

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: )  
)  
AMES HOLDING CORP., )  
Federal Tax I.D. No. xx-xxx6130, )  
)  
Debtor. )  
\_\_\_\_\_ )

Chapter 11  
Case No. \_\_\_\_\_

In re: )  
)  
AXIA INCORPORATED, )  
Federal Tax I.D. No. xx-xxx5251, )  
)  
Debtor. )  
\_\_\_\_\_ )

Chapter 11  
Case No. \_\_\_\_\_

In re: )  
)  
TAPETECH TOOL CO., INC., )  
Federal Tax I.D. No. xx-xxx7106, )  
)  
Debtor. )  
\_\_\_\_\_ )

Chapter 11  
Case No. \_\_\_\_\_

In re: )  
)  
AMES TAPING TOOL SYSTEMS, INC., )  
Federal Tax I.D. No. xx-xxx6440, )  
)  
Debtor. )  
\_\_\_\_\_ )

Chapter 11  
Case No. \_\_\_\_\_

**DEBTORS' MOTION PURSUANT TO RULE 1015(b) OF THE FEDERAL  
RULES OF BANKRUPTCY PROCEDURE AUTHORIZING JOINT  
ADMINISTRATION OF THEIR RELATED CHAPTER 11 CASES**

Ames Holding Corp. ("Ames Holding"), Axia Incorporated ("Axia"), TapeTech Tool Co., Inc. ("TapeTech"), and Ames Taping Tool Systems, Inc. ("Ames," along with Ames Holding, Axia and Tape Tech, each a "Debtor," collectively, the "Debtors") hereby move this Court (the "Motion"),

pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for entry of an Order, substantially in the form attached hereto as Exhibit A, authorizing the joint administration of the Debtors’ chapter 11 cases and the consolidation of these cases for procedural purposes only. In support of this Motion, the Debtors rely on the *Declaration of R. Andrew Garner in Support of Chapter 11 Petitions and First Day Motions* (the “Garner Declaration”), filed on or about the date hereof, and state as follows:

**Jurisdiction and Venue**

1. On December 14, 2009 (the “Petition Date”), the Debtors each filed with this Court a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committee has been appointed or designated.

2. The Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

3. Venue is proper in this core proceeding pursuant to 28 U.S.C. §§ 1408 and 1409.

**Background**

4. The Debtors are the leading designers, manufacturers, marketers and distributors of “automatic taping and finishing” (“ATF”) tools used to increase productivity in interior drywall finishing. These ATF tools, invented by Ames beginning in 1939, enable interior finishing contractors to finish drywall joints substantially faster than less productive hand finishing methods.

5. Axia is a wholly-owned subsidiary of Ames Holding, and Ames and TapeTech are wholly-owned subsidiaries of Axia. Axia manufactures the ATF tools and then either sells or rents

these tools to Ames and TapeTech. Axia also provides administrative services to Ames and TapeTech, including accounting services, information technology support, marketing, human resources, and customer service, for which Ames and TapeTech pay a specified fee per month. TapeTech is engaged in the business of selling ATF tools wholesale through a network of independent tool dealers and distributors in the U.S. and internationally. These tools are purchased from Axia and sold under the brand name "TapeTech." Ames is engaged primarily in the business of renting ATF tools directly to interior finishing contractors to finish drywall joints prior to painting, wallpapering or other forms of final treatment. Ames offers these ATF tools through two avenues: (i) stores leased by Ames and (ii) franchises granted principally to drywall suppliers

6. Prior to the Petition Date, to obtain the funds necessary to operate their respective businesses, Axia entered into that certain Amended and Restated Credit Agreement (the "Credit Agreement") dated as of April 1, 2008, with a group of lenders party thereto, pursuant to which the lenders agreed to extend certain term loans and a revolving line of credit to Axia. Ames Holding, TapeTech and Ames jointly and severally guaranteed full payment of the indebtedness at any time owing by Axia under the Credit Agreement. To secure this indebtedness, each of the Debtors granted the lenders security interests in and liens upon all or substantially all of their personal property of every kind and nature. As of the Petition Date, the principal balance of the Debtors' indebtedness under the Credit Agreement totaled approximately \$161,000,000. Additional details regarding the Debtors' secured obligations are set forth in the Garner Declaration.

