

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In re:

IEH AUTO PARTS HOLDING LLC, *et al.*,<sup>1</sup>

Debtors.

)  
) Chapter 11  
)  
) Case No. 23-90054 (CML)  
)  
) (Jointly Administered)  
)

DEBTORS' MOTION FOR  
ENTRY OF AN ORDER ESTABLISHING  
PROCEDURES FOR INTERIM COMPENSATION  
AND REIMBURSEMENT OF EXPENSES FOR PROFESSIONALS

If you object to the relief requested, you must respond in writing. Unless otherwise directed by the Court, you must file your response electronically at <https://ecf.txsb.uscourts.gov/> within twenty-one days from the date this motion was filed. If you do not have electronic filing privileges, you must file a written objection that is actually received by the clerk within twenty-one days from the date this motion was filed. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion (this “Motion”):<sup>2</sup>

**Relief Requested**

1. The Debtors seek entry of an order, substantially in the form attached hereto (the “Order”), approving the procedures set forth in the Order (the “Compensation Procedures”)

<sup>1</sup> The Debtor entities in these chapter 11 cases, along with the last four digits of each Debtor entity’s federal tax identification number, are: IEH Auto Parts Holding LLC (6529); AP Acquisition Company Clark LLC (4531); AP Acquisition Company Gordon LLC (5666); AP Acquisition Company Massachusetts LLC (7581); AP Acquisition Company Missouri LLC (7840); AP Acquisition Company New York LLC (7361); AP Acquisition Company North Carolina LLC (N/A); AP Acquisition Company Washington LLC (2773); Auto Plus Auto Sales LLC (6921); IEH AIM LLC (2233); IEH Auto Parts LLC (2066); IEH Auto Parts Puerto Rico, Inc. (4539); and IEH BA LLC (1428). The Debtors’ service address is: 112 Townpark Drive NW, Suite 300, Kennesaw, GA 30144.

<sup>2</sup> On January 31, 2023 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Capitalized terms used but not otherwise defined in this Motion have the meanings ascribed to them in the *Declaration of Michael Neyrey, Chief Executive Officer of IEH Auto Parts Holding LLC, in Support of the Debtors’ Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”).



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for interim compensation and reimbursement of expenses for attorneys and other professionals whose retentions are approved by the Court pursuant to sections 327 or 1103 of title 11 of the United States Code (the “Bankruptcy Code”) and who will be required to file applications for allowance of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code.

### **Jurisdiction and Venue**

2. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157 (b). The Debtors confirm their consent to the entry of a final order by the Court.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 105(a), 330, and 331 of the Bankruptcy Code, rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 2016-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

### **Retention of Professionals**

5. Given the size and complex nature of the Debtors’ operations, the Debtors require the assistance of a number of professionals to effectively manage matters both related and unrelated to these chapter 11 cases. The Debtors will file applications to retain legal and other professional advisors substantially contemporaneously herewith (collectively, the “Debtors’ Professionals”). The Debtors anticipate they may also seek to retain other professionals pursuant to section 327 of the Bankruptcy Code during the course of these chapter 11 cases as the need arises. Any official committees appointed in these chapter 11 cases may retain counsel and a

financial advisor or other professionals to represent them in connection with these chapter 11 cases (together with the Debtors' Professionals, the "Professionals").

### **The Compensation Procedures**

6. The Compensation Procedures propose an orderly, regular process for the interim allowance and payment of the Professionals. Pursuant to the Compensation Procedures, each Professional may file an application with the Court each month for interim allowance for compensation for services rendered and reimbursement of expenses incurred during the month (the "Monthly Fee Statements"). Upon expiration of a 14-day objection period, the Debtors will be authorized to pay the Professional 80 percent of the fees and 100 percent of the expenses requested in the Monthly Fee Statements. At three month intervals, each Professional may file an application for compensation and reimbursement of expenses requested in the Monthly Fee Statements during the three month period (the "Interim Fee Application"). Upon expiration of a 21-day objection period, the Court may approve an Interim Fee Application authorizing the Debtors to pay Professional all requested fees and expenses not previously paid. The Debtors believe that establishing procedures for the payment of the Professionals will streamline the administration of these chapter 11 cases and promote efficiency for the Court, the U.S. Trustee, and all parties in interest.

