

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

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 :
 In re: : Chapter 11
 :
 KATY INDUSTRIES, INC., *et al.*,¹ : Case No. 17-11101 (____)
 :
 Debtors. : (Joint Administration Requested)
 -----X

**APPLICATION FOR AN ORDER AUTHORIZING RETENTION
AND APPOINTMENT OF JND CORPORATE RESTRUCTURING AS
CLAIMS AND NOTICING AGENT FOR THE DEBTORS *NUNC PRO
TUNC TO THE PETITION DATE PURSUANT TO 28 U.S.C. § 156(c)***

The above-captioned debtors (collectively, the “Debtors”), by and through their proposed counsel, DLA Piper LLP (US), hereby submit this application (the “Application”), authorizing the retention and appointment of JND Corporate Restructuring, as claims and noticing agent (“JND” or the “Claims Agent”) *nunc pro tunc* to the Petition Date (defined below). In support of this Application, the Debtors rely upon the *Declaration of Travis K. Vandell* (the “Vandell Declaration”), which is attached to this Motion as **Exhibit B** and incorporated by reference in the Application, and the *Declaration of Lawrence Perkins in Support of First Day Pleadings* (the “First Day Declaration”). In further support of this Application, the Debtors submit as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over these cases and this Application pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Katy Industries, Inc. (7589), Continental Commercial Products, LLC (3898), FTW Holdings, Inc. (7467), Fort Wayne Plastics, Inc. (7470), Wabash Holding Corp. (9908), Katy Teweh, Inc. (9839), WII, Inc. (0456), TTI Holdings, Inc. (8680), GCW, Inc. (5610), Hermann Lowenstein, Inc. (4331), American Gage & Machine Company (7074), WP Liquidating Corp. (2310), Ashford Holding Corp. (8113), and HPMI, Inc. (4677). The corporate headquarters and the mailing address for the Debtors listed above is 11840 Westline Industrial Drive, Suite 200, St. Louis, MO 63146.

District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper in this district under 28 U.S.C. §§ 1408 and 1409.

3. Pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final judgment or order with respect to the Motion if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

4. The statutory bases for the relief requested in this Motion are section 156(c) of title 28 of the United States Code, section 105(a) of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2002(f) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 2002-1(f).

BACKGROUND

5. On May 14, 2017 (the “Petition Date”), each of the Debtors filed with this Court a voluntary petition for relief under the Bankruptcy Code.

6. The Debtors continue to be in possession of their properties and to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, no trustee, examiner, or official committee of unsecured creditors has been appointed in the Debtors’ chapter 11 cases. No date has been set for a creditor meeting pursuant to section 341 of the Bankruptcy Code.

13. The Debtors in these chapter 11 cases are Katy Industries, Inc., a publicly traded Delaware corporation, and certain of its wholly-owned direct and indirect subsidiaries (collectively, the “Company”). Founded more than 50 years ago, the Company is a well-known

manufacturer, importer, and distributor of commercial cleaning and consumer storage products as well as a contract manufacturer of structural foam products. The Company distributes its products across the United States and Canada. The Company is best known for such brands as Continental®, Huskee®, Color Guard®, Wilen®, Muscle Mop®, Contico®, Tuffbin®, and SilverWolf®, among many others. The Company operates three manufacturing facilities located in Jefferson City, Missouri, Tiffin, Ohio, and Fort Wayne, Indiana, with its corporate headquarters located in St. Louis, Missouri. The Company currently employs approximately 300 employees, and supplements its workforce with a significant number of additional labor employed through third parties. The Company boasts a broad and loyal customer base with over 1,500 customers encompassing stable industry leaders, providing the Company with a sustainable platform of consumable products and a recurring revenue source. In the fiscal year 2016, the Company generated revenues of approximately \$107.9 million across its various business units.

14. Over the years, the Company acted as an acquirer of various business units, a number of which came with substantial legacy liabilities which caused increasing strains on the Company's liquidity. More recently, in mid-2015, the Company encountered operational challenges primarily as a result of the move of its Bridgeton manufacturing facility (now known as the Jefferson City facility), which led to a marked decline in the Company's cash flow. The relocation, which involved moving all manufacturing operations, caused prolonged production delays, triggered a substantial increase in outsourcing and maintenance costs, thereby reducing revenue and costing the Company millions of dollars in increased costs. Exacerbating these issues, the synergies expected to be realized from the acquisition of the Tiffin manufacturing facility in late 2015 took longer than expected to realize, resulting in further pressures to the

Company's already fragile financial state. Both the losses associated with the Bridgeton facility relocation, and the substantial unrealized investments relating to the Tiffin facility acquisition, when combined with the Company's significant legacy liabilities, led to severely constricted liquidity available to the Company under its existing credit arrangements. Despite numerous efforts to seek alternative financing or investments during this time, the Company was unable to overcome these obstacles, leading to the filing of these chapter 11 cases.

