

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
Alexandria Division**

**In re:  
Capital Investments, LLC,  
Debtor.**

**Case No. 15-13600-BFK  
Chapter 11**

**MOTION FOR APPROVAL OF SALE OF REAL PROPERTY  
(15003 Alaska Road, Woodbridge, Virginia)  
(303 Gibson Drive, Oxon Hill, Maryland)  
(6908 G Street, Capitol Heights, Maryland)**

Capital Investments, LLC (“Debtor”), the debtor and debtor in possession herein, by and through the undersigned counsel, pursuant to 11 U.S.C. §§ 363(b) and 105 and Federal Rule of Bankruptcy Procedure 6004, respectfully requests the entry of an order approving the sale of certain residential real property more particularly described herein, and in support thereof, states as follows:

1. This Court has jurisdiction over this matter pursuant to the provisions of 28 U.S.C. §§157 and 1334. This is a core proceeding pursuant to the provisions of 28 U.S.C. §157(b)(2)(N) and (O). Venue is proper in this District and Division pursuant to 28 U.S.C. §§1408 and 1409. The statutory predicates for the relief requested in this Motion are 11 U.S.C. §§363 and 105.

2. On October 15, 2015 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.* (the “Bankruptcy Code”). Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor continues in the control of its property and the operation of its business as a debtor in possession.

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3. Debtor is a Virginia limited liability company in the business of purchasing, renovating, and selling residential real property in Maryland, Virginia and Florida. Its sole member is Abbas Ghassemi (“Ghassemi”). On October 7, 2015, Ghassemi filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code, commencing Case No. 15-13511-BFK (the “Ghassemi Case”) in this Court. Yancey is the duly elected Chapter 7 Trustee in the Ghassemi Case, having been elected at the meeting of creditors conducted therein on November 16, 2015.

4. On December 10, 2015, the Court entered an order herein (Docket Entry No. 115) designating Yancey as the individual authorized to perform the duties imposed on the Debtor by the Bankruptcy Code.

5. As of the Petition Date, Debtor owned the following parcels of improved residential real property:

a. 15003 Alaska Road, Woodbridge, Prince William County, Virginia 22191 (the “Alaska Road Property”), more particularly described as –  
Lot One Hundred Thirty Eight (138), Section Two (2), Marumsco Woods, as the same appears duly dedicated, platted and recorded among the Land Records in Prince William County, Virginia, in Deed Book 279, at Page 644.

b. 303 Gibson Dr., Oxon Hill, Prince George’s County, Maryland 20745 (the “Gibson Drive Property”), more particularly described as:  
Lot Numbered Two (2), in Block lettered “B” in the subdivision known as “RIVER ESTATES”, as per plat thereof recorded among the land records of Prince George’s County in Plat Book WWW 27 at Plat 88; being in the Twelfth Election District.

c. 6908 G St., Capitol Heights, Prince George's County, Maryland 20743 (the "G Street Property"), more particularly described as:

Lot numbered Thirteen (13) in Block lettered "F" in Section numbered Three (3) in the subdivision known as "Gregory Estates", as per Plat Book WWW 17, Plat Number 76, as recorded among the Land Records of Prince George's County, Maryland,

hereinafter collectively referred to as the "Properties" and each as a "Property."

6. By this Motion, the Debtor seeks the Court's approval and authority to sell the Properties to Mid-Atlantic Loans, LLC ("Mid-Atlantic") as follows: the Alaska Road Property for a purchase price of \$125,000.00 pursuant to that *Residential Sales Contract (Virginia)* attached hereto as Exhibit A; the Gibson Drive Property for a purchase price of \$130,000.00 pursuant to that *GCAAR Sales Contract* attached hereto as Exhibit B; and the G Street Property for a purchase price of \$60,000.00 pursuant to that *GCAAR Sales Contract* attached hereto as Exhibit C.

7. The Properties are encumbered by (i) a properly perfected first position deed of trust lien to secure a loan from John Marshall Bank ("JMB") to the Debtor, and (ii) a properly perfected second position deed of trust lien to secure a loan from G.W. Investments, Inc. ("GWI") to the Debtor. The amounts owed to JMB and GWI with respect to each loan are more particularly described in that certain *Motion for Relief from Automatic Stay* and supporting exhibits filed by JMB on December 18, 2015 (Docket Entry No. 133) (the "Lift Stay Motion"). The *Lift Stay Motion* sought relief from the automatic stay imposed by section 362(a) of the Bankruptcy Code so as to permit JMB to pursue its contractual and state law rights as a consensual lienholder against thirteen parcels of improved residential real property, including the Properties. The Debtor did not object to the *Lift Stay Motion* and agreed that there was no equity

in any of the properties identified therein, including the Properties. By *Order* entered on January 12, 2016 (Docket Entry No. 173) (the “Lift Stay Order”), this Court lifted and terminated the automatic stay so as to permit JMB to pursue its contractual and state law rights against its collateral, including the Properties.