7. The Debtors also request that each member of any official committee formed by the U.S. Trustee be permitted to submit statements of expenses (excluding third-party counsel expenses of individual committee members) and supporting vouchers to counsel for the respective official committee's counsel, which counsel will collect and file the committee members' requests for reimbursement with the Court in accordance with the Compensation Procedures.

8. The Debtors further request that (a) the Court limit service of Interim Fee Applications to the Application Recipients (as defined in the Order) and (b) all other parties that

have filed a notice of appearance with the Court and requested notice of pleadings in these chapter 11 cases shall be entitled to receive only notice of hearings on the Applications (the “Hearing Notice”), if any hearing is scheduled on an Interim Fee Application. Serving the Interim Fee Applications and the Hearing Notices in this manner will (i) permit the parties most active in these chapter 11 cases to review and object to the Professionals’ fees and (ii) save unnecessary duplications and mailing expenses.

### **Basis for Relief**

9. Pursuant to section 331 of the Bankruptcy Code, all Professionals are entitled to submit applications for interim compensation and reimbursement of expenses every 120 days or more often if the bankruptcy court permits. Section 105(a) of the Bankruptcy Code authorizes the Court to issue any order “necessary or appropriate to carry out the provisions of [the Bankruptcy Code],” thereby codifying the Court’s inherent equitable powers.

10. Factors to consider in deciding whether to establish interim compensation procedures include “the size of [the] reorganization cases, the complexity of the issues involved, and the time required on the part of the attorneys for the debtors in providing services necessary to achieve a successful reorganization of the debtors . . . .”<sup>3</sup>

11. The significant size of these cases and the amount of time and effort that will be required from the Professionals to successfully reorganize the Debtors’ businesses justifies the Compensation Procedures requested herein. Such Compensation Procedures are necessary to ensure that the Professionals are fairly and timely compensated for their services in these cases and are not forced to bear undue financial burden or risk caused by delays in payment.

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<sup>3</sup> *In re Int’l Horizons, Inc.*, 10 B.R. 895, 897 (Bankr. N.D. Ga. 1981) (establishing procedures for monthly interim compensation).

12. The proposed Compensation Procedures will enable the Debtors to closely monitor costs of administration, maintain level cash flow availability, and implement efficient cash management procedures. The Compensation Procedures will allow the Court and key parties in interest to ensure the reasonableness and necessity of the compensation and reimbursement sought pursuant to such procedures.

13. Establishing the proposed Compensation Procedures will significantly aid the efficient administration of these chapter 11 cases. The relief requested is in the best interests of the Debtors' estates, creditors, and parties in interest.

#### **Notice**

14. The Debtors have provided notice of this Motion to the following parties or their respective counsel: (a) the U.S. Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the Prepetition Lender; (d) counsel to the proposed DIP Lender; (e) the Office of the United States Attorney for the Southern District of Texas; (f) the state attorneys general for states in which the Debtors conduct business; (g) the Internal Revenue Service; (h) the Securities and Exchange Commission; (i) the Environmental Protection Agency; (j) other governmental agencies having a regulatory or statutory interest in these cases; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, no other or further notice need be given.

The Debtors request the Court enter the Order granting the relief requested in this Motion and such other relief as the Court deems appropriate under the circumstances.

