

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

In re:	)	
	)	
AMERICAN PAD & PAPER COMPANY	)	Chapter 7
	)	
Debtors.	)	Case Nos. 00-00066 (PJW)
	)	Through 00-00068 (PJW)
	)	
	)	Case Nos. 00-00070 (PJW)
	)	Through 00-00072 (PJW)
	)	
	)	Substantively Consolidated
	)	
	)	Re: Docket No. 2241

**REVISED ORDER GRANTING THE FOURTH OMNIBUS OBJECTION  
TO SECTION 507 PRIORITY AND SECURED CLAIMS (SUBSTANTIVE)**


1. The Chapter 7 Trustee filed the Fourth Omnibus Objection to Section 507 Priority and Secured Claims (Substantive) (the "Motion").<sup>1</sup>
2. The Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§157 and 1334; this Motion is a core proceeding under 28 U.S.C. §157(b)(2).
3. Proper notice of the Motion has been provided by the Trustee. Each holder of a Disputed Claim set forth on Exhibits A through C attached hereto was properly and timely served with a copy of the Objection, the Proposed Order and accompanying Exhibits and the Notice of the response deadline thereto, and no further notice of the Objection or of the entry of this Order need be provided.
4. The Motion is GRANTED. Any objection not made to the Motion is waived. Any objection made to the Motion is overruled with prejudice.

<sup>1</sup>Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

*2264*  
*7/24/08*

5. The relief requested in the Motion is in the best interests of the Estates and its creditors.
6. The No Liability Claims identified on the attached Exhibit A are disallowed and expunged in their entirety.
7. The Disputed Claim Amount Claims identified on the attached Exhibit B are hereby reduced to the amount stated in the column titled "Modified Claim Amount."
8. The Insufficient Documentation Claims identified on the attached Exhibit C are disallowed and expunged in their entirety.
9. The Trustee's rights to raise other objections to the Remaining Claims on any and all grounds permitted by law and or equity are preserved.
10. Each of the Disputed Claims and the objections by the Trustee as asserted in the Motion and as set forth on Exhibits A through C attached hereto constitutes a separate contested matter as contemplated by Fed. R. Bankr. P. 9014. This Order shall be deemed a separate Order with respect to each Disputed Claim. Any stay of this Order pending appeal by any of the claimants whose claims are subject to this Order shall only apply to the contested matter which involves such claimant and shall not act to stay the applicability and/or finality of this Order with respect to the other contested matters covered hereby.
11. The Claims Agent in this case is directed to take all appropriate steps to revise the Claims Agent Register in this case to reflect the terms this Order.
12. This Court shall retain jurisdiction with respect to any matter related to or arising from the implementation or interpretation of this Order.

Dated: July 23 2008

  
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THE HONORABLE PETER J. WALSH  
United States Bankruptcy Court Judge

**4th Omnibus Objection Exhibit A: No Liability Claims**  
 In re American Pad and Paper Company. Case No. 00-00066 (P/JW)

Name of Claimant	Claim or Docket Number	Claim Amount	Reason for Disallowance
Cananwill Inc. Attn: Thomasine Corbett 1234 Market St. Ste 340 Philadelphia, PA	POC 3	\$47,666.15	The Debtors paid the off note that is the subject of this claim and therefore, the Estates have no liability for this claim.
Canon Financial Attn: Paul Conover 200 Commerce Sq. Blvd Burlington, NJ 08016	POC 304	\$24,945.67	The copier equipment lease that is the subject of this claim was rejected pursuant to the Order at DN 547, dated 6-9-2000. The equipment that is listed as collateral on the proof of claim was returned to claimant. Thus, claimant has no basis for a claim against the Estates.
Chicago Suburban Express Inc. Attn: Micheal G. Jozwiak PO Box 388668 Chicago, IL 60638	POC 286	\$3,782.49	Claimant's pre-petition claim, filed on 5-22-2000, was paid pursuant to the Critical Trade Vendor Agreement attached to claimant's proof of claim.
City of Aurora Tax & Licensing Division Attn: Charles H. Richardson 1470 S. Havana St. # 704 Aurora, CO 80012	POC 1225	\$803.34	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
City of Chicago Dept. of Revenue Attn: Clive Neish DePaul Center 333 S. State St. Chicago, IL 60604-3977	POC 1049	\$2,666.96	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
City of Chicago Dept. of Revenue Attn: Clive Neish DePaul Center 333 S. State St. Chicago, IL 60604-3977	POC 1050	\$500.00	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.

