

Edgar Filing: REUNION INDUSTRIES INC - Form 8-K

REUNION INDUSTRIES INC  
Form 8-K  
June 05, 2008

=====

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-1004

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) June 5, 2008  
-----

REUNION INDUSTRIES, INC.

-----  
(Exact name of registrant as specified in its charter)

DELAWARE 01-15739 06-1439715  
-----  
(State of Incorporation) (Commission File No.) (IRS Employer ID No.)

11 STANWIX STREET, SUITE 1400  
PITTSBURGH, PENNSYLVANIA 15222

-----  
(Address of principal executive offices, including zip code)

(412) 281-2111

-----  
(Registrant's telephone number, including area code)

NOT APPLICABLE

-----  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the

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Exchange Act (17 CFR 240.13e-4(c))

=====  
Item 8.01 - Other Events

As previously reported, on November 26, 2007 Reunion Industries, Inc. ("Reunion") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Connecticut, Bridgeport Division (the "Bankruptcy Court"). Reunion continues to operate as "debtor-in-possession" in that proceeding under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. Attached to and made a part of this Report is Reunion's Monthly Operating Report that was filed on May 28, 2008 with the Bankruptcy Court and the United States Trustee pursuant to Rule 2015 of the Federal Rules of Bankruptcy Procedure.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: June 5, 2008  
-----

REUNION INDUSTRIES, INC.  
(Registrant)

By: /s/ John M. Froehlich  
-----  
John M. Froehlich  
Executive Vice President  
of Finance and Chief  
Financial Officer

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UNITED STATES BANKRUPTCY COURT  
 BRIDGEPORT DIVISION - DISTRICT OF CONNECTICUT  
 MONTHLY OPERATING REPORT

In re REUNION INDUSTRIES, INC.  
 -----

Case No. 07-50727(AHWS)  
 -----

Reporting Period: APR-08  
 -----

Federal Tax I.D. # 06-1439715  
 -----

CORPORATE MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document	Explanation Attached	Attached
Schedule of Cash Receipts and Disbursements		MOR-1	YES	N/A
Bank Reconciliations	MOR-1 (CON'T)		YES	N/A
Statement of Operations	MOR-2		YES	N/A
Balance Sheet	MOR-3		YES	N/A
Status of Post-petition Taxes	MOR-4		YES	N/A
Summary of Unpaid Post-petition Debts		MOR-4	YES	N/A
Accounts Receivable	MOR-5		YES	N/A
Taxes Reconciliation & Aging	MOR-5		YES	N/A
Payments -Insiders/Professionals	MOR-6		YES	N/A
Post Petition Status of Secured Notes, Leases Payable	MOR-6		YES	N/A
Debtor Questionnaire	MOR-7		YES	N/A

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Authorized Individual \s\ JOHN M. FROEHLICH, CFO Date MAY 23, 2008  
 -----

Authorized individual must be an officer, director or shareholder if debtor is a corporation.

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- A-1 -

REUNION INDUSTRIES, INC.  
 MONTHLY OPERATING REPORT - 1  
 CASH RECEIPTS AND DISBURSEMENTS  
 APRIL 2008  
 -----

CASE NO. 07-50727 (AHWS)  
 page 1/5

Cash - beginning of period excluding lock-boxes	\$ 392,901
Plus: DIP borrowings	3,050,000
Plus: Net proceeds from sale of CPI	50,759,024
Less: Disbursements	
Net payroll	488,572
Payroll taxes	352,133
Steel purchases - CPI	0
Titan disbursements	23,111
Other operating	1,310,931
Reorganization:	
Professional fees	120,395
U.S. Trustee fees	13,000
Adequate Protection Payments	50,000
	-----
Total	2,358,142
Less: Outstanding checks	391,307
	-----
Cash - end of period	\$51,452,476
	=====

NOTE:

In connection with the sale of the CP Industries division on April 18, 2008, the Company's DIP Financing Agreement was paid in full. Additionally, another creditor with a secured lien was paid in full. The total of these payments was \$14.7 million. This amount has been netted against the proceeds from the sale of the CPI division.

