

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:

EQUIPMENT ACQUISITION RESOURCES, INC.

Debtor.

**Chapter 11
Case No. 09-39937**

Hon. John H. Squires

NOTICE OF MOTION

To: See Attached Service List

Please take notice that on November 2, 2009 at 9:30 a.m., or as soon thereafter as counsel may be heard, the undersigned will appear before the Honorable John H. Squires, bankruptcy judge, or such other judge as may be sitting in his stead, in courtroom 680 or in such other courtroom as occupied by him, 219 South Dearborn street, Chicago, Illinois and shall then and there present the attached **Debtor's Application For Entry Of An Interim Order Authorizing Retention And Employment Of Development Specialists, Inc. As Financial Advisor To The Debtor**, at which time and place you may appear as you see fit.

Dated: October 23, 2009

Respectfully submitted,
Equipment Acquisition Resources, Inc.
Debtor and Debtor-in-Possession

By: /s/ Barry A. Chatz
One of its attorneys

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CERTIFICATE OF SERVICE

I, Barry A. Chatz, an attorney, certify that I caused a copy of the Notice of Motion and Motion to be served on the parties listed on the attached service list by U.S. Postal Service First Class Mail and by the Court's ECF System to those entities entitled to electronic service, on October 23, 2009.

/s/ Barry A. Chatz

Service List

William T. Neary
United States Trustee
219 S. Dearborn Street, Suite 873
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ABCO LEASING
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Suite 204
Bothell, WA 98021

ACADEMIC CAPITAL GROUP
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ACURA FINANCIAL SERVICES
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City of Industry, CA 91716-0001

ALTEC CAPITAL (QUAIL CAPITAL)
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Birmingham, AL 35242-4842

AMERICAN BANK LEASING
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Pottstown, PA 19464-0274

AMERICAN BANK-NC
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ASSOCIATED BANK
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Green Bay, WI 54301

AUDI FINANCIAL SERVICES
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Hillsboro, OR 97123-0003

Balboa Leasing
2010 Main Street, 11th Floor
Irvine, CA 92614

Bank of Jackson Hole
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Jackson, WY 83001

BANK OF THE WEST
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BRYN MAWR
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Bryn Mawr, PA 19010

CHARTER NATIONAL
PO Box 918
Streamwood, IL 60107

CITIZENS BANK AND TRUST
5700 North Central Ave
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CM FINANCIAL
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COMERICA
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114 East Lexington Street
Baltimore, MD 21264

FARMERS AND MERCHANTS BANK
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FIFTH THIRD BANK
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Chicago, IL 60606

FIRST COMMUNITY BANK
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Elgin, IL 60123

FIRST CREDIT FUNDING
PO Box 3892
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FIRST DUPAGE BANK
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ICON EAR, LLC
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Illinois Department of Employment Security
Insolvency/Bkcy Subunit
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Illinois Department of Revenue
Bankruptcy Section
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Internal Revenue Service
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Chicago, IL 60606

Internal Revenue Service
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28300 Orchard Lake Road
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MILLENNIUM BANK
2100 Miner Street
Des Plaines, IL 60016

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NISSAN
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NORSTATES BANK
1601 N. Lewis
Waukegan, IL 60523

NORTHWAY STATE BANK
480 West Center Street
Grayslake, IL 60030

OFC CREDIT
3585 Atlanta Ave
Atlanta, GA 31193-4109

PENTECH FINANCIAL
1310 Madrid Street
Suite 103
Marshall, MN 56258

REPUBLIC BANK
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Oakbrook, IL 60523

SG EQUIPMENT FINANCE
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SOVEREIGN BANK
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Melville, NY 11747

SUNTRUST LEASING CORP.
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SUSQUEHANNA COMMERCIAL
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TD BANKNORTH
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Bedford, NH 03110

TOWN AND COUNTRY LEASING
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Philadelphia, PA 19182-0116

US BANK
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VELOCITY FINANCIAL GROUP

P.O. Box 856
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WAUKEGAN BANK

1324 Golf Road
Waukegan, IL 60087

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
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In re:

EQUIPMENT ACQUISITION RESOURCES, INC.

Debtor.