**4th Omnibus Objection Exhibit A: No Liability Claims**  
 In re American Pad and Paper Company, Case No. 00-00066 (PJW)

Name of Claimant	Claim or Docket Number	Claim Amount	Reason for Disallowance
City of Chicago Dept. of Revenue Attn: Clive Neish DePaul Center 333 S. State St. Chicago, IL 60604-3977	POC 1051	\$75,170.48	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
City of Holyoke attn: Robert F. Kane Jr. Tax Collector 536 Dwight Street Holyoke, MA 01040-5019	POC 525	\$184.32	The Debtors books and records indicate that there are no amounts owing the the claimant for the tax represented in this claim.
City of Holyoke attn: Robert F. Kane Jr. Tax Collector 536 Dwight Street Holyoke, MA 01040-5019	POC 552	\$26,298.60	The Debtors books and records indicate that there are no amounts owing the the claimant for the tax represented in this claim.
City of Holyoke attn: Robert F. Kane Jr. Tax Collector 536 Dwight Street Holyoke, MA 01040-5019	POC 553	\$249.92	The Debtors books and records indicate that there are no amounts owing the the claimant for the tax represented in this claim.
City of Holyoke attn: Robert F. Kane Jr. Tax Collector 536 Dwight Street Holyoke, MA 01040-5019	POC 554	\$202.28	The Debtors books and records indicate that there are no amounts owing the the claimant for the tax represented in this claim.
City of Holyoke attn: Robert F. Kane Jr. Tax Collector 536 Dwight Street Holyoke, MA 01040-5019	POC 555	\$7,086.80	The Debtors books and records indicate that there are no amounts owing the the claimant for the tax represented in this claim.

**4th Omnibus Objection Exhibit A: No Liability Claims**  
 In re American Pad and Paper Company. Case No. 00-00066 (PJW)

Name of Claimant	Claim or Docket Number	Claim Amount	Reason for Disallowance
City of Holyoke attn: Robert F. Kane Jr. Tax Collector 536 Dwight Street Holyoke, MA 01040-5019	POC 556	\$196.82	The Debtors books and records indicate that there are no amounts owing the the claimant for the tax represented in this claim.
City of Morristown PO Box 1499 Morristown, TN 37816-1499	POC 1154	\$44,434.75	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
City Of Sacramento Employment Development Department P. O. Box 826880, MIC 92E Sacramento, CA 94280-0001	POC 1296	\$6,535.15	Claimant filed the claim as an administrative expense priority claim, however, the Bankruptcy Court Clerk's Office recorded the as unsecured non-priority claim. Claim is for Taxes for the period 4-01 to 9-01. TAs of December 31, 2000, the Debtors had sold all operating units and did not have any employees. Thus, the Estates do not have any liability for this claim.
Collin County Tax Assessor Gay McCall Isaacks et al Attn: Savannah Dyer Sorrels 777 E 15th St. Plano, TX 75074	POC 1214	\$8,592.75	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
Collin County Tax Assessor Gay McCall Isaacks et al Attn: Savannah L. Dyer 777 E 15th St. Plano, TX 75074	POC 952	\$4,847.32	The Debtors' records show that there are no taxes owing to Claimant for the period represented in the claim.
County of Cook Law Department Attn. Maria Poppas-Treasurer 118 N. Clark St. Rm. 212 Chicago, IL 60602	POC 1071	\$13,311.82	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.

