

Edgar Filing: REUNION INDUSTRIES INC - Form 8-K

REUNION INDUSTRIES INC
Form 8-K
July 09, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) July 9, 2008

REUNION INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	01-15739	06-1439715
-----	-----	-----
(State of Incorporation)	(Commission File No.)	(IRS Employer ID No.)

11 STANWIX STREET, SUITE 1400
PITTSBURGH, PENNSYLVANIA 15222

(Address of principal executive offices, including zip code)

(412) 281-2111

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the

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Exchange Act (17 CFR 240.13e-4(c))

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Item 8.01 - Other Events

As previously reported, on November 26, 2007 Reunion Industries, Inc. ("Reunion") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Connecticut, Bridgeport Division (the "Bankruptcy Court"). Reunion continues to operate as "debtor-in-possession" in that proceeding under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. Attached to and made a part of this Report is Reunion's Monthly Operating Report that was filed on July 1, 2008 with the Bankruptcy Court and the United States Trustee pursuant to Rule 2015 of the Federal Rules of Bankruptcy Procedure.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: July 9, 2008

REUNION INDUSTRIES, INC.
(Registrant)

By: /s/ John M. Froehlich

John M. Froehlich
Executive Vice President
of Finance and Chief
Financial Officer

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UNITED STATES BANKRUPTCY COURT
BRIDGEPORT DIVISION - DISTRICT OF CONNECTICUT
MONTHLY OPERATING REPORT

In re REUNION INDUSTRIES, INC.

Case No. 07-50727(AHWS)

Reporting Period: MAY 2008

Federal Tax I.D. # 06-1439715

CORPORATE MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document	Explanation Attached	Attached
-----	-----	-----	-----	
Schedule of Cash Receipts and Disbursements	MOR-1		YES	N/A
Bank Reconciliations	MOR-1 (CON'T)	YES		N/A
Statement of Operations	MOR-2	YES		N/A
Balance Sheet	MOR-3	YES	N/A	
Status of Post-petition Taxes	MOR-4	YES	N/A	
Summary of Unpaid Post-petition Debts	MOR-4		YES	N/A
Accounts Receivable	MOR-5	YES	N/A	
Taxes Reconciliation & Aging	MOR-5	YES	N/A	
Payments -Insiders/Professionals	MOR-6	YES	N/A	
Post Petition Status of Secured Notes, Leases Payable	MOR-6	YES	N/A	
Debtor Questionnaire	MOR-7	YES	N/A	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Authorized Individual \s\ JOHN M. FROEHLICH, CFO Date JUNE 26, 2008

Authorized individual must be an officer, director or shareholder if debtor is a corporation.

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 1
CASH RECEIPTS AND DISBURSEMENTS
MAY 2008

CASE NO. 07-50727 (AHWS)
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Cash - beginning of period excluding	\$ 51,452,476	
Plus: Collections on receivables		1,965,488
Plus: Miscellaneous/Titan receipts		108,050
Less: Disbursements		
Net payroll		415,032
Payroll taxes		191,414
Titan disbursements		41,649
Other operating		1,340,212
Secured debt payments		34,000,000
Reorganization:		
Professional fees		1,053,361
U.S. Trustee fees		0

Total		37,041,668
Less: Change in outstanding checks		81,794

Cash - end of period	\$ 16,402,552	=====

NOTE:

Professional fees represent final payment to Lincoln International related to the sale of the Company's CP Industries division and legal payments to the firm representing the Company in bankruptcy.

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 1
BANK RECONCILIATION
AS OF MAY 31, 2008

CASE NO. 07-50727 (AHWS)
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BANK TYPE ACCOUNT NUMBER	PNC BANK OPERATING 2161326	PNC BANK PAYROLL 2184149	PNC BANK HEALTHCARE 2880718	PNC BANK PENSION 10382890
Balance per books	\$ 12,598 =====	\$ 0 =====	\$ 0 =====	\$ 0 =====
BANK BALANCE	\$109,588	\$ 0	\$ 67,403	\$327,832
Deposits in transit	0			
Outstanding checks	(96,990)	-	(67,403)	(327,832)
Other - explain below	See Note 1 -----	-----	-----	-----
Adj. Bank Balance	\$ 12,598 =====	\$ 0 =====	\$ 0 =====	\$ 0 =====

("Adj. Bank Balance" must equal "Balance per books".)

EXPLANATION OF OTHER:

Note 1: Bank balance includes \$69,588 in an overnight deposit account.

