

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

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In re:	)	
	)	Chapter 11
	)	
REVSTONE INDUSTRIES, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 12-13262 (BLS)
	)	(Joint Administration)
	)	
Debtors.	)	Related Docket No.: 916
	)	Hearing Date: September 16, 2013 at 10am
	)	Obj. Deadline: September 9, 2013 at 4 p.m.

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**OBJECTION AND RESERVATION OF RIGHTS OF THE PENSION BENEFIT  
GUARANTY CORPORATION REGARDING REVSTONE INDUSTRIES, LLC'S  
MOTION FOR ORDER PURSUANT TO 11 U.S.C. §§ 105 & 363 AND BANKRUPTCY  
RULE 9019 AUTHORIZING AND APPROVING RELEASE OF CLAIMS**

The Pension Benefit Guaranty Corporation (“PBGC”), by and through its undersigned counsel, hereby objects (“Objection”) to Revstone Industries, LLC’s (“Revstone”) Motion for Order Pursuant to 11 U.S. C. §§ 105 and 363 of the United States Bankruptcy Code (“Bankruptcy Code”) and Rule 9019 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”) Authorizing and Approving Release of Claims to Ford Motor Company (“Ford”) (Docket No. 916, hereinafter “Motion”), and PBGC further reserves its rights with respect to the Motion. In support thereof, PBGC respectfully states as follows:

**BACKGROUND**

1. On December 3, 2012, Revstone Industries, LLC (“Revstone”) and Spara, LLC (“Spara”) each filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On January 7, 2013, Greenwood Forgings, LLC (“Greenwood”) and US Tool & Engineering, LLC

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<sup>1</sup> The Debtors in these Chapter 11 Cases and the last four digits of each Debtor’s federal tax identification numbers are: Revstone Industries, LLC (7222); Spara, LLC (6613); Greenwood Forgings, LLC (9285); and US Tool & Engineering, LLC (6450). The location of the Debtors’ headquarters and the service address for each of the Debtors is 2250 Thunderstick Dr., Suite 1203, Lexington, KY 40505.

(“US Tool,” and collectively with Revstone, Spara and Greenwood, the “Debtors”) each filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

2. On February 6, 2013, this Court entered an order authorizing joint administration of the above-mentioned related Chapter 11 cases.

3. PBGC is a creditor of all of the Debtors and all of their non-debtor affiliates including, but not limited to, Contech Castings, LLC (“Contech”).

4. Revstone is a holding company with interests in various non-debtor component manufacturers, including Contech.

5. Ford Motor Company (“Ford”) is an original equipment manufacturer and, until August 2, 2013, was one of the principal customers of Contech. Pursuant to purchase orders, supply contracts and related agreements, Contech produced and supplied Ford with component parts (“Component Parts”).

6. To maximize the value of Contech and maintain the timely and uninterrupted production and supply of Component Parts, Ford, Contech and Contech Real Estate Holdings, LLC (“Contech Group”) entered into an Automotive Sale Transaction Support Agreement (“Ford Support Agreement”) on or about June 21, 2013. Under the Ford Support Agreement, Contech will or has received significant financial support and other extraordinary accommodations in the form of direct payments and certain debt forgiveness from Ford.

7. Revstone is not a party to the Ford Support Agreement and does not have any rights or obligations under the Ford Support Agreement. Nonetheless, the Ford Support Agreement provides that Revstone will receive a \$2 million cash payment directly from Ford (“Ford Payment”) if, by no later than September 18, 2013, Revstone executes and delivers to Ford a release duly authorized and approved by this Court (“Release”). If this condition precedent is

timely met, Contech is to designate an account to which Ford is to wire transfer the \$2 million pursuant to the Ford Support Agreement.

8. Revstone's delivery of the Release arose once Contech Group completed the sale and transfer of substantially all of its assets to Shiloh Die Casting Midwest, LLC, which closed on August 2, 2013.

9. Revstone lacks any known claim that it may assert against Ford and has had no contractual relationship with Ford.

10. Revstone seeks this Court's authorization and approval of its decision to execute and deliver the Release to Ford by September 18, 2013 in exchange for the Ford Payment.

### **OBJECTION**

**I. This Court should not approve the Motion because approval would facilitate a transfer that may be fraudulent as to Contech's creditors.**

11. This Court should not approve the Motion because it provides, on its face, for a post-petition payment to equity to the detriment of the non-debtor Contech estate, which is insolvent, and its creditors, including PBGC. Pursuant to the Ford Support Agreement, which Revstone is *not* a party to, Ford will provide the Ford Payment directly to Revstone in exchange for the Release, which, on information and belief, is of no value as there are no known claims of Revstone against Ford to release. The Ford Support Agreement has been a mutually beneficial arrangement between Ford and Contech whereby, in exchange for a consistent production and supply of Component Parts, Ford has provided significant financial support and accommodations in the form of direct payments and certain debt forgiveness to Contech. Revstone itself has represented that it has no rights or obligations under the Ford Support Agreement and has no other contractual relationship with Ford<sup>2</sup>, yet Revstone claims to be entitled to the Ford Payment

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<sup>2</sup> See Motion at p. 3.

in exchange for a seemingly valueless Release. Furthermore, Contech, which has the contractual relationship with Ford, is charged with designating an account to which Ford will wire the Ford Payment<sup>3</sup> and has been the sole recipient of all other payments made by Ford under the Ford Support Agreement. The Ford Payment to Revstone, which is triggered by consummation of the Contech asset sale and pursuant to the Ford Support Agreement, appears to be a diversion of value away from Contech, an insolvent entity, and its creditors to Revstone for less than reasonably equivalent value to the detriment of creditors' rights at Contech. This Court should not approve the Motion because approval would facilitate a transfer that may be fraudulent as to Contech and its creditors, including PBGC.

**II. If this Court approves the Motion, any order entered approving the Motion should not constitute a determination that the Ford Payment is not a fraudulent transfer.**

12. PBGC objects to the Motion. However, if the Court approves the Motion, nothing in the Order approving the Motion should be deemed a waiver by the PBGC of its rights and remedies to seek to avoid any transfer to Revstone from Ford, and the Order should not constitute the Court's determination that any such transfer is not avoidable as a fraudulent transfer. Furthermore, this Court should specify in its Order that in the event it is adjudicated that the Ford Payment is a post-petition fraudulent transfer, the Ford Payment shall be refunded in its entirety to the Contech estate.

**RESERVATION OF RIGHTS**

13. PBGC expressly reserves its rights to object to the Motion and raise any objection at any hearing to consider the Motion.

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<sup>3</sup> See Motion, Footnote 2.

## CONCLUSION

For the foregoing reasons, PBGC requests that the Court deny the Motion. In the alternative, if the Court approves the Motion, PBGC requests that the order approving the Motion provide for the following:

1. Nothing in the Order approving the Motion shall be deemed a waiver by the PBGC of its rights and remedies to seek to avoid any transfer to Revstone from Ford, and the Order shall not constitute the Court's determination that any such transfer is not avoidable as a fraudulent transfer;
2. In the event that it is adjudicated that the Ford Payment is found to be a post-petition fraudulent transfer, the Ford Payment shall be refunded in its entirety to the Contech estate; and
3. Granting any and all relief as this Court deems just and proper.

Dated: September 9, 2013  
Washington, D.C.

Respectfully Submitted,

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