**4th Omnibus Objection Exhibit A: No Liability Claims**  
 In re American Pad and Paper Company. Case No. 00-00066 (P.JW)

Name of Claimant	Claim or Docket Number	Claim Amount	Reason for Disallowance
County of Erie Attn: James L. Tuppen 69 Delaware Ave. Ste. 300 Buffalo, NY 14202	POC 1022	\$16,207.00	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
Crown Equipment Corporation Attn: Jim Miller 115 N. Main St New Bremen, OH 45869	POC 611	\$4,228.27	Master lease agreement with claimant assumed and assigned pursuant to the Williamhouse asset sale, per the Order at DN 924. The Estates have no liability for cure amounts pursuant to such Order.
Custom Coffee Plan attn: Barbara Lucero PO. Box 39982-2004 Denver, CO 80239	POC 503	\$215.32	Services agreement assumed and assigned per the Order at DN 924. All cure amounts payable by Buyer, thus, the Estates have no liability for this claim.
Custom Coffee Plan attn: Barbara Lucero PO. Box 39982-2004 Denver, CO 80239	POC 504	\$85.82	Services agreement assumed and assigned per the Order at DN 924. All cure amounts payable by Buyer, thus, the Estates have no liability for this claim.
General Electric Capital Corp. Moritt Hock Handoff & Horowitz LLP attn: Leslie A Berkoff Esq 400 Garden City Plaza, Ste. 202 Garden City, NY 11530	POC 291	\$30,623.68	The contract that is the subject of this claim was assumed and assigned pursuant to the Williamhouse sale, by Order at DN 924, dated October 27, 2000. All cure amounts payable by Buyer, thus, the Estates have no liability for this claim.
Hamblen County Trustee Attn: Bill Brittain 511 W. 2nd N. St Morristown, TN 37814	POC 454	\$77,806.69	On 4-11-08 Claimant confirmed that the claim has been satisfied and no amounts are owed by the Estates.
Hamblen County Trustee Attn: Bill Brittain 511 W. 2nd N. St Morristown, TN 37814	POC 455	\$152,817.98	On 4-11-08 Claimant confirmed that the claim has been satisfied and no amounts are owed by the Estates.

**4th Omnibus Objection Exhibit A: No Liability Claims**  
 In re American Pad and Paper Company, Case No. 00-00066 (PJW)

Name of Claimant	Claim or Docket Number	Claim Amount	Reason for Disallowance
Indiana Dept of Revenue Bankruptcy Section Rm N-203 100 N. Senate Ave. Indianapolis, IN 46204	POC 1169	\$116,407.98	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
Kreitmeyer, Mark 202 E. Hoffman St. Sigel, IL 62462	POC 1247	\$3,927.60	The Debtors did not receive approval from the court to pay post-petition severance benefits for employees terminated as a result of the Debtors' sale of the operating units.
Lewis, Dianna 4 Lakeview Lane Uniontown, PA 15401	POC 1037	\$17,000.00	The Estates have no liability for this claim as it was filed before the deadline set forth in the agreement attached to the claim.
Los Angeles County attn: Treasurer & Tax Collector Revenue & Enforcement Division 225 N. Hill St., Room 160 Los Angeles, CA 90012	POC 1239	\$50,200.80	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
Needham, Timothy 5908 Crownover Ct. Plano, TX 75093	POC 551	\$240,000.00	Pusuant to the Stipulation and Order at DN 788, no amounts are owing to claimant on this claim.
Ohio Department of Taxation 30 E. Broad Street Columbus, OH 43215	POC 1150	\$7,358.04	The Debtors' books and records show that there are no taxes due to Claimant for the time periods or amounts contained in the claim.
Primozic, Paula 106 East Hillis St. Youngwood, PA 15697	POC 599	unliquidated	Claim is based upon a workers compensation claim where Liberty Mutual Insurance Co. is the insurer. The insurer has responsibility for the workers compensation claim.