15. The Debtors have determined that preserving and maximizing the value of the Company for the benefit of its customers, employees, vendors, and other stakeholders is best accomplished through the sale of substantially all of their assets. To this end, the Debtors entered into an asset purchase agreement with Jansan Acquisition, LLC ("Jansan" or the "Stalking Horse Purchaser"), a newly created entity co-owned by Highview Capital, LLC, a third-party investor and affiliate of Victory Park Management, LLC, as administrative agent for the Company's pre-petition second lien lender. In addition, the Debtors procured a \$7.5 million debtor-in-possession financing (the "DIP Facility") from Jansan (the "DIP Lender") to provide the Debtors with sufficient liquidity to operate their businesses in chapter 11 during the pendency of the sale process. With these commitments in place, and given the Company's strong portfolio of proprietary brands, and that end-user demand for the Company's products is stable and recurring, a sale process effectuated under section 363 of the Bankruptcy Code has the potential to preserve the jobs of hundreds of employees and the value of products and brands developed by the Company over the last fifty years, ultimately inuring to the benefit of all of the Debtors' stakeholders.

16. Additional factual background regarding the Debtors, including their business operations, capital and debt structures, and the events leading to the filing of these chapter 11

cases, is set forth in detail in the First Day Declaration, which is fully incorporated in this Motion by reference.

RELIEF REQUESTED

17. This Application is made pursuant to section 156(c) of title 28 of the United States Code, section 105(a) of the Bankruptcy Code, Bankruptcy Rule 2002(f), and Local Rule 2002-1(f). By this Application, the Debtors seek entry of an order authorizing the retention and appointment of JND as their Claims Agent in these cases, *nunc pro tunc* to the Petition Date, assuming full responsibility for the distribution of notices and the maintenance, processing, and docketing of proofs of claim filed in the Debtors' chapter 11 cases.

18. The Debtors' selection of JND satisfies the Court's *Protocol for the Employment of Claims and Noticing Agents Under 28 U.S.C. § 156(c)*, as the Debtors have obtained and reviewed engagement proposals from two other prospective claims and noticing agents to ensure selection through a competitive process. The Debtors submit, based on all engagement proposals obtained and reviewed, that JND's rates are competitive and reasonable given JND's quality of services and expertise. The terms of JND's retention are set forth in the Services Agreement annexed hereto as **Exhibit C** (the "Services Agreement"). Through this Application, the Debtors are seeking approval solely of the terms and provisions as set forth herein and the proposed order attached hereto.

BASIS FOR RELIEF REQUESTED

19. Section 156(c) of title 28 of the United States Code, which governs the staffing and expenses of the Court, authorizes the Court to use facilities other than those of the office of the clerk of the bankruptcy court (the "Clerk's Office") for the administration of the bankruptcy case. Specifically, section 156(c) provides that:

Any court may utilize facilities or services, either on or off the court's premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

28. U.S.C. § 156(c).

20. Section 105(a) of the Bankruptcy Code provides that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

21. In addition, Local Rule 2002-1(f) provides:

Upon motion of the debtor or trustee, at any time without notice or hearing, the Court may authorize the retention of a notice and/or claims clerk under 28 U.S.C. § 156(c). In all cases with more than 200 creditors or parties in interest listed on the creditor matrix, unless the Court orders otherwise, the debtor shall file such motion on the first day of these cases or within seven (7) days thereafter. The notice and/or claims clerk shall comply with the Protocol for the Employment of Claims and Noticing Agents under 28 U.S.C. § 156(c) . . . and shall perform the functions below.

