

**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation, TISSUE DEPOT, INC., a
Wisconsin corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin corporation,
Defendants.

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**ORDER GRANTING PLAINTIFFS' VERIFIED SECOND
MOTION FOR POSSESSION AND INJUNCTIVE RELIEF**

This matter having come before this Court on the Verified Second Motion for Possession and Injunctive Relief filed by Plaintiffs Prime Alliance Bank, Inc. ("PAB") and Sertant Capital, LLC ("Sertant") (collectively, "Plaintiffs"); this Court conducted a hearing on November 20, 2023; Joseph Grekin appeared for Plaintiffs and no one appeared for Defendants; and for the reasons more fully stated on the record

NOW, THEREFORE, THIS COURT HEREBY FINDS THAT:

- A. On October 13, 2022, Sertant Capital, LLC ("Sertant") and The Great Lakes Tissue Company ("GLT") entered into a Master Lease Agreement ("Master Lease") and a Lease Schedule No. 1 (collectively, "Lease"), under which Sertant leased the Equipment attached on Exhibit 1 to this Order (collectively, the "Equipment") to GLT;

- B. Sertant assigned certain rent payments and residual interest rights under the Lease and the Equipment to Prime Alliance Bank, Inc. (“PAB”) (PAB and Sertant shall collectively be referred to as “Plaintiffs”);
- C. The Equipment is located at 437 S. Main Street, Cheboygan, Michigan (“Paper Mill”);
- D. GLT materially breached and committed Events of Default under the Lease by:
 - (a) failing to pay rent due under the Lease on January 1, 2023, and February 1, 2023;
 - (b) changing ownership, control and/or management of GLT without Plaintiffs’ prior written consent, resulting in a material deterioration of GLT’s creditworthiness as determined by Plaintiffs in their sole discretion;
 - (c) falsely representing ownership or possession of and/or selling, scrapping, or disposing of 21 pieces of Equipment without Plaintiffs’ knowledge, authorization, or consent;
 - (d) transferring possession and/or control of the Equipment to Tissue Depot, Inc. (“Tissue Depot”) without Plaintiffs’ prior consent;
 - (e) fraudulently transferring its assets to Tissue Depot with the intent to hinder delay, and defraud creditors, including Plaintiffs, and/or for less than reasonably equivalent value when GLT was insolvent or rendered insolvent;
 - (f) ceasing business operations by transferring its assets, including the Equipment, to Tissue Depot; and
 - (g) becoming insolvent and unable to pay its debts in the ordinary course of business before and after transferring its assets to Tissue Depot and/or Cheboygan Entergies & Biofuels Corp. (“CEB”).
- E. The Equipment will be damaged, destroyed, concealed, disposed of, or used so as to substantially impair its value before final judgment unless taken into custody by court order because: (1) GLT fraudulently

transferred its assets, including the Equipment, to Tissue Depot, to hinder, delay, and defraud creditors upon discovery of this lawsuit, (2) Tissue Depot abandoned the Equipment at the Paper Mill; (3) the Paper Mill has no electricity, gas, or operable fire suppressions system; (4) the sump pump in the basement of the Paper Mill is inoperable, causing the basement to flood with water exposing the Equipment to damage; (5) Tissue Depot laid off its employees; (6) the landlord for the Paper Mill has or will commence eviction proceedings; (7) the Equipment is exposed to potential theft or damage because the exterior wall to the Paper Mill is made of plywood, and (8) Tissue Depot and GLT has ceased operations;

- F. As a result of the Events of Default, material breaches of the Lease, and the immediate harm to the Equipment as described above, Plaintiffs have a right to possession of the Equipment;
- G. Plaintiffs are not required to post a bond because they own the Equipment and have a right to possession;
- H. GLT owned certain intellectual property and/or environmental permits (“Environmental Permits”) that allowed it to use or discharge water. After learning of this case, GLT fraudulently transferred the Environmental Permits to Tissue Depot with the intent to hinder delay, and defraud creditors, including Plaintiffs, and/or for less than reasonably equivalent value when GLT was insolvent or rendered insolvent;
- I. The Environmental Permits are purportedly worth \$21 million and represent GLT and/or Tissue Depot’s most valuable asset;
- J. GLT and Tissue Depot ceased operations and laid off its employees. Given GLT’s prior fraudulent transfer of its assets to Tissue Depot, Plaintiffs justifiably are concerned that the Environmental Permits will be transferred so as to render Tissue Depot, GLT, and/or CEB (collectively, “Defendants”) uncollectible;
- K. Plaintiffs are substantially likely to prevail on their claims for the reasons set forth in Section (D) above;

- L. Entry of an injunction prohibiting the transfer of the Environmental Permits serves the public interest;
- M. Defendants are insolvent, and/or there is a strong possibility that the Plaintiffs would not receive adequate compensatory relief in the absence of an injunction; and
- N. Plaintiffs will suffer irreparable harm without the granting of injunctive relief;

IT IS HEREBY ORDERED that Plaintiffs are awarded immediate possession of the Equipment. This Court's prior injunction entered in on April 12, 2023, shall remain in full force and effect. (ECF No. 24.) The sheriff or court officer is hereby directed to seize the Equipment within 21 days and either hold it or deliver it to Plaintiffs. Plaintiffs shall not be required to furnish a penalty bond.

IT IS HEREBY FURTHER ORDERED THAT The Great Lakes Tissue Company, Tissue Depot, and Cheboygan Energies & Biofuel Corporation, and their agents, representatives, attorneys, shareholders, members, directors, officers, employees, and all other persons acting in concert with any of them, are enjoined from selling, transferring, canceling, conveying, encumbering, hypothecating, or otherwise disposing of the Environmental Permits without this Court's authorization.