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 1
BANK RECONCILIATION
AS OF MAY 31, 2008

CASE NO. 07-50727 (AHWS)
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BANK TYPE ACCOUNT NUMBER	PNC BANK PENSION 1011567058	PNC BANK WORK FUND 1896806	PNC BANK CPI-PEN 1898000
Balance per books	\$ 0 =====	\$ 0 =====	\$ 0 =====
BANK BALANCE	\$ 8,012	\$ 3,673	\$ 1,093
Deposits in transit	0		
Outstanding checks	(8,012)	(3,673)	(1,093)
Other - explain below	-----	-----	-----
Adj. Bank Balance	\$ 0 =====	\$ 0 =====	\$ 0 =====

("Adj. Bank Balance" must equal "Balance per books".)

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 1
BANK RECONCILIATION
AS OF MAY 31, 2008

CASE NO. 07-50727 (AHWS)
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BANK TYPE ACCOUNT NUMBER	PNC BANK Cash Collat'l 1019820572	PNC BANK Carve-Out 1019820847	PNC BANK Segregated 1019821057
Balance per books	\$15,296,472 =====	\$ 250,000 =====	\$ 250,000 =====
BANK BALANCE	\$15,296,472	\$ 250,000	\$ 250,000
Deposits in transit			
Outstanding checks			
Other - explain below			

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	-----	-----	-----
Adj. Bank Balance	\$15,296,472	\$ 250,000	\$ 250,000
	=====	=====	=====

("Adj. Bank Balance" must equal "Balance per books".)

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 1
BANK RECONCILIATION
AS OF MAY 31, 2008

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BANK
TYPE
ACCOUNT NUMBER

FIFTH THIRD
OPERATING
7512940417

FIFTH THIRD
PAYROLL
1065629

Chase
Operating
1690008469

Chase
Royalty
1820765236

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Balance per books	\$ 377,303 =====	\$ 240,127 =====	\$ 71,221 =====	\$ 126,841 =====
BANK BALANCE	\$ 561,638	\$ 240,127	\$ 81,955	\$ 132,623
Deposits in transit				
Outstanding checks	(184,335)		(10,734)	(5,782)
Other - explain below	-----	-----	-----	-----
Adj. Bank Balance	\$ 377,303 =====	\$ 240,127 =====	\$ 71,221 =====	\$ 126,841 =====

("Adj. Bank Balance" must equal "Balance per books".)

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 2
INCOME STATEMENT
FOR THE PERIODS INDICATED

CASE NO. 07-50727 (AHWS)

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(\$ amounts in thousands)

	Month of May 2008 -----	Post Petition to 31-May-08 -----
Net Sales	\$ 1,717	\$ 23,345
Cost of Sales:		
Standard Cost	1,291	17,121
Variances & Other	229 -----	1,335 -----
Gross Profit	197	4,889
Operating Expenses:		
Marketing	57	719
General & Admin	261 -----	2,073 -----
Operating Profit	(121)	2,097
Other Income (Expense)	(2,607)	40,130
Equity in China JV	106	277
Reorganization exp:		
Professional fees	0	(187)
U.S. Trustee fees	0	(21)
Other		
Adequate Protection Paym't Exp.	0	(450)
Interest Expense - excluding Adequate Protection Payments	(317) -----	(3,677) -----
Profit before tax	(2,939)	38,169
Income Tax	0 -----	0 -----
Net Income	\$ (2,939) =====	\$ 38,169 =====

NOTE: Other income(expense) above primarily reflects the gain on sale of the Company's CP Industries division in April of 2008. The expense in the month of May reflects adjustments to the original recorded gain.

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 3
COMPARITIVE BALANCE SHEET
AS OF THE PERIODS SHOWN

CASE NO. 07-50727 (AHWS)

(\$ amounts in thousands)

		Adjusted		
	26-Nov-07		30-Apr-08	31-May-08
	-----		-----	-----
ASSETS:				
Cash and Equivalents	\$ 754	\$ 51,452	\$ 16,403	
Net Receivables	7,166	2,800	2,801	
Net Inventory	12,369	2,577	2,451	
Other Current Assets	3,029	1,370	2,219	
	-----	-----	-----	
Current	23,318	58,199	23,874	
Net Property	6,300	3,221	3,223	
Goodwill	10,994	1,491	1,491	
CSV policies	2,200	2,195	2,195	
Interest in China JV	3,009	3,180	3,286	
	-----	-----	-----	
Total	\$ 45,821	\$ 68,286	\$ 34,069	
	=====	=====	=====	
LIABILITIES & EQUITY:				
Current Maturities of Debt	\$ 0	\$ 0	\$ 0	
Trade Payables	3,305	2,830	2,697	
Accrued Income Taxes	0	11	11	
Accrued Interest	544		623	630
Customer Deposits	4,424		0	0
Accrued Other	4,272	2,134	4,668	
	-----	-----	-----	-----
Current	12,545	5,598	8,006	
Secured Debt and interest	53,418	43,380	9,694	
Other Liabilities	3,101	1,211	1,211	
	-----	-----	-----	
Total Liabilities	69,064	50,189	18,911	
Total Equity	(23,243)	18,097	15,158	
	-----	-----	-----	
Total	\$ 45,821	\$ 68,286	\$ 34,069	
	=====	=====	=====	