- a. Serve the following notices: (a) 341 Notice (Notice of Commencement of Case; (b) Notice of Claims Bar Date in chapter 11 cases; (c) Objections to Claims and Transfers of Claims; (d) Notice of Hearing on confirmation of Plan/Disclosure Statement; (e) Notice of Hearing on motions filed by United States Trustee; (f) Notice of Transfer of Claim; and (g) any motion to convert, dismiss, appoint a trustee, or appoint an examiner filed by the United States Trustee's Office;
- b. Within seven (7) days of mailing, file with the Court, a copy of the notice served with a Certificate of Service attached, indicating the name and complete address of each party served;
- c. Maintain copies of all proofs of claims and proofs of interest filed in these cases;

- d. Maintain the official claims register and record all Transfers of Claims and make changes to the creditor matrix after the objection period has expired. The claims clerk shall also record any order entered by the Court which may affect the claim by making a notation on the claims register and monitor the Court's docket for any claims related pleading filed and make necessary notations on the claims register. No claim or claim information should be deleted for any reason;
- e. Maintain a separate claims register and separate creditor mailing matrix for each debtor in jointly administered cases;
- f. File a quarterly updated claims register with the Court in alphabetical and numerical order. If there has been no claims activity, the claims clerk may file a Certification of No Claim Activity;
- g. Maintain up-to-date mailing list of all creditors and all entities who have filed proofs of claim or interest and/or request for notices for each case and provide such list to the Court or any interested party upon request (within forty-eight (48) hours);
- h. Allow public access to claims and the claims register at no charge. The complete proof of claim and any attachment thereto shall be viewable and accessible by the public, subject to Local Rule 9037-1;
- i. Within fourteen (14) days of entry of an Order dismissing a case or within thirty (30) days of entry of a Final Decree, (a) forward to the Clerk an electronic version of all imaged claims; (b) upload the creditor mailing list into CM/ECF and (c) docket a Final Claims Register. If a case has jointly-administered entities, one combined register shall be docketed in the lead case containing claims of all cases. The claims agent shall further box and transport all original claims to the Philadelphia Federal Records Center, 14470 Townsend Road, Philadelphia, Pennsylvania 19154 and docket a completed SF-135 Form indicating the accession and location numbers of the archived claims;
- j. Within fourteen (14) days of entry of an Order converting a case, (a) forward to the Clerk an electronic version of all imaged claims; (b) upload the creditor mailing list into CM/ECF and (c) docket a Final Claims Register. If a case has jointly-administered entities, one combined register

shall be docketed in the lead case containing claims of all cases. A Final Claims Register shall also be docketed in each jointly-administered case containing the claims of only that specific case. The claims agent shall further box and transport all original claims to the Philadelphia Federal Records Center, 14470 Townsend Road, Philadelphia, Pennsylvania 19154 and docket a completed SF-135 Form indicating the accession and location numbers of the archived claims;

- k. Upon conversion of a chapter 11 case to a chapter 7 case, if there are more than 200 creditors, the claims agent appointed in the chapter 11 case shall (i) continue to serve all notices required to be served, at the direction of the chapter 7 trustee or the Clerk's Office or (ii) submit a termination order. If a termination order has been granted, the Claims Agent shall comply with Del. Bankr. L.R. 2002-1(f)(x) above;
- l. Upon entry of a termination order, terminating the service of a claim agent, the claims agent shall (a) forward to the Clerk an electronic version of all imaged claims; (b) upload the creditor mailing list into CM/ECF and (c) docket a Final Claims Register. If a case has jointly-administered entities, one combined register shall be docketed in the lead case containing claims of all cases. A Final Claims Register shall also be docketed in each jointly-administered case containing the claims of only that specific case. The claims agent shall further box and transport all original claims to the Philadelphia Federal Records Center, 14470 Townsend Road, Philadelphia, Pennsylvania 19154 and docket a completed SF-135 Form indicating the accession and location numbers of the archived claims.

DEL. BANKR. L.R. 2002-1(f).

22. Thus, the Court is authorized to utilize outside agents and facilities for notice and claims purposes, provided that the Debtors' estates pays the cost of such services. Although the Debtors have not yet filed their schedules of assets and liabilities, they anticipate there will be in excess of 200 creditors in these cases. The Debtors respectfully submit that authorizing the relief requested herein is in the best interests of both the Debtors' estates and their creditors, and appropriate in these cases due to the number of creditors, equity holders and other parties-in-

interest involved in these cases, which will likely impose heavy administrative and other burdens on the Debtors, the Court and the Clerk's Office.