- A-2 -

REUNION INDUSTRIES, INC.  
 MONTHLY OPERATING REPORT - 1  
 BANK RECONCILIATION  
 AS OF APRIL 30, 2008  
 -----

CASE NO. 07-50727 (AHWS)  
 page 2/5

BANK TYPE ACCOUNT NUMBER	PNC BANK OPERATING 2161326	PNC BANK PAYROLL 2184149	PNC BANK HEALTHCARE 2880718	PNC BANK PENSION 10382890
Balance per books	\$ 76,022 =====	\$ 0 =====	\$ 0 =====	\$ 0 =====
BANK BALANCE	\$190,310	\$ 0	\$ 86,042	\$ 710
Deposits in transit	0			
Outstanding checks	(114,288)	-	(86,042)	(710)
Other - explain below	See Note 1 -----	-----	-----	-----
Adj. Bank Balance	\$ 76,022 =====	\$ 0 =====	\$ 0 =====	\$ 0 =====

("Adj. Bank Balance" must equal "Balance per books".)

EXPLANATION OF OTHER:

Note 1: Bank balance includes \$150,310 in an overnight deposit account.

- A-3 -

REUNION INDUSTRIES, INC.  
 MONTHLY OPERATING REPORT - 1  
 BANK RECONCILIATION  
 AS OF APRIL 30, 2008  
 -----

CASE NO. 07-50727 (AHWS)  
 page 3/5

BANK TYPE ACCOUNT NUMBER	PNC BANK PENSION 1011567058	PNC BANK WORK FUND 1896806	PNC BANK CPI-OP 1898000	PNC BANK CPI-PEN 1910807
Balance per books	\$ 0 =====	\$ 0 =====	\$ 0 =====	\$ 0 =====
BANK BALANCE	\$ 0	\$ 3,673	\$ 0	\$ 2,259
Deposits in transit	0			
Outstanding checks	0	(3,673)		(2,259)
Other - explain below	-----	-----	-----	-----
Adj. Bank Balance	\$ 0 =====	\$ 0 =====	\$ 0 =====	\$ 0 =====

("Adj. Bank Balance" must equal "Balance per books".)

- A-4 -

REUNION INDUSTRIES, INC.  
 MONTHLY OPERATING REPORT - 1  
 BANK RECONCILIATION  
 AS OF APRIL 30, 2008  
 -----

CASE NO. 07-50727 (AHWS)  
 page 4/5

BANK TYPE ACCOUNT NUMBER	PNC BANK Cash Collat'l 1019820572	PNC BANK Carve-Out 1019820847	PNC BANK Segregated 1019821057
Balance per books	\$50,259,024 =====	\$ 250,000 =====	\$ 250,000 =====
BANK BALANCE	\$50,259,024	\$ 250,000	\$ 250,000
Deposits in transit			
Outstanding checks			
Other - explain below			

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	-----	-----	-----
Adj. Bank Balance	\$50,259,024	\$ 250,000	\$ 250,000
	=====	=====	=====

("Adj. Bank Balance" must equal "Balance per books".)

- A-5 -

REUNION INDUSTRIES, INC.  
MONTHLY OPERATING REPORT - 1  
BANK RECONCILIATION  
AS OF APRIL 30, 2008  
-----

CASE NO. 07-50727 (AHWS)  
page 5/5

BANK  
TYPE  
ACCOUNT NUMBER

FIFTH THIRD  
OPERATING  
7512940417

FIFTH THIRD  
LOCK-BOX  
1055011

FIFTH THIRD  
PAYROLL  
1065629



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Balance per books	\$ 377,303 =====	\$ 240,127 =====	\$ 0 =====
BANK BALANCE	\$ 561,638	\$ 240,127	\$ 0
Deposits in transit			
Outstanding checks	(184,335)		
Other - explain below	-----	-----	-----
Adj. Bank Balance	\$ 377,303 =====	\$ 240,127 =====	\$ 0 =====

("Adj. Bank Balance" must equal "Balance per books".)

- A-6 -

REUNION INDUSTRIES, INC.  
MONTHLY OPERATING REPORT - 2  
INCOME STATEMENT  
FOR THE PERIODS INDICATED  
-----

CASE NO. 07-50727 (AHWS)

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(\$ amounts in thousands)

	Month of Apr 2008 -----	Post Petition to 30-Apr-08 -----
Net Sales	\$ 2,682	\$ 21,628
Cost of Sales:		
Standard Cost	2,118	15,830
Variances & Other	305	1,106
	-----	-----
Gross Profit	259	4,692
Operating Expenses:		
Marketing	140	662
General & Admin	347	1,812
	-----	-----
Operating Profit	(228)	2,218
Other Income (Expense)	42,734	42,737
Equity in China JV	30	171
Reorganization exp:		
Professional fees	(121)	(187)
U.S. Trustee fees	(13)	(21)
Other		
Adequate Protection Paym't Exp.	(50)	(450)
Interest Expense - excluding Adequate Protection Payments	(960)	(3,360)
	-----	-----
Profit before tax	41,392	41,108
Income Tax		0
	-----	-----
Net Income	\$ 41,392	\$ 41,108
	=====	=====

