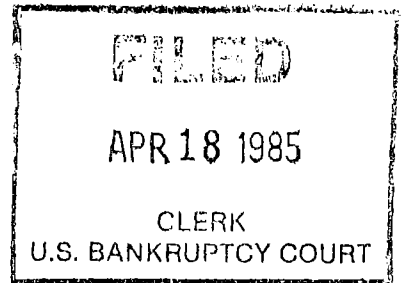


UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WISCONSIN



In re:

Case Number:

WORLD SIGN COMPANY, INC.  
d/b/a Prescott Journal  
Francis L. Harper, President.

EF11-84-00955

Debtor.

FINDINGS OF FACT, CONCLUSION OF LAW  
AND  
ORDER DETERMINING ADEQUATE ASSURANCE OF PAYMENT

A valuation hearing having been held; and Debtor World Sign Company, Inc., appearing by Attorney L. R. Reinstra; and Solna, Inc., appearing by Attorney William J. Westerlund; and briefs having been filed; the Court, being fully advised in the premises, FINDS THAT:

1.

Solna, Inc. is a creditor in the above referenced bankruptcy and filed a secured claim of \$70,000.00 and an unsecured claim of \$21,166.75. On October 5, 1984 the debtor filed a Motion for Valuation of Security and objecting to the allowance of Solna's claim. Solna then filed a motion for relief from the stay, or in the alternative, for adequate protection. World Sign Company began making monthly payments to Solna in the amount of \$450.00 commencing in February of 1985. The \$450.00 payment is based on the debtor's appraisal of \$45,000. The monthly payment would represent interest on that value at the rate of 12%. The parties were unable to reach an agreement on the valuation of the security and therefore a valuation hearing was held on March 19, 1985.

Memorandum Brief of Solna, Inc. (filed March 25, 1985).

2.

The collateral is a two unit News King Press equipped with KJ6 folder and miscellaneous associated equipment. The subject collateral was sold to the debtor on June 5, 1981 for the sum of \$104,160.00. The debtor filed its Chapter 11 petition in bankruptcy on May 11, 1984. The expert witness called on behalf of World Sign Company testified that in his opinion the press and associated equipment had a resale value of approximately \$48,000.00. Beau Campbell, the expert witness testifying on behalf of Solna, gave the press and associated equipment an "as is - where is" value of \$77,500 to \$95,000. Both appraisals assumed that the collateral would have to be removed and reinstalled for purposes of resale. Beau Campbell, Solna's expert, testified that the cost of removal and reinstallation of the subject property would be approximately \$6,000. Any transportation that might be involved in addition to the removal and reinstallation would be charged at the rate of \$1.50 per mile. The press is considered to be in excellent condition.

Id.

3. The Debtor's June 20, 1984, schedule A-2 lists the King Press market value at \$54,120.

4.

The only testimony of the cost of similar equipment was given by Beau Campbell, who testified that King-Press components could be purchased for approximately Ten to Fifteen Thousand (\$10,000 - \$15,000) Dollars per a component. The King-Press, in this particular case, consists of two single sheet printing presses and a folder (a total of three components). Therefore, based upon Mr. Campbell's testimony, it would appear that a three component King-Press could be purchased for a price between Thirty and Forty-five Thousand (\$30,000 - \$45,000) Dollars.

Brief of World Sign Company, Inc. (filed April 8, 1985).

5.

. . . testimony indicated that the press was used approximately two hours per week in the business of the Debtor. At this point, it cannot be determined whether or not any reorganization plan is assured . . . There has been no determination that the press . . . is a

vital link to the continued, successful operation of the business.

Id.

6. The press is well maintained and its value is not significantly adversely affected by use.

7. "[V]alue shall be determined in light of the purpose of the valuation and of the proposed disposition or use of such property . . ." 11 U.S.C. sec. 506(a).

8. The purpose of this valuation is to determine the payment necessary to adequately protect Solna's interest in the press. See 11 U.S.C. sec. 361(a).

9. The Debtor proposes to retain and use the press.

10. The secured property has a value of \$54,000.

11.

Generally, if the continued use by the debtor of the subject property is contemplated, the principal purpose of the valuation will be to define the extent of the protection or benefits to be afforded the holder of a claim secured by the property to protect or compensate such holder for depriving it from immediate access to the property to recover on its claim.

3 L. King, Collier on Bankruptcy para. 506.04[2] (1985).

12. Here, Solna must be compensated for depreciation and lost opportunity costs, In re American Mariner Ind., Inc., 734 F.2d 426, 435, 12 B.C.D. 227, 233 (9th Cir. 1984).

CONCLUSION OF LAW

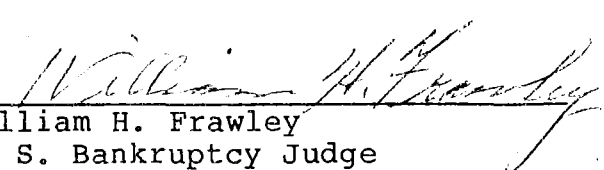
Solna's interest in the press may be adequately protected by monthly payments of \$495 (this figure represents an 11% discount rate).

ORDER

IT IS ORDERED THAT the Debtor may adequately protect Solna's interest in the New King Press by making monthly payments of \$495.

Dated: April 18, 1985.

BY THE COURT:

  
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William H. Frawley  
U. S. Bankruptcy Judge

cc: Attorney L. R. Reinstra  
Attorney William J. Westerlund