JND'S QUALIFICATIONS

23. JND meets all requirements set forth by the United States Bankruptcy Court for the District of Delaware for operation within its jurisdictional bounds and, in fact, appears on the Court's list of approved claims and noticing agents. JND's professionals have acted as claims and noticing agents in many large bankruptcy cases in this district and in other districts nationwide. *See, e.g., In re Verengo, Inc.*, Case No. 16-12098 (BLS) [Dkt. No. 45] (Bankr. D. Del. Sept. 28, 2016); *In re NJOY, Inc.*, Case No. 16-12076 (CSS) [Dkt. No. 24] (Bankr. D. Del. Sept. 20, 2016); *In re Wave Systems Corp.*, Case No. 16-10284 (KJC) [Dkt. No. 215] (Bankr. D. Del. Jul. 1, 2016); *In re Saladworks, LLC*, Case No. 15-10327 (LSS) [Dkt. No. 32] (Bankr. D. Del. Feb. 18, 2015); *In re Atna Resources, Inc.*, Case No. 15-22848 (SBB) [Dkt. No. 183] (Bankr. D. Co. Dec. 17, 2015); *In re HBT JV, LLC*, Case No. 17-40659 (MXM) [Dkt. No. 179] (Bankr. N.D. Tex. Apr. 21, 2017); *In re Palmaz Scientific, Inc.*, Case No. 16-50552 (CAG) [Dkt. No. 33] (Bankr. W.D. Tex. Mar. 9, 2016); *In re QRS Recycling of Georgia, LLC*, Case No. 16-58837 (JRS) [Dkt. No. 41] (Bankr. N.D. Ga. May 26, 2016); *In re Saipan Sea Ventures, Inc.*, Case No. 17-00001 (RJF) [Dkt. No. 64] (U.S.D.C. Bankr. Div. Northern Mariana Islands Apr. 6, 2017); *In re Whistler Energy II LLC*, Case No. 16-10661 (JAB) [Dkt. No. 176] (Bankr. E.D. La. Jul. 6, 2016).² Accordingly, based on JND's experience in this district, the Debtors submit that JND is equipped to handle the volume of mailings and claims involved in these cases.

² The referenced orders are voluminous in nature and, therefore, are not attached to this Motion; however, in accordance with Local Rule 7007-2, as made applicable to main cases by the Court's General Chambers Procedures, undersigned counsel has copies of each order and will make them available to the Court or to any party that requests them. Additionally, the Orders are available on the Court's CM/ECF PACER site at the cited docket index numbers and on the dates specified above.

SERVICES TO BE PROVIDED

24. This Application pertains only to the work to be performed by the Claims Agent under the Clerk's delegation of duties permitted by 28 U.S.C. § 156(c) and Local Rule 2002-1(f), and any work to be performed by the Claims Agent outside of this scope is not covered by this Application or any order granting approval hereof. Specifically, the Claims Agent will perform the following tasks:

- i. Prepare and serve required notices and documents in the cases in accordance with the Bankruptcy Code and the Bankruptcy Rules in the form and manner directed by the Debtors and/or the Court, including (i) notice of any claims bar date, (ii) notices of transfers of claims, (iii) notices of objections to claims and objections to transfers of claims, (iv) notices of any hearings on a disclosure statement and confirmation of the Debtors' plan or plans of reorganization, including under Bankruptcy Rule 3017(d), (v) notice of the effective date of any plan and (vi) all other notices, orders, pleadings, publications and other documents as the Debtors or Court may deem necessary or appropriate for an orderly administration of these cases;
- ii. Maintain an official copy of the Debtors' schedules of assets and liabilities and statement of financial affairs (collectively, "Schedules"), listing the Debtors' known creditors and the amounts owed thereto;
- iii. Maintain (i) a list of all potential creditors, equity holders and other parties-in-interest; and (ii) a "core" mailing list consisting of all parties described in Bankruptcy Rule 2002(i), (j) and (k) and those parties that have filed a notice of appearance pursuant to Bankruptcy Rule 9010; update said lists and make said lists available upon request by a party-in-interest or the Clerk;
- iv. Furnish a notice to all potential creditors of the last date for the filing of proofs of claim and a form for the filing of a proof of claim, after such notice and form are approved by this Court, and notify said potential creditors of the existence, amount and classification of their respective claims as set forth in the Schedules, which may be effected by inclusion of such information (or the lack thereof, in cases where the Schedules indicate no debt due to the

subject party) on a customized proof of claim form provided to potential creditors;