7. The financial viability of the Debtors has been severely impacted by the dramatic decline in commercial and residential construction in the United States, particularly as a result of declines in construction in late 2007. By late 2007, a widespread and dramatic downturn in the commercial and residential markets in the United States was occurring. Commercial and residential

construction levels plummeted as a result. This downturn was followed by a severe crisis in United States and global credit markets. This precipitous fall in the commercial and residential construction in the United States led to a significant decrease in the demand for and use of ATF tools and other products sold and rented by the Debtors and has, therefore, materially and adversely impacted the Debtors' revenue streams

8. Faced with such substantially diminished revenues from sales and rentals of the ATF tools throughout the Debtors' regional markets, the Debtors were unable to generate the funds necessary to cover operating and maintenance costs, including amounts needed to service their secured indebtedness. Confronted by this rapid and dramatic decline in commercial and residential construction and the significantly reduced demand for the Debtors' products, beginning in late 2007, the Debtors pursued a number of actions to reduce fixed costs, including (i) reducing significantly the number of employees and the amount of wages and (ii) closing a number of the Ames' leased locations and negotiating lower monthly rental payments with the landlords for other Ames' locations.

9. Although through these efforts the Debtors were able to reduce their costs significantly, with insufficient revenues, quickly decreasing liquidity and no source of additional financing, the Debtors had no realistic choice but to file the Petitions to enable them to reorganize their affairs and to preserve the value of their business operations. The Debtors hope to achieve as soft a landing as possible by attempting to manage an orderly transition to a purchaser, through a section 363 sale within the first 90 days of bankruptcy, that is willing and able to purchase substantially all the Debtors' assets. The Debtors intend to file a motion early in these chapter 11 cases to establish and seek approval of bid procedures for a sale of substantially all of their assets in cooperation with the Lenders.

**Relief Requested**

10. By this Motion, and pursuant to Bankruptcy Rule 1015(b), the Debtors request that the Court direct the joint administration of these chapter 11 cases and the consolidation of these cases for procedural purposes only.

11. The Debtors anticipate that many, if not most, of the notices, applications, motions, other pleadings, hearings and orders in these chapter 11 cases will relate to relief sought jointly by all of the Debtors. For example, virtually all of the relief sought by the Debtors in the first day motions filed contemporaneously with this Motion is sought on behalf of all of the Debtors.

12. With each of the Debtors having its own case docket, the failure to jointly administer these cases would result in numerous duplicative pleadings filed for each issue and served upon separate service lists. Such duplication of substantially identical documents would be extremely wasteful and time-consuming.

13. In order to administer the Debtors' chapter 11 cases as efficiently as possible, such cases should be administered, for procedural purposes only, under the case number assigned to Ames Holding, which is the ultimate parent company of each of the other Debtors. The Debtors also request that the Clerk of the Court maintain one file and one docket for all of the Debtors' chapter 11 cases, which file and docket should be the file and docket for Ames Holding.



Axia. The Debtors, therefore, are “affiliates” as defined under Section 101(2) of the Bankruptcy Code. Accordingly, this Court is authorized to consolidate these cases for procedural purposes.

17. In addition, Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) provides, in relevant part, as follows:

An order of joint administration may be entered . . . upon the filing of a motion for joint administration . . . supported by an affidavit, declaration or verification, which establishes that the joint administration of two or more cases pending in this Court under title 11 is warranted and will ease the administrative burden for the Court and the parties.

Del. Bankr. L.R. 1015-1.

18. Pursuant to Local Rule 1015-1, the Debtors have filed the Garner Declaration which establishes that the joint administration of the Debtors’ respective estates is warranted and will ease the administrative burden for this Court and the parties. Joint administration of these cases will eliminate the need to prepare, replicate, file and serve duplicative notices, applications and orders in each of the four (4) Debtor cases commenced on the date hereof, thereby saving the Debtors’ estates substantial time and expense. Joint administration will also relieve the Court of entering duplicative orders and maintaining duplicative files and dockets, and, similarly, simplify supervision of the administrative aspects of these chapter 11 cases by the United States Trustee for the District of Delaware.

19. Moreover, because the Motion requests only the administrative consolidation – and not the substantive consolidation – of these estates, joint administration will not adversely affect creditors’ rights. In fact, the reduced costs that will result from the joint administration of these cases will benefit all parties in interest.

20. The Debtors request that the Clerk of the Court maintain one file and one docket for all of the Debtors' chapter 11 cases.

21. The joint administration of affiliated debtors' chapter 11 cases for procedural purposes has been permitted in other chapter 11 cases in this District. See, e.g., In re Magna Entm't Corp., Case No. 09-10720 (MFW) (Bankr. D. Del. Mar. 6, 2009) [Docket No. 26]; In re Aleris Int'l, Inc., Case No. 09-10478 (BLS) (Bankr. D. Del. Feb. 13, 2009) [Docket No. 34]; In re Recycled Paper Greetings, Inc., Case No. 09-10002 (KG) (Bankr. D. Del. Jan. 5, 2009) [Docket No. 38]; In re Semcrude, L.P., Case No. 08-11525 (BLS) (Bankr. D. Del. July 23, 2008) [Docket No. 56]; In re Landsource Comty. Dev. LLC, Case No. 08-11111 (KJC) (Bankr. D. Del. June 10, 2008) [Docket No. 27].