IT IS HEREBY FURTHER ORDERED THAT, within five days from the date of this Order, The Great Lakes Tissue Company, Tissue Depot, and Cheboygan Energies & Biofuel Corporation escrow the Environmental Permits with M.S. Title Agency in Southfield, Michigan ("M.S. Title"), and certify under penalty of perjury

that who owns them and that the Environmental Permits have not been transferred or sold within the past (90) days. Plaintiffs shall pay M.S. Title's fees for escrowing the Environmental Permits. M.S. Title shall release the Environmental Permits only upon further order of this Court, and shall incur no liability to any party for holding the Environmental Permits in escrow.

Dated: November 22, 2023

s/Laurie J. Michelson
LAURIE J. MICHELSON
UNITED STATES DISTRICT JUDGE

Exhibit 1

	Equipment Description	Serial No.
1.	1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler	M98133M
2.	2013 Alfa Laval Heat Exchanger	30115-70081
3.	2013 Alfa Laval CB400-86H Heat Exchanger	42787870
4.	Appleton 60"x72" Core Cutter	n/a
5.	Wulftec WLP-150 Automatic Stretch Wrap Machine	0700-6317
6.	Orion SW44-12 Stretch Wrapper	7117540
7.	Black Clawson Poly Re-Claim & Stock Prep System	95-H-P-3692
8.	Beloit/Proctor & Gamble 128" Tissue Paper Machine and all accessories	n/a
9.	Lot of Laboratory Equipment and all accessories	n/a
10.	1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-1200-8
11.	1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-490886
12.	1978 Zurn R110A Refrigerated Air Dryer	R-9510
13.	2014 Ingersoll Rand R110 Nirvana SVD 150 Air Compressor	VN1505u13175
14.	Knowlton Core Machine	n/a
15.	1997 Perini 200G Core Machine and Back Stand	09056; 09057
16.	1998 Perini 716B 106" Toilet Roll Rewinder	09719; 19718
17.	2020 Baosuo YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories	19S13005Fs
18.	1999 Perini 702G 106" JRT Rewinder and all accessories	40533
19.	1997 Perini 702G 106" JRT Rewinder Line and all accessories	8897
20.	Hobema 14-H 13" Napkin Folder	446
21.	Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items	n/a

	Equipment Description	Serial No.
22.	Clausing Colchester 17" Horizontal lathe	2312
23.	Bridgeport Series Vertical Drill	J202453
24.	Hendey Horizontal Lathe 14 x 42	121
25.	Cincinnati Milling Machine	E506J
26.	Cincinnati Bickford Drill	122
27.	Boyd & Emmes Radial Engine Horizontal Lathe	n/a
28.	Enerpac Hydraulic Press	n/a
29.	Grob NS24 Band Saw	3508
30.	Clausing Vertical Drill Press	104435
31.	Bradford Grinder	86
32.	Clausing Vertical Drill Press	511876
33.	Abrasive Machine Tool Sander	n/a
34.	Miller Bobcat 225 NT Welding Set	n/a
35.	Miller Trailblazer 30 Z Welding Set	n/a
36.	Hobart Mega Arc 300 Welding Set	n/a
37.	Misc. Hand Tools and Cabinets	n/a
38.	Rigid 802 Pipe Threader	n/a
39.	Wells Metal Band Saw	14980
40.	Miller XMT 350 CC/CV Welding Set	n/a
41.	Modern C6251x1500 Horizontal Lathe – Age 2003	n/a
42.	Lincoln Wirematic 255 Welding Set, all components and ancillary items	n/a
43.	Caterpillar 99F – 3,500 lbs. Cap.	AT81C-00357
44.	Caterpillar 99H – 3,500 lbs. Cap.	AT81C-00944
45.	Caterpillar V-80	932200-14A
46.	Caterpillar #11 Roll Grab – 7,000 lbs. Cap.	AT8701785
47.	Caterpillar #12 Roll Grab – 7,000 lbs. Cap.	AT8701784
48.	Genie #1 Scissor lift	76192
49.	Genie #2 Scissor lift	65851
50.	Genie #3 Articulating boom	Z34N-3953
51.	Genie AWP – 300 lbs. Cap.	3892-1317
52.	Halla #11 – 4,400 lbs. Cap.	1449K
53.	Hyster S-150 – 16,000 lbs. Cap.	A24D1857P
54.	Hyster 50 – 4,800 lbs. Cap.	F187V13647F
55.	JCB 506C – 6,000 lbs. Cap	585635
56.	JCB 506C – 6,000 lbs. Cap.	JCB5CAJLC61184611
57.	Kubota SSV65	13738

	Equipment Description	Serial No.
58.	Linde #5 Roll Grab – 3,700 lbs. Cap.	A11313G00184
59.	Linde #3 Roll Grab – 3,700 lbs. Cap.	A11313G00185
60.	Linde #24 – 4,500 lbs. Cap.	A11319J00224
61.	Linde #68 – 4,500 lbs. Cap.	A11319J00168
62.	Nissan #8 – 3,500 lbs. Cap.	23108
63.	Skid Steer L230	wbm432589
64.	Terex All Terrain lift – 6,000 lbs. Cap.	TH06O6B-6256
65.	Toyota #4 Roll Grab – 4,400 lbs. Cap.	84988
66.	Toyota #1 – 7,700 lbs. Cap.	77656
67.	Toyota #30 – 7,250 lbs. Cap.	63678