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 4
SUMMARY OF UNPAID POST PETITION TAXES AND DEBTS
AS OF MAY 31, 2008

CASE NO. 07-50727 (AHWS)
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(\$ Amounts in 000's)

TAXES:

		Beg Liability	Accrued Paid	Liability	End
		-----	-----	-----	-----
NON-PAYROLL TAXES:					
Sales		\$ 0			\$ 0
Excise	\$ 0			\$ 0	
Real Property	\$ 0			\$ 0	
Personal Property		\$ 0			\$ 0

PAYROLL TAXES - See attached pages 2 to 4

Amount due for payrolls in the last half of May 2008 - paid in June	\$ 49
------------------------------------------------------------------------	-------

DEBTS:

		Days Past Due				
	Current	0-30	31-60	61-90	Over 91	Total
	-----	-----	-----	-----	-----	-----
Accounts Payable	\$ 298	\$ 71	\$ 2	\$ 0	\$ 2,326	\$ 2,697
Wages Payable	78					78
Taxes Payable	0					0
Rent-Building	0					0
Adequate Protection Paymts	0					0
Professional Fees	0	0	32			32
Amounts due Insiders	7	15	15 15		33	85
	-----	-----	-----	-----	-----	-----
Total	\$ 383	\$ 86	\$ 49	\$ 15	\$ 2,359	\$ 2,892
	=====	=====	=====	=====	=====	=====

Explanations:

Wages represent hourly wages earned in the last half of May that were paid in June.

Professional fees are due Reid and Riege and are awaiting Bankruptcy Court approval.

Amounts due insiders represent post petition interest on note and guaranty fees.

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 4
FIT/FICA TAX PAYMENTS and FUTA 940 TAX PAYMENTS
MAY 2008

CASE NO. 07-50727 (AHWS)
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DATE PAID ----	REF ---	CPI -----	HANNA -----	HQ -----	TOTAL
MAY					
01	941	29,455.72	17,876.10	18,686.75	66,018.57
02					0.00
05					0.00
06	941		19,886.05		19,886.05
07					0.00
08					0.00
09					0.00
12					0.00
13	941		19,447.23		19,447.23
14					0.00
15					0.00
16					0.00
19					0.00
20	941		37,138.96	12,005.38	49,144.34
21					0.00
22					0.00
23					0.00
27					0.00
28	941		18,763.84		18,763.84
29					0.00
30					0.00
		-----	-----	-----	-----
TOTAL		29,455.72 =====	113,112.18 =====	30,692.13 =====	173,260.03 =====

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REUNION INDUSTRIES, INC. CASE NO. 07-50727 (AHWS)
 MONTHLY OPERATING REPORT - 4 page 3/3
 PA., ILLINOIS, INDIANA AND WISCONSIN WITHHOLDING TAX PAYMENTS
 MAY 2008

DATE PAID ----	STATE -----	HANNA -----	HQ -----	TOTAL -----
MAY				
01				0.00
02	PA & IL	1,617.91	4,145.72	5,763.63
05				0.00
06				0.00
07	IL	1,951.27		1,951.27
08				0.00
09				0.00
12				0.00
13				0.00
14	IL	1,896.49		1,896.49
15	WI	949.03		949.03
16				0.00
19				0.00

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20	PA & IN		1,239.62	1,239.62
21	IL	3,524.44		3,524.44
22				0.00
23				0.00
27				0.00
28				0.00
29	IL	1,852.02		1,852.02
30	WI	977.16		977.16
		-----	-----	-----
TOTAL		12,768.32	5,385.34	18,153.66
		=====	=====	=====

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ACCOUNTS RECEIVABLE AND TAXES AGING AS OF MAY 31, 2008

(\$ Amounts in 000's)

TRADE ACCOUNTS RECEIVABLE RECONCILIATION:

Trade Receivables - beg of month		\$ 2,909	
Plus: Invoiced during the month	1,716		
Less: Amounts collected		(1,711)	

Trade Receivables - end of month		\$ 2,914	=====

ACCOUNTS RECEIVABLE AGINGS:

0-30		\$ 1,730	
31-60		971	
61-90		124	
91+		89	

Total trade receivables		2,914	
Non-trade receivables		9	
Less: Reserve for bad debts		(122)	

Net Receivables - per balance sheet		\$ 2,801	=====

TAXES PAYABLE

Taxes from late May payrolls - paid in June	\$ 49		===
---------------------------------------------	-------	--	-----

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REUNION INDUSTRIES, INC.