Chapter 11

Case No. 09-39937

Hon. John H. Squires

**DEBTOR'S APPLICATION FOR ENTRY OF AN INTERIM ORDER AUTHORIZING
RETENTION AND EMPLOYMENT OF DEVELOPMENT SPECIALISTS, INC. AS
FINANCIAL ADVISOR TO THE DEBTOR**

EQUIPMENT ACQUISITION RESOURCES, INC., as debtor and debtor in possession (the "Debtor"), by and through its proposed attorneys, hereby presents this application for entry of an order authorizing the Debtor to retain and employ Development Specialists, Inc. ("DSI") as financial advisor to the Debtor in the above-captioned Chapter 11 case (the "Application"). The facts and circumstances supporting this Application are set forth herein and in the Affidavit of William A. Brandt, Jr., (the "Brandt Affidavit"), which is attached hereto as Exhibit A. In support of this Application, the Debtor respectfully states as follows:

JURISDICTION

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
2. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b).

3. The statutory predicates for the relief requested herein are section 327(a) of the Bankruptcy Code and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

BACKGROUND

4. This case was commenced when the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11, United States Code (the "Bankruptcy Code") on October 23, 2009 (the "Petition Date").

5. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor continues to operate its business and manage its financial affairs as a debtor in possession. No trustee, examiner or committee has been appointed in this case.

6. The Debtor is an Illinois Corporation, organized and existing under the laws of the state of Illinois and operating in several buildings near its headquarters at 555 S. Vermont Street, Palatine, Illinois.

7. Prior to the commencement of this case, the Debtor was a market maker in the semiconductor manufacturing equipment sales and servicing industry. The Debtor marketed and sold technologically advanced equipment to customers throughout the world. The Debtor also performed processing services for companies in the semiconductor industry. The Debtor's services included engineering new silicon wafers to meet computer chip manufacturers' specifications, designing manufacturing processes and equipment to produce such wafers, and implementing such processes and equipment in small production runs.

8. The Debtor owns and/or leases more than 2000 pieces of semiconductor manufacturing equipment. The Debtor is indebted to multiple lenders that hold liens on various pieces of equipment. Two lenders, Republic Bank and Norstates Bank, assert liens on and security interests in all of the assets of the Debtor, including cash. Republic is owed approximately \$6.67 million as of the Petition Date; Norstates Bank is owed approximately \$9.06 million as of the Petition Date. The Debtor's secured debt totals, in the aggregate, approximately \$135 million. The appraised value of the Debtor's equipment is not known.

9. Beginning in the fourth quarter of 2008, the Debtor experienced a significant downturn in equipment sales. The downturn continued into 2009 precipitating a severe liquidity crisis and ultimately leading to this filing.

10. On October 8, 2009 the members of the Debtor's board of directors and its officers resigned. The shareholders elected William A. Brandt, Jr. as the sole member of the board of directors and as the Chief Restructuring Officer (the "CRO").

11. Prior to the Petition, the Debtor attempted to work out a composition agreement with its various secured creditors. Those negotiations failed and the CRO filed the instant petition to restructure the Debtor's debt and manage its assets for the benefit of all creditors.

RELIEF REQUESTED

12. By this Application, the Debtor respectfully requests that this Court enter an order authorizing the Debtor to employ and retain DSI as its financial advisor to render financial advisory services necessary to the effective administration of the

Debtor's estate. The Debtor requests an interim order authorizing the retention of DSI pursuant to Bankruptcy Rule 6003, and a final order to be entered on or about the 20th day after the Petition Date. Retention of DSI prior to the 20 day period under Rule 6003 is necessary given the size of this case, and the extensive work which is needed to be done during the first 20 days of this case in order to preserve the assets of the Estate for the benefit of the Debtor's creditors.

13. Pursuant to 11 U.S.C. §327(a), the Debtor may employ "professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under [the Bankruptcy Code]." 11 U.S.C. §327(a).

14. The Debtor seeks to retain DSI as its financial advisor for this chapter 11 case because DSI is a leading provider of management and consulting services on behalf of a wide range of parties, including lending institutions, secured and unsecured creditors, shareholders, bondholders and business owners. For almost 30 years, DSI has focused on maximizing value for stakeholders and has built a solid reputation as an industry leader. DSI has a highly skilled and diverse team of professionals and offices throughout the United States and in Europe. The Debtor therefore believes that DSI is well qualified to serve as its financial advisor in this case and to assist in the evaluation of the Debtor's business.

15. Furthermore, DSI has extensive experience in acting as a financial advisor in chapter 11 cases. Judge Eugene R. Wedoff previously approved DSI's employment

as a financial advisor in *In re Chicago H&S Hotel Property, L.L.C.*, Case No. 07-20088, following a motion by the debtor in essentially the same form as the instant Application.

