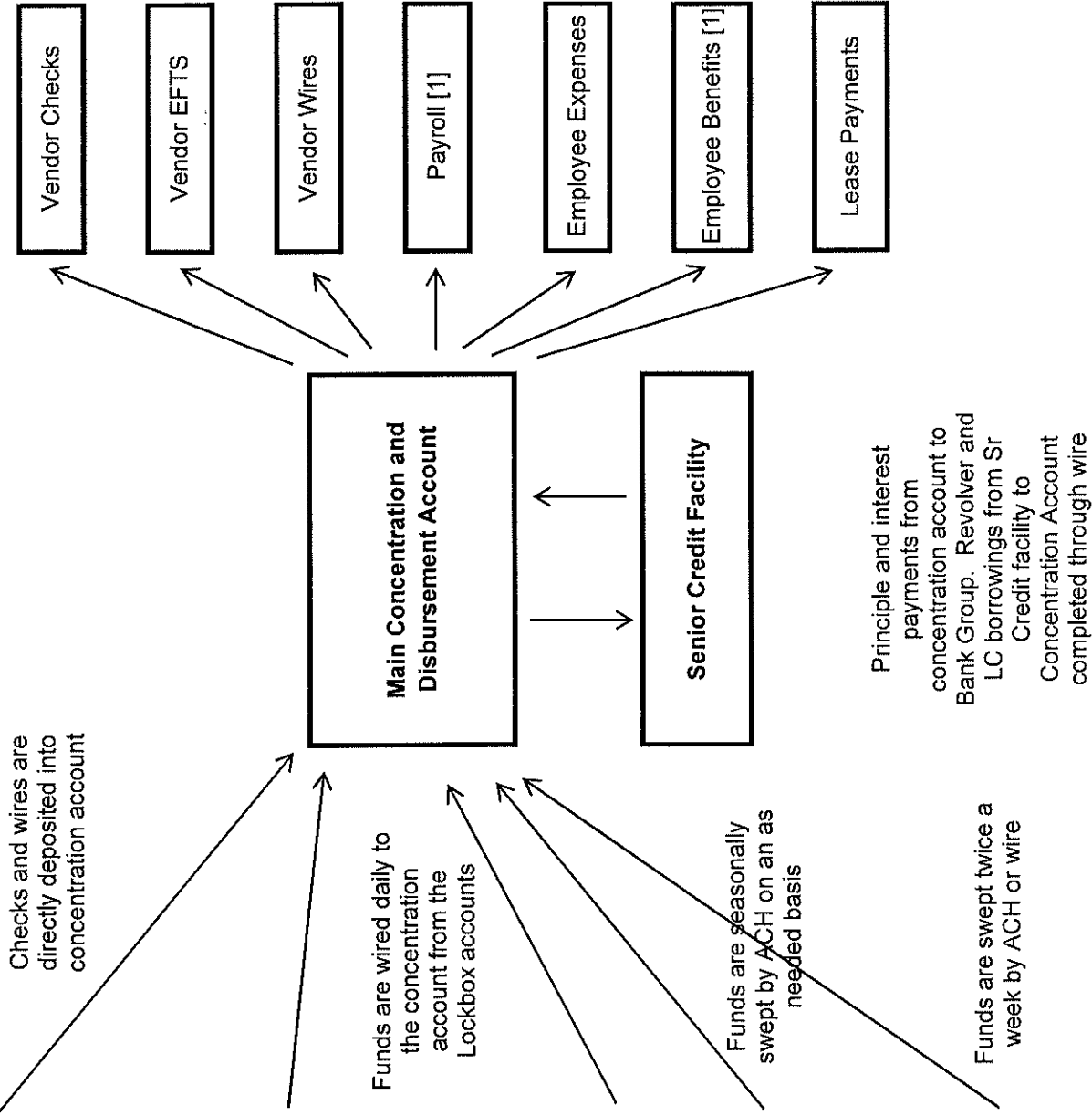
**EXHIBIT B**

# Cygnus Cash Flow Chart

## RECEIPTS:



## DISBURSEMENTS:



[1] The disbursements are made from accounts that are under the control of third parties. Such accounts are funded by the Company.