CASE NO. 07-50727 (AHWS)

MONTHLY OPERATING REPORT - 6

PAYMENTS TO INSIDERS and PROFESSIONALS and

STATUS OF SECURED NOTES, LEASES AND ADEQUATE PROTECTION PAYMENTS

MAY 2008

Of the total disbursements shown on MOR-1, list the amount paid to insiders and to professionals. For payments to insiders, identify the type of compensation paid.

NAME	TYPE OF PAYM'T	PERIOD AMOUNT	PAID THIS POST PETITION	TOTAL
-----	-----	-----	-----	-----
INSIDERS:				

Thomas N. Amonett	Director fees	\$ 1,500	\$ 9,000	
Charles E. Bradley	Director fees	\$ 9,833	\$ 58,998	
Thomas L. Cassidy	Director fees	\$ 1,500	\$ 9,000	
David E. Jackson	Director fees	\$ 1,500	\$ 9,000	
Joseph C. Lawyer	Director fees	\$ 4,625	\$ 27,750	
John G. Poole	Director fees	\$ 5,000	\$ 30,000	
Kimball J. Bradley, CEO	Salary	\$32,627	\$195,762	
John M. Froehlich, CFO	Salary	\$18,255	\$109,530	
Thomas J. Vogel, VP	Salary	\$ 9,350	\$ 56,100	

PROFESSIONALS:

	DATE OF COURT ORDER	AMOUNT APPROVED	PAID THIS PERIOD PAID TO AMOUNT	TOTAL AND DATE	INCURRED UNPAID	TOTAL
-----	-----	-----	-----	-----	-----	-----
Lincoln International	1/24/08	\$1,098,295	\$989,157	\$1,098,395	\$ 0	
Reid and Riege, PC	11/28/07	\$ 237,396	\$ 64,205	\$ 237,396	\$31,848	

POST PETITION STATUS OF SECURED NOTES, LEASES AND ADEQUATE PROTECTION PAYMENTS:

NAME OF CREDITOR	MONTHLY PAYM'TS DUE	MONTH	PAID DURING UNPAID	POST PETITION
-----	-----	-----	-----	-----
SECURED NOTES: (Principal in default)				
ADEQUATE PROTECTION PAYMENTS:				
Steel Partners	\$ 0	\$ 3,558,139	\$ 0	0
U.S. Bank, as Trustee	\$ 0	\$30,441,861	\$ 0	
LEASES				

KWA Properties	\$ 70,198	\$ 70,198	\$ 0	0
IPC REIT - Stanwix Street Assoc	\$ 9,362	\$ 9,362	\$ 0	

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US Bancorp	\$ 2,890	\$ 2,890	\$ 0
Total Equipment Co	\$ 3,197	\$ 3,197	\$ 0
Hyster Capital	\$ 2,043	\$ 2,043	\$ 0
Equipco	\$ 1,494	\$ 1,494	\$ 0

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REUNION INDUSTRIES, INC.
MONTHLY OPERATING REPORT - 7
DEBTOR QUESTIONNAIRE
MAY 2008

CASE NO. 07-50727 (AHWS)

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item.
Attach additional sheets if necessary.

	YES	N
	---	---
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT THIS REPORTING PERIOD?	X	
3. IS THE DEBTOR DELINQUENT IN THE TIMELY FILING OF ANY POST-PETITION TAX RETURNS?		
4. ARE WORKERS' COMPENSATION, GENERAL LIABILITY OR OTHER NECESSARY INSURANCE COVERAGES EXPIRED OR CANCELLED, OR HAS THE DEBTOR RECEIVED NOTICE OF EXPIRATION OR CANCELLATION OF SUCH POLICIES?	X	
5. IS THE DEBTOR DELINQUENT IN PAYING ANY INSURANCE PREMIUM PAYMENT?	X	
6. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?		
7. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?		
8. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?	X	
9. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?	X	
10. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		
11. ARE ANY OTHER POSTPETITION TAXES PAST DUE?	X	
12. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?	X	
13. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?	X	
14. ARE ANY WAGE PAYMENTS PAST DUE?		
15. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?		
16. IS THE DEBTOR DELINQUENT IN PAYING ANY U.S. TRUSTEE FEES?	X	
17. IS THE DEBTOR DELINQUENT WITH ANY COURT ORDERED PAYMENTS TO ATTORNEYS OR OTHER PROFESSIONALS?	X	
18. HAVE THE OWNERS OF SHAREHOLDERS RECEIVED ANY COMPENSATION OUTSIDE OF THE NORMAL COURSE OF BUSINESS?	X	

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