

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

40-7580

In re: : Chapter 11
: :
Fansteel Inc., : Case No. 02-10109-JJF
: :
Debtor. : **Objection Deadline: March 31, 2003**
: **Hearing Date: TBD**

**MOTION OF WELLS FARGO FOR AN ORDER
COMPELLING PAYMENT OF ADMINISTRATIVE EXPENSE
PURSUANT TO PREVIOUS STIPULATION AND ORDER**

Wells Fargo Financial Leasing, Inc. ("Wells Fargo"), a lessor-creditor, by its attorneys, Smith, Katzenstein & Furlow, compelling Fansteel Inc. ("Fansteel"), the debtor and debtor-in-possession herein (hereinafter the "Debtor") to immediately pay an administrative expense, and states as follows:

BACKGROUND

1. On June 17, 2002 Wells Fargo filed a motion for an Order (1) Pursuant to Sections 365(d)(2) and 365(b)(1) Compelling the Debtor to Immediately Assume or reject Leases, or Shortening the Time to Assume or Reject, (2) Pursuant to Sections 365(d)(10), 363(e) and 503(a) Directing the Debtor to Pay for its Post-Petition Use of Equipment and Deeming Wells Fargo to Have an Allowed Administrative Claim and (3) Pursuant to Section 362(d)(1) and (2) Vacating the Automatic Stay (the "Motion")(dkt. no. 268). The Motion related, in part, to leases (the "Leases") of a Norstar Phone System/Voicemail/Cabling; an AR505, s/n 06504481 and an FO-5700, s/n 07102481 (the "Equipment").

2. The Debtor opposed the Motion, taking the position that the Leases were not "true leases" but were financing agreements.

3. To resolve the Motion and the objection thereto, Wells Fargo and the Debtor entered a stipulation, whereby the Debtor is required to make monthly adequate protection payments of \$1,000. The stipulation was entered as an order on August 19, 2002 (the "Order")(copy attached).

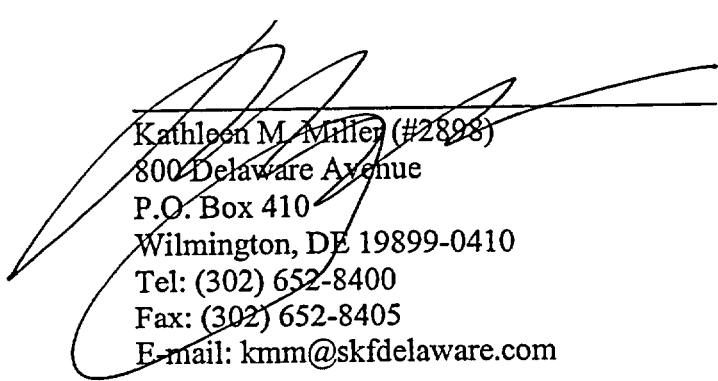
4. The Debtor began making payments under the Order, but has failed to do so since November 2002. Despite requests for payments, the Debtor has not responded.

5. The Debtor is still in possession of the Equipment.

WHEREFORE, Wells Fargo Financial Leasing, Inc., respectfully requests an order directing the Debtor to immediately pay the adequate protection payments for the months of December 2002, January, February and March, 2003, and granting such other and further relief as is just, equitable and proper.

Dated: March 13, 2003

SMITH, KATZENSTEIN & FURLOW LLP



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Counsel for Wells Fargo Financial Leasing, Inc.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: : Chapter 11
: :
Fansteel Inc., : Case No. 02-10109- JJF
: :
Debtor. : :

**ORDER GRANTING WELLS FARGO FINANCIAL LEASING, INC'S MOTION
COMPELLING IMMEDIATE PAYMENT OF ADMINISTRATIVE EXPENSE
PURSUANT TO PREVIOUS STIPULATION AND ORDER**

Wells Fargo Financial Leasing, Inc. ("Wells Fargo") having filed a Motion For an Order
Compelling Payment of Administrative Expense Pursuant to Previous Stipulation And Order;

The Court having considered the Motion and the papers submitted by Wells Fargo and any
opposition thereto;

IT IS HEREBY ORDERED, that the Debtor shall immediately pay Wells Fargo \$4,000,
representing adequate protection payments, pursuant to the Order, for the period of December, 2002
through March 2003.

Date: _____

The Honorable _____

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Case No. 02-10109(JJF)
)
FANSTEEL INC., *et al.*,¹) Chapter 11
) (Jointly Administered)
Debtors.)