**4th Omnibus Objection Exhibit A: No Liability Claims**  
 In re American Pad and Paper Company. Case No. 00-00066 (PJW)

Name of Claimant	Claim or Docket Number	Claim Amount	Reason for Disallowance
Raymond Leasing Corp. attn: Scott Barth 20 S. Canal St. PO Box 130 Greene, NY 13778-0130	POC 1218	\$168,750.00	Leases were rejected by order at DN 1050, dated Jan. 9, 2001. The Debtors' sold all of their operating divisions as of November 2000 and at the time of the rejection of the leases the Debtors were not in possession of any equipment referenced in the claim. Thus, claimant was free to exercise its rights under the UCC and reclaim the equipment.
State of New Jersey Division of Taxation Compliance Activity PO Box 245 Trenton, NJ 08646	POC 1094	\$356,053.98	The Debtors' books and records and tax returns for the State of New Jersey show that there are no taxes due to the State of New Jersey for the time periods or amounts contained in the claim.
Strickland, Craig 1870 Highgrove Club Alpharetta, GA 30004	POC 347	\$12,500.00	The Debtors' records show that Mr. Strickland was provided with a retention bonus letter in February, 2000 that stated it superseded any prior compensation program, including the pre-petition agreement that is attached to the claim. Mr. Strickland signed the letter but resigned from the Company before the retention bonus was supposed to be paid on June 1, 2000. Thus, the Estates have no liability for this claim.
Texas Workforce Commission attn: Steve Riley TWC Building Austin, TX 78711-2548	POC 494	\$1,937.97	The Estates have no liability for this claim, which was paid via check no. 916131, dated 6-20-00.
Weyerhaeuser Paper Co. Dept. EC3-2B2 PO Box 9777 Federal Way, WA 98063-9777	POC 518	\$138,417.04	Claimant entered into a critical trade vendor agreement dated 8-24-2000 that established a pre-petition amount owing and payment in the amount of \$130,000.00. Thus, the Estates have no liability for this claim.

**4th Omnibus Objection Exhibit B: Disputed Claim Amounts**  
 In re American Pad and Paper Company, Case No. 00-00066 (PJW)

Name of Claimant	Claim or Docket Number	Claim Amount	Modified Claim Amount	Reason for Modification
Commonwealth of Pennsylvania Dept. of Revenue Bureau of Compliance Dept. 280946 Harrisburg, PA 17128-0946	POC 920	\$8,076.20	\$2,034.00	Claim for 2000 franchise tax and 1999 sales tax. The portion of the claims for 1999 sales tax is incorrect as all tax due has been paid. Thus, the claim must be reduced to \$2,034.00 the amount of the estimated franchise tax attributable to the period 1-1-00 to 1-1-00.
County of Attala Tax Collector 100 Court Sq. Kosciusko, MS 39090	POC 65	\$156,621.57	\$64,710.96	Claimant confirmed that current amounts owing for the 2000 tax year for Parcel No. 485003 is \$22,978.00 and for Parcel No. 949000 is \$41,732.96.
County of King Treasury Division King County Administration Building 500 Fourth Ave., Rm 600 Seattle, WA 98104-2387	POC 1232	\$1,582.66	\$962.60	Portion of taxes for tax year 2001 must be expunged as the Debtors sold all assets and ceased operating as of December 31, 2000.
Department of Labor and Industry Bankruptcy Section PO Box 44170 Olympia, WA 98504-4170	POC 1007	\$1,489.49	Priority pursuant 11 U.S.C. § 507(a)(8): \$1,035.76	Workers Comp. dividend for the period 7-1-98 to 6-30-99 of \$453.73 has been offset against the claim, reducing the Section 507(a)(8) priority amount to \$1,035.76.
Herzog Envelope Inc. 17644 NE 65th St. Redmond, WA 98052	POC 559	\$1,685.89	\$649.25	Debtors' records show that the only amount owing to claimant is the amount listed on the Debtors' schedules for the pre-petition claim in the amount of \$649.25.
IBM Corporation Bankruptcy Coordinator 13800 Diplomat Farmers Branch, TX 75234	POC 1276	\$55,257.38	Priority \$12,170.07  Unsecured Non- Priority \$11,175.05	Debtors rejected customer maintenance agreement with claimant effective August 8, 2000. Invoiced amounts after the effective date of rejection are not debts incurred by the Debtors and must be reduced from the total claim amount.