SCOPE OF EMPLOYMENT

16. The Debtor expects that DSI's services for its estate will include some or all of the following services:

- a. Evaluating the business operations of the Debtor;
- b. Counseling the Debtor with respect to the administration of the bankruptcy estate;
- c. Investigating the acts, conduct, assets, liabilities, and financial condition of the Debtor, the operation of the Debtor's business, and any other matters relevant to the case or to the formulation of a plan of reorganization;
- d. Assisting, as necessary, in the preparation of motions, answers, orders, reports, and other legal papers in connection with the administration of the bankruptcy estate;
- e. Assisting the Debtor in fulfilling its duties set forth in 11 U.S.C §1106; and
- f. Performing such other financial advisory services as may be necessary and appropriate for the efficient and economical administration of the case.

17. Additionally, as stated above the Debtor has appointed William A. Brandt, Jr., of DSI, as its Chief Restructuring Officer. DSI submits that it will be compensated for the work of the CRO in accordance with this Application and the order approving it. The CRO will not be separately compensated by the Debtor for his work as its Chief Restructuring Officer.

COMPENSATION

18. Section 327(a) of the Bankruptcy Code authorizes the employment of a professional person on any reasonable terms and conditions of employment, including

on an hourly basis. See 11 U.S.C. §327(a). The Debtor will require DSI to render extensive services, the cost of which cannot be estimated. Subject to this Court's approval and in accordance with sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules of this Court and other procedures that may be fixed by this Court, the Debtor requests that DSI be compensated on an hourly basis, plus reimbursement of the actual and necessary expenses DSI incurs, in accordance with the ordinary and customary rates which are in effect on the date the services are rendered and the expenses are incurred.

19. DSI has advised the Debtor that the current hourly rates applicable to the principal employees proposed to service the Debtor's interests are as follows:

Senior Consultants:	\$425 to \$595/hour
Consultants:	\$250 to \$420/hour
Junior Consultants:	\$120 to \$245/hour

20. Mr. Brandt's hourly rate for 2009 is \$595/hour. DSI's hourly billing rates are subject to periodic adjustments to reflect economic and other conditions. These rates are set at a level designed to fairly compensate DSI for the work of its professionals and to cover fixed and routine overhead expenses. It is anticipated that DSI's financial advisory team will be lead by the CRO.

21. It is DSI's policy to charge its clients for actual expenses incurred in connection with the client's case. These expenses charged to clients include, among other things, postage, package delivery, transcript costs, telephone charges when utilizing third-party conference call facilitators, internal photocopying at a rate of \$.10 per

page, secretarial or paralegal overtime as required by law, outside copy service costs, travel expenses, expenses for "working meals" and computerized research.

22. On October 9, 2009, DSI received a retainer in the amount of \$100,000. While a final accounting has not yet been performed, it is estimated that little, if any, of this retainer remains as of the filing of the bankruptcy petition.

**DSI DOES NOT HOLD
OR REPRESENT ANY ADVERSE INTEREST**

23. To the best of the Debtor's knowledge and based upon the Brandt Affidavit, DSI does not hold or represent any interest adverse to the Debtor or its Chapter 11 estate, creditors or any other party in interest, and DSI is a "disinterested person" as such term is defined in section 101(14) of the Bankruptcy Code.

24. Additionally, as stated above, except as set forth in the Brandt Affidavit, to the best of the Debtor's knowledge, DSI does not have any connections with the Debtor, its creditors, any other parties in interest, its current respective attorneys, the United States Trustee or any person employed in the Office of the United States Trustee.

25. DSI is not a creditor of the Debtor, and it is not an equity security holder or insider of the Debtor.

NOTICE AND PRIOR APPLICATION

26. Notice of this Motion has been given to: (a) the Office of the United States Trustee; (b) the Debtor's secured creditors; (c) the creditors holding the 20 largest unsecured claims against the Debtor's estate as set forth in the Debtor's chapter 11 petition; and (d) the applicable state and federal taxing authorities. In light of the foregoing, the Debtor submits that no further notice need to be given.

27. No previous motion for the relief sought herein has been made to this or any other court.

CONCLUSION

WHEREFORE, the Debtor respectfully requests that this Court enter the attached order (i) granting this Application; (ii) authorizing the Debtor to retain and employ Development Specialists, Inc. as its financial advisor in this Chapter 11 case pursuant to section 327(a) of the Bankruptcy Code on an interim basis pursuant to Bankruptcy Rule 6003; (iii) continuing the motion for final hearing; and (iv) granting such other relief as this Court may deem just and proper.

Dated: October 23, 2009

Respectfully submitted,
Equipment Acquisition Resources, Inc.
Debtor and Debtor-in-Possession

By: /s/ Barry A. Chatz
One of its attorneys

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