STIPULATION AND AGREED ORDER
RE: DOCKET NO. 2681

WHEREAS, Wells Fargo Financial Leasing, Inc. ("Wells Fargo") having moved by motion dated June 17, 2002 (the "Motion"), for an order (1) pursuant to Bankruptcy Code Section 365(d)(2) and Bankruptcy Rule 6006(b), compelling Fansteel Inc., the debtor and debtor-in-possession herein (hereinafter the "Debtor") to immediately assume or reject the leases of a Norstar Phone System/Voicemail/Cabling Lease No. 41982718 (the "Norstar Lease"); and a copier/printer, AR505, s/n 06504481 and an FO-5700, s/n 07102481 (the "Conseco Lease," and jointly with the Norstar Lease, the "Leases") (the Norstar Phone System/Voicemail/Cabling and the Conseco copier/printer shall be referred to hereinafter as the "equipment"); and, or, alternatively, shortening the time in which the Leases shall be assumed or rejected, and pursuant to Bankruptcy Code

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

Section 365(b)(1), directing that upon assumption, the Debtor cure all lease defaults and compensate Wells Fargo for its pecuniary losses, or that upon rejection, the Debtor immediately and peacefully surrender the equipment; (2) pursuant to Bankruptcy Code Sections 365(d)(10), 363(e) and 503(a) and (b)(1)(A), directing the Debtor to pay for its post-petition use of the equipment, and deeming Wells Fargo to have an allowed administrative claim; and (3) pursuant to Bankruptcy Code Sections 362(d)(1) and (2), vacating the automatic stay for cause, including the lack of adequate protection, and upon the ground that the Debtor does not have any equity in the equipment or the Leases, and the equipment and the Leases are not necessary for an effective reorganization; and

WHEREAS, the Debtor, having submitted an opposition to the Motion, stating that the Norstar Lease and the Conseco Lease are not "true leases" but disguised security agreements under applicable law because, among other reasons, the Debtor could purchase the equipment for a nominal consideration at the end of each of the Leases;

The parties having reached a voluntary resolution of the Motion, it is hereby:

STIPULATED AND AGREED, that, as described in greater detail below, the Debtor shall neither assume nor reject the Leases at this time; and it is further

STIPULATED AND AGREED, that the automatic stay imposed under 11 U.S.C. Section 362(a) shall remain in full force and effect; and it is further,

STIPULATED AND AGREED, that the Norstar Lease is not a true lease, but rather, is a security agreement and that Wells Fargo is entitled to adequate protection payments because it has, at this time, a perfected security interest in the collateral pursuant to the Norstar Lease, the Norstar Phone/System/VoiceMail/Cabling; and it is further,

STIPULATED AND AGREED, that, the Debtor will make adequate protection payments to Wells Fargo on the Norstar Phone System/VoiceMail/Cabling system in the amount of \$1000.00 per month, commencing on August 15, 2002, and due on the first day of each month thereafter, and continuing until: (a) the Debtor returns the Norstar phone system to Wells Fargo, (2) a plan in the captioned bankruptcy cases is confirmed, or (3) until further order of the Court and it is further,

STIPULATED AND AGREED, that all adequate protection payments shall be applied against any pre-petition claim that Wells Fargo may have against the Debtor; and it is further,

STIPULATED AND AGREED, that no adequate protection or other payments will be made at this time regarding the Conesco Lease; and, no determination is made at this time regarding whether the Conesco Lease is a true lease or a financing lease

or whether Wells Fargo has a validly perfected security interest in the Conseco Lease copier/printer equipment.

SMITH, KATZENSTEIN & FURLOW LLP
Attorneys for Movant, Wells Fargo

By: 

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PACHULSKI, STANG, ZIEHL, YOUNG & JONES P.C.

By: 

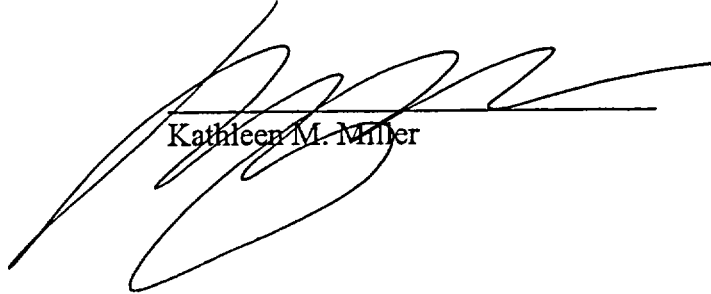
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SO ORDERED this 19 day of
August, 2002


The Honorable Joseph J. Farnan, Jr.
United States District Court Judge

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 13th day of March, 2003, a copy of the foregoing *Motion of Wells Fargo for an Order Compelling Payment of Administrative Expense Pursuant to Previous Stipulation and Order* was served on the attached 2002 list by first class mail:



Kathleen M. Miller