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REUNION INDUSTRIES, INC.  
MONTHLY OPERATING REPORT - 3  
COMPARITIVE BALANCE SHEET  
AS OF THE PERIODS SHOWN

CASE NO. 07-50727 (AHWS)

-----  
(\$ amounts in thousands)

		Adjusted		
		26-Nov-07	31-Mar-08	30-Apr-08
		-----	-----	-----
<b>ASSETS:</b>				
Cash and Equivalents	\$	754	\$ 393	\$ 51,452
Net Receivables		7,166	9,028	2,800
Net Inventory		12,369	11,617	2,577
Other Current Assets		3,029	3,399	1,370
		-----	-----	-----
Current		23,318	24,437	58,199
Net Property		6,300	6,150	3,221
Goodwill		10,994	10,994	1,491
CSV policies		2,200	2,194	2,195
Interest in China JV		3,009	3,150	3,180
		-----	-----	-----
Total	\$	45,821	\$ 46,925	\$ 68,286
		=====	=====	=====
<b>LIABILITIES &amp; EQUITY:</b>				
Current Maturities of Debt	\$	0	\$ 0	\$ 0
Trade Payables		3,305	3,970	2,830
Accrued Income Taxes		0	11	11
Accrued Interest		544	748	661
Customer Deposits		4,424	3,137	0
Accrued Other		4,272	2,957	1,940
		-----	-----	-----
Current		12,545	10,823	5,442
Secured Debt and interest		53,418	56,512	43,380
Other Liabilities		3,101	2,729	1,211
		-----	-----	-----
Total Liabilities		69,064	70,064	50,033
Total Equity		(23,243)	(23,139)	18,253
		-----	-----	-----
Total	\$	45,821	\$ 46,925	\$ 68,286
		=====	=====	=====

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- A-8 -

REUNION INDUSTRIES, INC.  
 MONTHLY OPERATING REPORT - 4  
 SUMMARY OF UNPAID POST PETITION TAXES AND DEBTS  
 AS OF APRIL 30, 2008

CASE NO. 07-50727 (AHWS)  
 page 1/4

-----  
 (\$ Amounts in 000's)

TAXES:  
 -----

		Beg Liability	Accrued Paid	End Liability
		-----	-----	-----
NON-PAYROLL TAXES:				
Sales		\$ 0		\$ 0
Excise	\$ 0			\$ 0
Real Property	\$ 0			\$ 0
Personal Property		\$ 0		\$ 0

PAYROLL TAXES - See attached pages 2 to 4  
 -----

Amount due for payrolls in the last half of  
 April 2008 - paid in May \$ 72

DEBTS:  
 -----

	Current	Days Past Due				Total
		0-30	31-60	61-90	Over 91	
	-----	-----	-----	-----	-----	-----
Accounts Payable	\$ 344	\$ 156	\$ 4	\$ 0	\$ 2,326	\$ 2,830
Wages Payable	113					113
Taxes Payable	0					0
Rent-Building	0					0
Adequate Protection Paymts	0					0
Professional Fees	0	95	11			106
Amounts due Insiders	15	15	15 15		18	78
	-----	-----	-----	-----	-----	-----
Total	\$ 472	\$ 266	\$ 30	\$ 15	\$ 2,344	\$ 3,127
	=====	=====	=====	=====	=====	=====

Explanations:

Wages represent hourly wages earned in the last half of April that were paid in May.

Professional fees are due Reid and Riege and are awaiting Bankruptcy Court approval.

Amounts due insiders represent post petition interest on note and guaranty fees.

