

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION AT LAFAYETTE

In re:)
CONSOLIDATED INDUSTRIES CORP.) Case No: 98-40533
)
Debtor.) CHAPTER 7
)
)
_____)

**ENODIS CORPORATION'S OBJECTION TO
THE TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE
VANSANT CONTROVERSY AND OTHER RELATED RELIEF**

COMES NOW Creditor and Party-In-Interest Enodis Corporation f/k/a Welbilt Corporation ("Enodis"), by counsel, and for its Objection to the Motion of Daniel L. Freeland in his capacity as Chapter 7 Trustee of Consolidated Industries Corp. ("Consolidated") (the "Trustee") for Authority to Compromise and Settle Vansant Controversy, Enter Into Conditional Release, Pay Policy Proceeds, Allow A General Unsecured Claim, and Request for A Hearing and Opportunity to Object states as follows:

1. Consolidated Industries Corp. ("Consolidated") filed for protection under Chapter 11 of the Bankruptcy Code on May 28, 1998. This case was converted to one under Chapter 7 on August 14, 2000.
2. Enodis is a creditor of Consolidated having timely filed a proof of claim, a portion of which it claims is entitled to administrative priority. In addition, Enodis is the assignee of a proof of claim timely filed by The Trane Company, a Division of American Standard Inc. No part of those claims has been disallowed. Enodis' claims exceed in amount any monies that the District Court has determined by interlocutory order that Enodis owes the Estate.

3. Enodis has posted a \$9.4 Million supersedeas bond to secure payment of an interlocutory order of the District Court granting the Trustee summary judgment in the sum of \$8.4 Million. The District Court's interlocutory order is as of the date of this objection not final and therefore not subject to appeal.

4. Enodis is the owner of each of the policies of insurance whose proceeds will be eroded to fund the proposed compromise. Accordingly, Enodis is a Party-In-Interest without regard to its standing as a creditor with a claim that is in part entitled to administrative priority. Enodis also has the right of set-off.

5. In January 2003, the Trustee moved for approval to settle the Vansant claims pursuant to the terms of a certain Settlement Agreement and General Release of Defendant Consolidated Industries Corp. dated September 9, 2002 (the "First Settlement Agreement").

6. Under the terms of the First Settlement Agreement, Enodis' insurance policies would only have been eroded by \$20,000; Enodis would have itself received a general release in exchange for agreeing to that erosion; none of the insurance companies would seek to recover any portion of their payments from Enodis; and the Estate would not be burdened with any expense.

7. Under the proposed compromise, Enodis' insurance policies are to be eroded by \$25,000; Enodis does not receive a general release in exchange for agreeing to that erosion (which it has not done); the Trustee does not explain why he proposes to now agree to a \$2,000 claim against the Estate; and the Trustee has failed to offer any assurance that one or more of the insurance companies funding the proposed compromise will not seek to recover some or all of their payment from Enodis.

8. In summary, the new proposed compromise is a substantially “worse deal” for the Estate and for Enodis, as the owner of the policies, in every sense than the First Settlement Agreement.

9. Enodis therefore objects to the proposed compromise upon the following grounds:

- The proposed compromise purports to erode Enodis’ insurance policies without affording it the benefit of a general release in respect of the Vansant claim.
- Enodis has not agreed to the erosion of its policies in respect of the Vansant claim in any amount in excess of \$20,000 and has agreed to that amount upon the express condition that it also receive a general release.
- The Trustee has failed to provide Enodis with any assurance that the monies to be contributed by National Union will not erode Enodis’ coverage under the National Union policy.
- The Trustee has failed to provide Enodis with any assurance that the monies to be contributed by The Travelers Indemnity Company of Illinois (“Travelers”) will not erode Enodis’ coverage under the Travelers’ policy.
- The Trustee’s application fails to disclose the consideration, if any, to be paid by Ace and therefore the Trustee has failed to provide Enodis with any assurance that any monies to be contributed by Ace will not erode Enodis’ coverage under the Ace policy.

- The Trustee's application fails to disclose the consideration, if any, to be paid by Pacific Employers Insurance Company ("PEIC") and therefore the Trustee has failed to provide Enodis with any assurance that any monies to be contributed by PEIC will not erode Enodis' coverage under the PEIC policy.
- The proposed compromise is not remotely as favorable to the Estate as the Original Settlement Agreement and the Trustee has failed to offer any explanation why compromise on the terms to which the Vansant claimants agreed in September 2002 is not now possible.
- The Trustee has failed to make any showing that one or more of the insurance companies to which he refers in his application will not seek to recover in whole or in part monies from Enodis.
- It is inequitable to consider this application because Enodis was not provided adequate notice of the Trustee's action impairing its interests in respect of its Insurance Policies. Accordingly, consideration of this motion should be stayed for a reasonable time so that Enodis may move for relief from the automatic stay so that it may cancel all four policies insofar as they provide coverage for Consolidated because if the compromise is approved Enodis' interests will be compromised while at the same time it has been denied the benefits of the Stock Purchase Agreement pursuant to which it agreed to maintain coverage for Consolidated under the policies at issue in this application.

WHEREFORE Enodis respectfully requests that the Court deny the Trustee's motion for authority to compromise.

Dated: March 19, 2004

Respectfully submitted,

 /s/ J. Joseph Bainton .
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