



Holliston sale approved

By Varna Anantharaman
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Bankrupt Holliston Mills Inc. has received court approval for the sale of its assets to stalking-horse bidder Agarista ICG Lending LLC.

Judge Kevin Gross of the U.S. Bankruptcy Court for Delaware in Wilmington on Monday, July 30, authorized Agarista's purchase of the Church Hill, Tenn.-based debtor for an \$11.5 million credit bid plus assumed liabilities.

In addition, Agarista will allot \$320,000 to be distributed among creditors, \$130,000 to pay for the unsecured creditors committee's court-approved professionals, \$100,000 to cover debtor counsel fees and \$90,000 to fund payments due to Holliston's M&A adviser, Palomino Capital, documents show.

Agarista, an affiliate of Chrysalis Capital Partners LP, became the winning bidder following a July 26 auction that was held at the offices of debtor counsel Young Conaway Stargatt & Taylor LLP.

Holliston had originally asked for a June 28 auction date.

According to the procedures for the auction, the bidding began at \$11.6 million plus assumed liabilities, even though Holliston had requested that it start at \$12 million. The subsequent bidding increments were also cut in half, from \$200,000 to at least \$100,000.

Prior to the sale, Agarista already owned \$21.5 million in Holliston secured debt as a result of an early May purchase of the paper from Holliston senior lender Jackson National Life Insurance Co.

Holliston, a 114-year-old company, is the nation's oldest and largest manufacturer of coated cloth material used for book and passport covers, specialty packaging materials and coated fabrics used for tin tape, sandpaper and rubber products.

Holliston filed for Chapter 11 on May 21 in Wilmington after a merger with Industrial Coatings Group Inc. led to a liquidity crunch.

Robert Brady, Joseph Malfitano, Sean Greecher and Margaret Whiteman of Young Conaway Stargatt & Taylor are debtor counsel.

Leon Barson of Pepper Hamilton LLP represents Chrysalis.

Chuck Butler of Palomino Capital is Holliston's M&A adviser.

Mary Seymour, Jeffery Prol, Sharon Levine and Eric Horn of Lowenstein Sandler PC are lead counsel for the unsecured creditors committee in Roseland, N.J. Francis Monaco Jr. of Monzack and Monaco PA is the committee's co-counsel in Wilmington