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- A-9 -

REUNION INDUSTRIES, INC.  
 MONTHLY OPERATING REPORT - 4  
 FIT/FICA TAX PAYMENTS and FUTA 940 TAX PAYMENTS  
 APRIL 2008  
 -----

CASE NO. 07-50727 (AHWS)  
 page 2/4

DATE PAID	CPI	HANNA	HANNA MGT	CPI MGT	HQ	TOTAL
APR						
01	4,169.62	18,044.04	19,060.50	13,366.67	23,408.96	78,049.79
02						0.00
03	45,060.16					45,060.16
04						0.00
07						0.00
08			22,019.53			22,019.53
09						0.00
10						0.00
11						0.00
14						0.00
15	4,103.38	19,866.14				23,969.52
16						0.00
17	41,094.15		18,730.47	13,459.41	18,556.82	91,840.85
18						0.00
21						0.00
22		19,924.11				19,924.11
23						0.00
24						0.00
25						0.00
28		20,093.49				20,093.49
29						0.00
30	6,216.25	6,850.88			553.91	13,621.04
TOTAL	100,643.56	84,778.66	59,810.50	26,826.08	42,519.69	314,578.49

- A-10 -

REUNION INDUSTRIES, INC.  
 MONTHLY OPERATING REPORT - 4  
 PENNSYLVANIA AND OHIO WITHHOLDING TAX  
 APRIL 2008  
 -----

CASE NO. 07-50727 (AHWS)  
 page 3/4

DATE PAID	REF	CPI	CPI MGT	HQ	TOTAL
-----	-----	-----	-----	-----	-----
APR					
01					0.00
02	PA	5,394.26	1,387.08	1,974.89	8,756.23
03					0.00
04					0.00
07					0.00
08					0.00
09					0.00
10					0.00
11					0.00
14					0.00
15					0.00
16					0.00
17					0.00

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18	PA	9,744.18	1,396.29	1,689.23	12,829.70
21					0.00
22					0.00
23					0.00
24					0.00
25					0.00
28					0.00
29					0.00
30	OH	671.27			671.27
		-----	-----	-----	-----
TOTAL		15,809.71	2,783.37	3,664.12	22,257.20
		=====	=====	=====	=====

- A-11 -

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ILLINOIS, INDIANA AND WISCONSIN WITHHOLDING TAX  
 APRIL 2008  
 -----

DATE PAID	REF	HANNA	HANNA MGT	HQ	TOTAL
APR 01					0.00
02	IL	1,801.96	1,674.51		3,476.47
03					0.00
04					0.00
07					0.00
08					0.00
09	IL	2,147.71			2,147.71
10					0.00
11					0.00
14					0.00
15	WI	1,053.53			1,053.53
16	IL	1,940.20			1,940.20
17	IN			68.54	68.54
18	IL		1,688.29		1,688.29
21					0.00
22					0.00
23	IL	1,967.75			1,967.75
24					0.00
25					0.00
28					0.00
29	WI	637.59	349.75		987.34
30	IL	1,967.61			1,967.61
TOTAL		11,516.35	3,712.55	68.54	15,297.44



- A-12 -

REUNION INDUSTRIES, INC.  
 MONTHLY OPERATING REPORT - 5  
 ACCOUNTS RECEIVABLE AND TAXES AGING  
 AS OF APRIL 30, 2008

CASE NO. 07-50727 (AHWS)

-----  
 (\$ Amounts in 000's)

TRADE ACCOUNTS RECEIVABLE RECONCILIATION:

Trade Receivables - beg of month		\$ 9,120	
Plus: Invoiced during the month	3,766		
Less: Amounts collected		(5,024)	
Less: CPI sale		(4,953)	
			-----
Trade Receivables - end of month		\$ 2,909	=====

ACCOUNTS RECEIVABLE AGINGS:

0-30		\$ 1,756	
31-60		766	
61-90		215	
91+		172	
			-----
Total trade receivables		2,909	
Non-trade receivables		1	
Less: Reserve for bad debts		(110)	
			-----
Net Receivables - per balance sheet		\$ 2,800	=====

TAXES PAYABLE

Taxes from late April payrolls - paid in May		\$ 72	===
--	--	-------	-----

- A-13 -

REUNION INDUSTRIES, INC. CASE NO. 07-50727 (AHWS)  
 MONTHLY OPERATING REPORT - 6  
 PAYMENTS TO INSIDERS and PROFESSIONALS and  
 STATUS OF SECURED NOTES, LEASES AND ADEQUATE PROTECTION PAYMENTS  
 APRIL 2008

Of the total disbursements shown on MOR-1, list the amount paid to insiders and to professionals. For payments to insiders, identify the type of compensation paid.