- v. Maintain a post office box or address for the purpose of receiving claims and returned mail, and process all mail received;
- vi. For *all* notices, motions, orders or other pleadings or documents served, prepare and file or caused to be filed with the Clerk an affidavit or certificate of service within seven (7) business days of service which includes (i) either a copy of the notice served or the docket numbers(s) and title(s) of the pleading(s) served, (ii) a list of persons to whom it was mailed (in alphabetical order) with their addresses, (iii) the manner of service, and (iv) the date served;
- vii. Process all proofs of claim received, including those received by the Clerk's Office, and check said processing for accuracy, and maintain the original proofs of claim in a secure area;
- viii. Maintain the official claims register for the Debtors (the "Claims Register") on behalf of the Clerk; upon the Clerk's request, provide the Clerk with certified, duplicate unofficial Claims Register; and specify in the Claims Register the following information for each claim docketed: (i) the claim number assigned, (ii) the date received, (iii) the name and address of the claimant and agent, if applicable, who filed the claim, (iv) the amount asserted, (v) the asserted classification(s) of the claim (*e.g.*, secured, unsecured, priority, *etc.*), and (vi) any disposition of the claim;
- ix. Implement necessary security measures to ensure the completeness and integrity of the Claims Register and the safekeeping of the original claims;
- x. Record all transfers of claims and provide any notices of such transfers as required by Bankruptcy Rule 3001(e);
- xi. Relocate, by messenger or overnight delivery, all of the court-filed proofs of claim to the offices of the Claims Agent, not less than weekly;
- xii. Upon completion of the docketing process for all claims received to date for each case, turn over to the Clerk copies

of the claims register for the Clerk's review (upon the Clerk's request);

- xiii. Monitor the Court's docket for all notices of appearance, address changes, and claims-related pleadings and orders filed and make necessary notations on and/or changes to the claims register;
- xiv. Assist in the dissemination of information to the public and respond to requests for administrative information regarding these cases as directed by the Debtors or the Court, including through the use of a case website and/or call center;
- xv. If these cases are converted to chapter 7, contact the Clerk's Office within three (3) days of the notice to the Claims Agent of entry of the order converting these cases;
- xvi. Thirty (30) days prior to the close of these cases, to the extent practicable, request that the Debtors submit to the Court a proposed Order dismissing the Claims Agent and terminating the services of such agent upon completion of its duties and responsibilities and upon the closing of these cases;
- xvii. Within seven (7) days of notice to the Claims Agent of entry of an order closing the chapter 11 case, provide to the Court the final version of the claims register as of the date immediately before the close of these cases; and
- xviii. At the close of these cases, (i) box and transport all original documents, in proper format, as provided by the Clerk's Office, to (A) the Philadelphia Federal Records Center, 14700 Townsend Road, Philadelphia, PA 19154 or (B) any other location requested by the Clerk's Office; and (ii) docket a completed SF-135 Form indicating the accession and location numbers of the archived claims.

25. The Claims Register shall be opened to the public for examination without charge during regular business hours and on a case-specific website maintained by the Claims Agent.

COMPENSATION

26. The Debtors respectfully request that the reasonable and undisputed fees and expenses incurred by the Claims Agent in the performance of the above services be treated as

administrative expenses of the Debtors' estates pursuant to 28 U.S.C. § 156(c) and section 503(b)(1)(A) of the Bankruptcy Code and be paid in the ordinary course of business without further application to or order of the Court. The Claims Agent agrees to maintain records of all services showing dates, categories of services, fees charged and expenses incurred, and to serve monthly invoices on the Debtors, the Office of the United States Trustee, counsel for the Debtors, counsel for any official committee, if any, monitoring the expenses of the Debtors and any party-in-interest who specifically requests service of the monthly invoices (collectively, the "Notice Parties"). In the case of a dispute regarding the invoice amount, the Notice Parties will give written notice to JND and the Debtors within ten (10) days of receipt of the invoice at issue. In such event, the Debtors will remit only the undisputed portion of the invoice and, if applicable, will pay the remainder to JND upon resolution of the disputed portion, as agreed to by the parties or mandated by this Court.

27. Before the Petition Date, the Debtors provided JND a retainer in the amount of \$35,000. JND seeks to first apply the retainer to all prepetition invoices, and thereafter, to have the retainer replenished to the original retainer amount, and thereafter, to hold the retainer under the Services Agreement during these cases as security for the payment of fees and expenses under the Services Agreement. Following termination of the Services Agreement, JND will return to the Debtors any amount of the retainer that remains.