Houston, Texas  
Dated: March 1, 2023

*/s/ Veronica A. Polnick*

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*Proposed Counsel to the Debtors  
and Debtors in Possession*

**Certificate of Service**

I certify that on March 1, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Veronica A. Polnick

Veronica A. Polnick

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:	)	Chapter 11
	)	
IEH AUTO PARTS HOLDING LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 23-90054 (CML)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	Re: Docket No. _____

**ORDER ESTABLISHING PROCEDURES FOR INTERIM  
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR PROFESSIONALS**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”), authorizing the Debtors to establish procedures for interim compensation and reimbursement of expenses for Professionals, all as more fully set forth in the Motion; and upon the First Day Declarations; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided;

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<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.



and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court, if any (the “Hearing”); and this Court having reviewed the Motion; and this Court having determined that the legal and factual bases set forth in support of the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is ORDERED THAT:

1. All Professionals in these cases may seek compensation in accordance with the following procedures (the “Compensation Procedures”):

- a. On or after the fifth day of each month following the month for which compensation is sought, each Professional seeking compensation may file a fee statement with this Court (each, a “Monthly Fee Statement”) to effect notice on each of the following parties: (a) the Debtors, 112 Townpark Drive NW, Suite 300, Kennesaw, Georgia 30144, Attn: Michael Neyrey; (b) Jackson Walker LLP (via email), 1401 McKinney Street, Suite 1900, Houston, Texas 77010, Attn: Veronica A. Polnick (vpolnick@jw.com), and Vienna Anaya (vanaya@jw.com); (c) the U.S. Trustee, 515 Rusk Street, Suite 3516, Houston, Texas 77002, Attn: Jayson Ruff (Jayson.B.Ruff@usdoj.gov) and Andrew Jimenez (Andrew.Jimenez@usdoj.gov); (d) counsel for the Prepetition Lender, Sidley Austin LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Stephen Hessler (shessler@sidley.com) and Anthony Grossi (agrossi@sidley.com); and (e) counsel to any statutory committee appointed in these cases (each, an “Application Recipient,” and collectively, the “Application Recipients”).
- b. Each Application Recipient or any other party in interest will have until 4:00 p.m. (prevailing Central Time) on the day that is 14 days after the filing of a Monthly Fee Statement (the “Objection Deadline”) to object to the requested fees and expenses in accordance with subparagraph (c) below. Upon the expiration of the Objection Deadline, the Debtors (or other party retaining such Professional, as applicable) are authorized to pay the Professional an amount (the “Actual Monthly Payment”) equal to 80% of the fees and 100% of the expenses requested in the applicable Monthly Fee Statement (the “Maximum Monthly Payment”) that are not subject to an objection pursuant to subparagraph (c) below.
- c. If any Application Recipient or any other party in interest objects to a Professional’s Monthly Fee Statement, the objecting party shall, on or before the Objection Deadline, serve via email a written notice upon the respective Professional and each of the Application Recipients (the “Notice of Objection to Monthly Fee Statement”) setting forth the precise nature and basis of the objection and the amount at issue. If the parties reach an agreement, the Debtors (or other party

retaining such Professional, as applicable) shall be authorized to promptly pay 80% of the agreed-upon fees and 100% of the agreed-upon expenses. If, however, the parties are unable to reach a resolution of the objection within fourteen (14) days (or such longer period as mutually agreed to by the Professional and the objecting party) after service of the Notice of Objection to Monthly Fee Statement, the objecting party shall file its objection (the “Objection”) with this Court within three (3) business days and serve such Objection on the respective Professional and each of the Application Recipients. Thereafter, such Professional may either (i) file with this Court a response to the Objection, together with a request for payment of the difference, if any, between the Maximum Monthly Payment and the Actual Monthly Payment made to the affected Professional (the “Incremental Amount”), or (ii) forego payment of the Incremental Amount until the next hearing on an Interim Fee Application or a Final Fee Application (each as defined herein), at which time the parties may request that this Court consider the Objection.