**4th Omnibus Objection Exhibit B: Disputed Claim Amounts**  
 In re American Pad and Paper Company, Case No. 00-00066 (P.JW)

Name of Claimant	Claim or Docket Number	Claim Amount	Modified Claim Amount	Reason for Modification
IOS Capital Inc. Attn: Laurie Smith PO Box 9115 Macon, GA 31208-9115	POC 999	\$76,508.08	Chapter 11 Administrative Expense Priority: \$9,542.80  Unsecured Non- Priority: \$3,276.37	The equipment lease agreement that is the subject of this claim was rejected pursuant to the Order at DN 1050, dated 1-9-01. The claim asserts an administrative priority for amounts due under the remaining lease term from the date of the claim which was filed 4-27-00 in the amount of \$63,688.94. The Trustee disputes this amount because it is a pre-emptive estimated amount that does not reflect actual amounts, if any, that are owed and does not meet the requirements under Section 503(b).
Mississippi State Tax Commission Bankruptcy Section PO Box 23338 Jackson, MS 39225-3338	POC 1170	\$4,774.79	Priority pursuant 11 U.S.C. § 507(a)(8): \$1,005.00  Unsecured Non- Priority: \$152.26	The Debtors' books and records show the tax owed for the periods in the claim should be reduced to \$1,005.00 with priority pursuant to Section 507(a)(8) and \$152.26 with and unsecured non-priority status.
Nordson Corp. Attn: Susan L. Cherry PO Box 101385 Atlanta, GA 30392	POC 834	\$5,578.22	\$3,584.90	The claim was scheduled as an unsecured non-priority claim in the amount of \$3,584.90. Claimant has not provided any documentation to support the claim for additional amounts.
Packaging Corp of America Attn: Karen McGill Credit Department 777 Oakmont Lane #2000 Westmont, IL 60559	POC 1282	\$116,658.41	Unsecured Non- Priority \$30,600.00	Portion of claim asserting claim for \$86,058.41 consists of amounts that were settled pursuant to the critical vendor agreement attached to POC 724.

**4th Omnibus Objection Exhibit B: Disputed Claim Amounts**  
 In re American Pad and Paper Company. Case No. 00-00066 (PJW)

Name of Claimant	Claim or Docket Number	Claim Amount	Modified Claim Amount	Reason for Modification
Texas Workforce Commission attn: Steve Riley TWC Building Austin, TX 78711-2548	POC 495	\$8,136.39	\$5,928.25	Chapter 11 Debtor analysis shows that the claim is based upon an old rate of 1.14%, when the new rate was factored, the claim amount was \$5,928.25. Debtors filed amended return reflecting the adjustment.
Texas Workforce Commission attn: Steve Riley TWC Building Austin, TX 78711-2548	POC 496	\$75,347.74	\$9,015.91	Chapter 11 Debtor analysis shows that the claim is based upon an old rate of 1.44%, when the new rate was factored, the claim amount was \$9,015.91. Debtors filed amended return reflecting the adjustment.

**4th Omnibus Objection Exhibit C: Insufficient Documentation**  
 In re American Pad and Paper Company. Case No. 00-00066 (PJW)

Name of Claimant	Claim or Docket Number	Claim Amount	Reason for Disallowance
Michael Finnel 11734 Blix Street Valley Village, CA 91607-4005	POC 660	\$1,000.00	Claimant alleges priority claim for purchased securities. Claimant did not attach any documentation in support of the claim. The only attached documents were the bar date notice and envelope.
Millenium Inorganic Chemicals Attn: Sam Friedman - VO & GC 200 Int'l Circle, Suite 500 Hunt Valley, MD 21030	POC 484	\$750,000.00	Claimant states that the claim is based upon a letter of credit, however, the claimant does not attach any documents to support its claim. Claimant only attached a copy of the bar date notice. Thus, the claim must be expunged because the claimant failed to support a prime facie claim.
New York State Electric & Gas Corp. P.O. Box 5240 Brighamton, NY	POC 1292	\$35,532.48	Claimant did not attach any documentation to support its claim, and documents attached fail to support a prime facie claim.
Performance Printing PO Box 891560 Dallas, TX 75389-1560	POC 1043	\$169,000.00	Claimant did not attach any documentation to support its claim or to provide proof of security interest. Thus, the claim must be expunged because the claimant failed to support a prime facie claim.