NAME	TYPE OF PAYM'T	PAID THIS PERIOD AMOUNT	POST PETITION	TOTAL
<b>INSIDERS:</b>				
Thomas N. Amonett	Director fees	\$ 1,500	\$ 7,500	
Charles E. Bradley	Director fees	\$ 9,833	\$ 49,165	
Thomas L. Cassidy	Director fees	\$ 1,500	\$ 7,500	
David E. Jackson	Director fees	\$ 1,500	\$ 7,500	
Joseph C. Lawyer	Director fees	\$ 4,625	\$ 23,125	
John G. Poole	Director fees	\$ 5,000	\$ 25,000	
Kimball J. Bradley, CEO	Salary	\$32,627	\$163,135	
John M. Froehlich, CFO	Salary	\$18,255	\$ 91,275	
Thomas J. Vogel, VP	Salary	\$ 9,350	\$ 46,750	

**PROFESSIONALS:**

	DATE OF COURT ORDER	AMOUNT APPROVED	PAID THIS PERIOD AMOUNT	TOTAL PAID TO AND DATE	TOTAL INCURRED UNPAID
Lincoln International	1/24/08	\$109,138	\$43,693	\$109,138	\$989,157
Reid and Riege, PC	11/28/07	\$173,191	\$76,702	\$173,191	\$ 96,053

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POST PETITION STATUS OF SECURED NOTES, LEASES AND ADEQUATE PROTECTION PAYMENTS:

NAME OF CREDITOR	MONTHLY INTEREST PAYM'TS		PAID INTEREST DURING	POST PETITION
	DUE	MONTH	UNPAID	INTEREST
SECURED NOTES: (Principal in default)				
ADEQUATE PROTECTION PAYMENTS:				
Steel Partners	\$ 0		\$ 0	\$ 0
Paradigm Capital	\$ 0		\$ 0	\$ 0
U.S. Bank, as Trustee	\$ 50,000		\$ 50,000	\$ 0
LEASES				
KWA Properties	\$ 70,198		\$ 70,198	\$ 0
IPC REIT - Stanwix Street Assoc	\$ 9,362		\$ 9,362	\$ 0
US Bancorp	\$ 2,890		\$ 2,890	\$ 0
Total Equipment Co	\$ 3,197		\$ 3,197	\$ 0
Hyster Capital	\$ 2,043		\$ 2,043	\$ 0
Equipco	\$ 1,494		\$ 1,494	\$ 0

- A-14 -

REUNION INDUSTRIES, INC.  
MONTHLY OPERATING REPORT - 7  
DEBTOR QUESTIONNAIRE  
APRIL 2008

CASE NO. 07-50727 (AHWS)

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.

- |  |     |
|--|-----|
|  | YES |
|  | --- |
| 1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?   |     |
| 2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT THIS REPORTING PERIOD?   | X   |
| 3. IS THE DEBTOR DELINQUENT IN THE TIMELY FILING OF ANY POST-PETITION TAX RETURNS?   |     |
| 4. ARE WORKERS' COMPENSATION, GENERAL LIABILITY OR OTHER NECESSARY INSURANCE COVERAGES EXPIRED OR CANCELLED, OR HAS THE DEBTOR RECEIVED NOTICE OF EXPIRATION OR CANCELLATION OF SUCH POLICIES? | X   |
| 5. IS THE DEBTOR DELINQUENT IN PAYING ANY INSURANCE PREMIUM PAYMENT?   | X   |
| 6. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?   |     |
| 7. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?  |     |
| 8. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?  | X   |

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- |  |   |
|--|---|
| 9. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?  | X |
| 10. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?   |   |
| 11. ARE ANY OTHER POSTPETITION TAXES PAST DUE?   | X |
| 12. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?                                      | X |
| 13. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?   | X |
| 14. ARE ANY WAGE PAYMENTS PAST DUE?  |   |
| 15. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BYU THE DEBTOR FROM ANY PARTY?                               | X |
| 16. IS THE DEBTOR DELINQUENT IN PAYING ANY U.S. TRUSTEE FEES?  | X |
| 17. IS THE DEBTOR DELINQUENT WITH ANY COURT ORDERED PAYMENTS TO ATTORNEYS<br>OR OTHER PROFESSIONALS?       | X |
| 18. HAVE THE OWNERS OF SHAREHOLDERS RECEIVED ANY COMPENSATION OUTSIDE OF<br>THE NORMAL COURSE OF BUSINESS? | X |

Item 15. Loans were received from Wachovia Bank  
during the month re: DIP Financing.