8. Following entry of the *Lift Stay Order*, JMB, GWI and the Debtor reached an agreement under which each of the properties subject to the *Lift Stay Order* (including the Properties) could be marketed and sold in lieu of foreclosure, at the discretion of JMB. JMB assumed responsibility for marketing each Property for sale. With respect to each Property, JMB and GWI have agreed that they will release their liens at closing on the sale of each Property in exchange for GWI receiving a sum equal to 1.5% of the purchase price for each Property (“GWI Payoff”) and JMB receiving the net proceeds of sale (after payment of all seller closing costs and unpaid real estate taxes), less payment at closing (a) of the GWI Payoff, and (b) to the Debtor of (i) a carve-out of \$1,500 per Property, (ii) all legal fees incurred by the Debtor in connection with efforts to obtain court approval of any sale of such Property, (iii) any fees for management services provided by Analytic Financial Group, LLC in connection with such Property, and (iv) the Pro Rata Quarterly Fees (as defined below), all of which sums in part (b) would be paid to the Debtor’s bankruptcy estate and held pending further order of the Court.

9. In connection with the sale of each Property, JMB has agreed to pay a *pro rata* portion of the quarterly fees imposed by 28 U.S.C. §1930(a)(6) incurred in the calendar quarter in which the sale closes (the “Pro Rata Quarterly Fees”); and that the pro rata portion will be determined by dividing (i) the total amount of disbursements in a calendar quarter resulting from sales of properties encumbered by JMB liens, (ii) by the total amount of disbursements by the

Debtor in said quarter; and that JMB will estimate the total amount of the Pro Rata Quarterly Fees and allocate their payment from the property sales in consultation with the Debtor.

10. On or about July 18, 2016, JMB delivered the contracts attached as Exhibits A, B and C to the Debtor for consideration and endorsement. The Debtor will endorse the contracts and will execute an addendum to each contract which subjects the contracts to bankruptcy court approval in this case. Mid-Atlantic has tendered or will tender a deposit of \$12,500 on the Alaska Road Property, a deposit of \$13,000.00 on the Gibson Drive Property, and a deposit of \$6,000.00 on the G Street Property, to be held in escrow. Closing will occur within fifteen days after entry of an approval order. Each Property is being sold in “as-in” condition. There are no brokerage fees associated the proposed sales, either to a listing broker or a buyer’s agent.

11. Unpaid real estate taxes owed with respect to each Property will be paid at closing ahead of the claims of JMB and GWI.

12. Upon information and belief, the sale was negotiated at arm’s length and Mid-Atlantic does not have any connection with the estate or any creditor. The proposed purchaser is not an “insider” of the Debtor as that term is defined in 11 U.S.C. § 101(31).

13. The Debtor seeks authority to sell and convey its entire fee simple interest in real estate. Section 363(b) of the Bankruptcy Code permits a trustee or debtor-in-possession to sell property of the estate other than in the ordinary course of business after notice and a hearing. 11 U.S.C. §363(b). Further, section 105(a) of the Bankruptcy Code allows a bankruptcy court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. §105(a).

14. The bankruptcy court’s power to authorize a sale under section 363(b) is an exercise of its discretion. *Committee of Equity Security Holders v. Lionel Corporation (In re*

*Lionel Corporation*), 722 F.2d 1063 (2d Cir. 1983); *In re Naron & Wagner, Chartered*, 89 B.R. 85, 89 (Bankr. D. Md. 1988) (adopting the standard set forth in *Lionel Corp.*). Factors to be considered in determining whether to approve a sale of assets under section 363(b) include: (i) whether a sound business reason exists for the proposed transaction, (ii) whether fair and reasonable consideration is being provided, (iii) whether the transaction has been proposed and negotiated in good faith, and (iv) whether adequate and reasonable notice has been provided. *See e.g., In re Ewell*, 958 F.2d 275 (9<sup>th</sup> Cir. 1992) (affirming sale where price was fair and reasonable and buyer was good faith purchaser).

15. Debtor was formed for the purpose of acquiring and selling real property. Sales of the Properties are certainly germane to the purpose of Debtor's business. The sales of the Properties will produce a small return for the bankruptcy estate while paying off a substantial sum of the encumbering liens and reducing potential deficiency claims against the bankruptcy estate. The purchase prices were negotiated at arm's length by JMB following several months of marketing and represents the highest and best value for each Property. Accordingly, there is a sound business justification for approving the sales of the Properties under the terms and conditions of the contracts.

16. Debtor believes that the purchaser is proceeding in good faith in the purchase of the Properties and is therefore entitled to the rights and protection provided by §363(m) of the Bankruptcy Code.

17. Notice of the sales described herein will be provided to all creditors and parties in interest in this case in accordance with the requirements of Bankruptcy Rules 6004(a) and 2002(a)(2) and (c).

18. Time is of the essence in closing these sales and the Debtor would request a waiver of the 14-day stay pursuant to Bankruptcy Rule 6004(h) to permit closing as soon as possible following the entry of an order approving the sales.

WHEREFORE, the Debtor respectfully requests that the Court enter an Order (i) approving the sales of the Properties on the terms and conditions specified in this Motion and in the attached contracts, and (ii) providing such other relief as is just and proper.

Dated: July 25, 2016

Respectfully submitted,

/s/ Robert M. Marino

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**CERTIFICATE OF SERVICE**

I hereby certify that on July 25, 2016, a true copy of the foregoing *Motion*, with attachments, was served electronically via the CM/ECF system upon all persons designated to receive notice thereunder and by email on the following persons:

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