22. For these reasons, the Debtors submit that the relief requested in this Motion is in the best interests of the Debtors and their estates, will reduce the administrative burdens on the Court and all parties in interest, and therefore should be granted.

#### **Notice and No Prior Motion**

23. No trustee, examiner, or statutory creditors' committee has been appointed in these chapter 11 cases. The Debtors will serve notice of this Motion on: (i) counsel to the Debtors' prepetition secured lenders, (ii) the United States Trustee for the District of Delaware; (iii) each of the Debtor's twenty (20) largest unsecured creditors; and (iv) the Internal Revenue Service. As this Motion is seeking first-day relief, notice of this Motion and any order entered herein will be served on all parties required by Local Rule 9013-1(m). The Debtors submit that, under the circumstances, no other or further notice need be provided.

24. No previous request for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that this Court enter an Order substantially in the form annexed hereto as Exhibit A, and grant such other and further relief as this Court deems just and proper.

*[Remainder of page intentionally left blank, signatures on following page ]*

Dated: December 14, 2009  
Wilmington, Delaware

Respectfully submitted,



Mark D. Collins (No. 2981)  
Michael J. Merchant (No. 3854)  
L. Katherine Good (No. 5101)  
Drew G. Sloan (No. 5069)  
RICHARDS, LAYTON & FINGER, P.A.  
One Rodney Square  
920 North King Street  
Wilmington, Delaware 19801  
Telephone: (302) 651-7700  
Facsimile: (302) 651-7701

- and -

C. Edward Dobbs  
Rufus T. Dorsey, IV  
PARKER, HUDSON, RAINER & DOBBS LLP  
1500 Marquis Two Tower  
285 Peachtree Center Avenue, N.E.  
Atlanta, Georgia 30303  
Telephone: (404) 523-5300  
Facsimile: (404) 522-8409

*Proposed Counsel For the Debtors and Debtors-in-Possession*

**Exhibit A**

**Proposed Order**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: )  
)  
AMES HOLDING CORP., )  
Federal Tax I.D. No. xx-xxx6130, )  
)  
Debtor. )  
\_\_\_\_\_ )

Chapter 11  
Case No. \_\_\_\_\_

In re: )  
)  
AXIA INCORPORATED, )  
Federal Tax I.D. No. xx-xxx5251, )  
)  
Debtor. )  
\_\_\_\_\_ )

Chapter 11  
Case No. \_\_\_\_\_

In re: )  
)  
TAPETECH TOOL CO., INC., )  
Federal Tax I.D. No. xx-xxx7106, )  
)  
Debtor. )  
\_\_\_\_\_ )

Chapter 11  
Case No. \_\_\_\_\_

In re: )  
)  
AMES TAPING TOOL SYSTEMS, INC., )  
Federal Tax I.D. No. xx-xxx6440, )  
)  
Debtor. )  
\_\_\_\_\_ )

Chapter 11  
Case No. \_\_\_\_\_

**ORDER PURSUANT TO RULE 1015(b) OF THE FEDERAL  
RULES OF BANKRUPTCY PROCEDURE DIRECTING  
JOINT ADMINISTRATION OF RELATED CHAPTER 11 CASES**

This matter came to be heard upon the motion (the "Motion")<sup>1</sup> of Ames Holding Corp., Axia Incorporated, TapeTech Tool Co., Inc., and Ames Taping Tool Systems, Inc. (each a "Debtor,"

<sup>1</sup> Capitalized terms used in this Order, unless otherwise defined herein, shall have the meanings ascribed to them in the Motion

collectively, the “Debtors”) for entry of an order, pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 1015(b), directing the joint administration of these chapter 11 cases for procedural purposes only; 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 under 28 U.S.C. § 157(b)(2), and (c) notice of the Motion was due and proper under the circumstances; and it appearing that the relief requested in the Motion is in the best interest of the Debtors’ respective estates and creditors and other parties in interest.

NOW, THEREFORE, based upon the Motion and all of the proceedings before this Court, and after due deliberation and sufficient cause appearing therefor, it is hereby:

ORDERED that the Motion is GRANTED; and it is further

ORDERED that the Debtors’ chapter 11 cases shall be jointly administered pursuant to Bankruptcy Rule 1015(b) and consolidated for procedural purposes only; and it is further

ORDERED that nothing contained in this Order shall be deemed or construed as directing or otherwise affecting the substantive consolidation of any of the above-captioned cases; and it is further

ORDERED that the Clerk of Court shall maintain one file and one docket for these chapter 11 cases, which file and docket shall be the file and docket for the chapter 11 case of Ames Holding Corp., Case No, 09- \_\_\_\_\_ (\_\_\_); and it is further