- d. Each Professional may submit its first Monthly Fee Statement on or after March 5, 2023. The first Monthly Fee Statement will cover the period from the Petition Date through February 28, 2023. Thereafter, the Professionals may submit Monthly Fee Statements in the manner described above.
- e. Beginning with the period ending on April 30, 2023, and at three-month intervals thereafter (each, an “Interim Fee Period”), each of the Professionals may file with this Court and serve on the Application Recipients an interim fee application (each, an “Interim Fee Application”) for payment of compensation and reimbursement of expenses sought in the Monthly Fee Statements served during such Interim Fee Period. Each Interim Fee Application shall consist of (i) the *Complex Case Fee Application Coversheet*,<sup>3</sup> the form of which is located on this Court’s website, (ii) a copy of the invoices for the interim application period (if hourly) or a calculation of the fee due for the interim application period if non-hourly), (iii) an itemized list of expenses for which reimbursement is requested (if not contained in the copies of the invoices), and (iv) a proposed order in the form located on this Court’s website. Parties will have 21 days after service of an Interim Fee Application to object thereto. The first Interim Fee Application shall cover the Interim Fee Period from the Petition Date through and including April 30, 2023.
- f. This Court may approve an uncontested Interim Fee Application without the need for a hearing if no objections are timely filed thereto. Upon allowance by this Court of a Professional’s Interim Fee Application, the Debtors shall be authorized to promptly pay such Professional all requested fees (including the 20% holdback) and expenses not previously paid.

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<sup>3</sup> See *Procedures for Complex Cases in the Southern District of Texas* (as may be amended, the “Complex Case Procedures”), ¶ 60.

- g. The pendency of an objection to payment of compensation or reimbursement of expenses will not disqualify a Professional from the future payment of compensation or reimbursement of expenses under the Compensation Procedures.
- h. Neither (i) the payment of, or the failure to pay, in whole or in part, monthly or interim compensation and reimbursement of expenses under the Compensation Procedures nor (ii) the filing of, or failure to file, an objection shall bind any party in interest or this Court with respect to the interim or final allowance of applications for compensation and reimbursement of expenses of Professionals. All fees and expenses paid to Professionals under the Compensation Procedures are subject to challenge and disgorgement until final allowance by this Court.

2. In each Interim Fee Application and Final Fee Application, all Professionals who (a) have been, or are hereafter, retained pursuant to sections 327 or 1103 of the Bankruptcy Code and (b) are not retained pursuant to an order entered in connection with the OCP Motion (the “Required Professionals”) shall apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Debtors’ chapter 11 cases in compliance with sections 330 and 331 of the Bankruptcy Code and applicable provisions of the Bankruptcy Rules, the Bankruptcy Local Rules, and any other applicable procedures and orders of this Court, both in connection with any Interim Fee Application and any Final Fee Application to be filed by the Required Professionals in these chapter 11 cases.

3. Each member of any official committee formed by the U.S. Trustee is permitted to submit statements of expenses incurred in the performance of the duties of the committee (excluding third-party counsel expenses of individual committee members) and supporting vouchers to counsel for the respective committee’s counsel, which counsel will collect and file the committee members’ requests for reimbursement with this Court in accordance with the Compensation Procedures.

4. The Professionals shall only be required to serve (a) the Monthly Fee Statements and the Interim Fee Applications on the Application Recipients and (b) notice of hearings on the

Interim Fee Applications on all other parties that have filed a notice of appearance with this Court and requested notice of pleadings in these chapter 11 cases.

5. A Professional shall not seek payment in a Final Fee Application for any amounts that such Professional previously sought in a Monthly Fee Statement or Interim Fee Application if (a) such Professional voluntarily waived or reduced such amounts to resolve formal or informal objections or (b) such amounts were disallowed by order of this Court.

6. All notices given in accordance with the Compensation Procedures shall be deemed sufficient and adequate notice and in full compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Local Rules.

7. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

8. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and the requirements of the Bankruptcy Rules and the Bankruptcy Local Rules are satisfied by such notice.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

10. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Houston, Texas

Dated: \_\_\_\_\_, 2023

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CHRISTOPHER M. LOPEZ  
UNITED STATES BANKRUPTCY JUDGE