28. Additionally, under the terms of the Services Agreement, the Debtors have agreed to indemnify, defend, and hold harmless JND and its members, officers, employees, representatives, and agents under certain circumstances specified in the Services Agreement, provided that the Debtors shall have no obligation to indemnify JND, or provide contribution or reimbursement to JND, for any claim or expense that is either: (i) judicially determined (the

determination having become final) to have arisen from JND's gross negligence, willful misconduct or fraud; (ii) for a contractual dispute in which the Debtors allege the breach of JND's contractual obligations if the Court determines that indemnification, contribution or reimbursement would not be permissible pursuant to *United Artists Theatre Co. v. Walton (In re United Artists Theatre Co.)*, 315 F.3d 217 (3d Cir. 2003); or (iii) settled prior to a judicial determination under (i) or (ii), but determined by this Court, after notice and a hearing, to be a claim or expense for which JND should not receive indemnity, contribution or reimbursement under the terms of the Services Agreement as modified by the Order. The Debtors believe that such an indemnification obligation is customary, reasonable, and necessary to retain the services of a claims and noticing agent in these Cases

29. Accordingly, the Debtors believe that the compensation rates and procedures are reasonable and appropriate for services of this nature and comparable to those charged by other providers of similar services.

JND'S DISINTERESTEDNESS

30. To the best of the Debtors' knowledge, and as disclosed in the Vandell Declaration, JND (a) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, except that JND was employed by the Debtors prior to the Petition Date as allowed by section 1107(b) of the Bankruptcy Code, and (b) does not hold or represent an interest materially adverse to the Debtors' estates.

31. The Vandell Declaration represents that, to the best of JND's knowledge, JND is not materially connected with the Debtors, their creditors, other parties-in-interest, the United States Trustee, or any person employed by the Office of the United States Trustee and that to the best of JND's knowledge, after due inquiry, JND does not, by reason of any direct or indirect

relationship to, connection with, or interest in the Debtors, hold or represent any interest materially adverse to the Debtors, their estates, or any class of creditors or equity interest holders with respect to the matter upon which it is to be engaged.

32. JND is not a creditor of the Debtors.

33. Should JND discover any new relevant facts or relationships bearing on the matters described in this Application during the period of its retention, JND will use reasonable efforts to file a supplemental declaration promptly.

34. The Debtors have been informed that JND will not share with any person or firm the compensation to be paid for services rendered in these cases, except as among employees of JND.

35. In further connection with its retention as Claims Agent, JND represents, among other things, that:

- i. JND will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the notice and claims agent in this Chapter 11 Case;
- ii. By accepting employment in this Chapter 11 Case, JND waives any rights to receive compensation from the United States government in its capacity as the notice and claims agent in this Chapter 11 Case;
- iii. In its capacity as the notice and claims agent in this Chapter 11 Case, JND will not be an agent of the United States and will not act on behalf of the United States; and
- iv. JND will not employ any past or present employee of the Debtors in connection with its work as the notice and claims agent in this Chapter 11 Case.

36. For the reasons set forth herein, the Debtors believe that the employment of JND to render the types of services requested herein are necessary, appropriate, and in the best interests of the Debtors' estates. By this Application, the Debtors, therefore, request authority to

employ and retain JND on the terms and conditions set forth herein and in the Services Agreement attached hereto.

COMPLIANCE WITH THE COURT'S PROTOCOL

37. This Application complies with the *Protocol for the Employment of Claims and Noticing Agents Under 28 U.S.C. § 156(c)* and conforms to the standard Section 156(c) application in use in this Court.

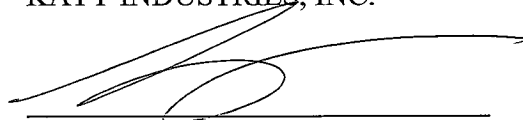
NOTICE

38. Notice of this Application shall be provided to: (a) the Office of the United States Trustee for the District of Delaware, (b) each of the Debtors' twenty (20) largest unsecured creditors on a consolidated basis, (c) counsel to the Agent for the Prepetition First Lien Lenders, (d) counsel to the Agent for the Prepetition Second Lien Lender, (e) counsel to the DIP Lender, (f) counsel to the Stalking Horse Purchaser, (g) the United States Attorney's Office for the District of Delaware, (h) the Internal Revenue Service, (i) the Securities and Exchange Commission, and (j) any party that has requested notice pursuant to Bankruptcy Rule 2002. As this Application is seeking first-day relief, notice of this Application and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). Due to the urgency of the circumstances surrounding this Application and the nature of the relief in this Application, the Debtors respectfully submit that no further notice of this Application is required.

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Dated: May 14, 2017

KATY INDUSTRIES, INC.

A handwritten signature in black ink, appearing to read 'Lawrence Perkins', is written over a horizontal line. The signature is stylized and extends to the right of the line.

Name: Lawrence Perkins

Title: Chief Restructuring Officer