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JCCHO HAWAII LLC and
YEDANG ENTERTAINMENT, INC.

IN THE UNITED STATES BANKRUPTCY COURT
FOR DISTRICT OF HAWAII

In re CUZCO DEVELOPMENT
U.S.A., LLC,

Debtor and
Debtor-in-Possession

Case No. 16-00636
(Chapter 11)

**EX PARTE MOTION FOR ENTRY OF AN ORDER (1) CONDITIONALLY
APPROVING DISCLOSURE STATEMENT FOR PLAN OF LIQUIDATION;
(2) APPROVING BALLOTING PROCEDURES AND SCHEDULING A
COMBINED HEARING ON FINAL APPROVAL OF THE DISCLOSURE
STATEMENT WITH PLAN CONFIRMATION AND SETTING
DEADLINES; EXHIBITS "1" – "4"**

Plan Proponents JCCHO HAWAII, LLC and YEDANG
ENTERTAINMENT USA, INC. (collectively, the "Plan Proponents") hereby
moves this Court ex parte, pursuant to 11 U.S.C. § 105(d)(2)(B)(vi) and
Bankruptcy Rules 3016 and 3017 for the entry of an order substantially in
the form of Exhibit 1 hereto conditionally approving the Plan Proponent's

Disclosure Statement for Plan of Liquidation Dated January 11, 2017 (the “Disclosure Statement for the Plan of Liquidation”), a copy of which is attached hereto as Exhibit 2, as containing adequate information; (2) approving Balloting Procedures and Scheduling a Combined Hearing on the Final Approval of the Disclosure Statement for the Plan of Liquidation and the Confirmation of the Plan of Liquidation, and Setting Deadlines.

Background

1. On December 13, 2016, the Debtor filed its First Amended Disclosure Statement for its Plan of Reorganization dated December 5, 2016. Docket No. 313.

2. On December 16, 2016, this Court entered an order approving Debtor’s Disclosure Statement to its First Amended Plan of Reorganization. Docket No. 323.

3. Debtor subsequently filed a Second Amended Plan of Reorganization (the “Debtor’s Plan”) dated December 27, 2016. Docket No. 334.

4. The exclusive period for Debtor to propose and confirm Debtor’s Plan expired on or about December 17, 2016.

5. Objections to the confirmation of Debtor’s Plan are due on January 31, 2017.

6. The confirmation hearing on Debtor's Plan is set for February 13, 2017.

**The Disclosure Statement for Plan of Liquidation
Contains Adequate Information**

7. Section 105(d)(2)(B)(vi) provides that "(d) [t]he court, on its own motion or on the request of a party in interest— . . . (2) unless inconsistent with another provision of this title [11 USCS §§ 101 et seq.] or with applicable Federal Rules of Bankruptcy Procedure, may issue an order at any such conference prescribing such limitations and conditions as the court deems appropriate to ensure that the case is handled expeditiously and economically, including an order that-- . . .(vi) provides that the hearing on approval of the disclosure statement may be combined with the hearing on confirmation of the plan."

8. Section § 105(d)(2)(B)(vi) allows for scheduling a combined hearing on final approval of the Disclosure Statement for the Plan of Liquidation with the confirmation hearing on the Plan of Liquidation. See In re Cypresswood Land Partners, I, 409 B.R. 396, 425 (Bankr. S.D. Tex. 2009)(scheduling a simultaneous hearing on the Amended Disclosure Statement and the Amended Plan for reasons of judicial efficiency and economy).

9. The Disclosure Statement for the Plan of Liquidation should be

conditionally approved as containing adequate information so that the Plan Proponents may have the confirmation hearing on their competing Plan of Liquidation considered simultaneously with Debtor's Plan.¹

10. Section 1125(b) of the Bankruptcy Code requires a plan proponent to provide holders of impaired claims with "adequate information" regarding a proposed plan.

11. "Adequate information" is defined as:

"[I]nformation of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan."

11 U.S.C. § 1125(a)(1). Here, the Disclosure Statement for the Plan of

¹ Although the Debtor is not a small business within the meaning of Bankruptcy Code Section 101(51D), it is in the best interests of the estate to use the efficient procedures in § 1125(f); Fed. R. Bankr. P. Rule 3017.1; and LBR 3017-2, including conditionally approving a disclosure statement without a hearing upon the filing of an ex parte motion. See, e.g., In re Gulf Coast Oil Corp., 404 B.R. 407, 425 (Bankr. S.D. Tex. 2009) ("The Bankruptcy Code does not prohibit simplification of procedures for debtors that are not small business debtors. In fact, Bankruptcy Code § 105(d) requires a bankruptcy court to hold a case management conference at which the court will issue such orders as are appropriate for the expeditious and economical resolution of the case, including an order fixing the scope and format of the notice regarding the hearing on approval of the disclosure statement and an order providing for combination of the hearing on the plan and disclosure statement.").

Liquidation Plan satisfies the "adequate information" standard.

12. A disclosure statement should provide a creditor with all of the information that the creditor needs to assess the merits and risks of the plan. Duff v. Unites States Trustee (In re California Fidelity, Inc.), 198 B.R. 567, 571 (9th Cir. B.A.P. 1996) ("The purpose of the disclosure statement is to give all creditors a source of information which allows them to make an informed choice regarding the approval or rejection of a plan. At a minimum, § 1125(b) seeks to guarantee that a creditor receives adequate information about the plan before the creditor is asked for a vote.") (citing Century Glove, Inc. v. First Am. Bank of New York, 860 F.2d 94, 100 (3rd Cir. 1988)).

13. The Court has broad discretion in determining whether a disclosure statement contains adequate information. "The legislative history could hardly be more clear in granting broad discretion to bankruptcy judges under section 1125(a)." C.J. Kirk v. Texaco, Inc., 82 B.R. 678, 682 (Bankr. S.D.N.Y. 1988), (citing H.R. Rep. No. 595, 95th Cong, 1st Sess., 408-409 (1977)). Similarly, the Court here has broad discretion in determining whether the Disclosure Statement for the Plan of Liquidation contains adequate information.

14. Here, the Plan of Liquidation is simple and straightforward: A

Plan Administrator will be appointed to liquidate Debtor's assets and distribute the proceeds to creditors to pay their allowed claims in full and return a meaningful distribution to Debtor's equity interest holders pursuant to the terms of the Plan of Liquidation. The Plan provides for an immediate sale of Debtor's real property to a well-qualified buyer for the appraised value of \$45,000,000, with such sale to close within approximately sixty days of the plan confirmation hearing on February 13, 2017.

15. Because the Plan of Liquidation provides for all creditors, except for the Plan Proponents, to be paid in full, and projects a meaningful return to equity, the only two impaired claims are (i) the Plan Proponents' (Class 5); and (ii) Debtor's Equity Interest holders (Class 6).

16. The Plan Proponents have adequate information to determine whether or not to vote for their own Plan of Liquidation.

17. Debtor only has one holder of its Equity Interest, CUZCO Korea Development, Inc., which is also controlled by Debtor's manager, Dong Woo Lee.

18. Further, much of the Disclosure Statement for the Plan of Liquidation is virtually word for word from Debtor's First Amended Disclosure Statement for Debtor's Plan that was previously approved by the Court as containing adequate information.

19. Thus, the Disclosure Statement for the Plan of Liquidation should be conditionally approved because it contains adequate information, and because the only two classes voting on the Plan of Liquidation already have all the information necessary to make an informed judgment on how to vote with respect to the Plan of Liquidation.

Approving Balloting Procedures and Scheduling Plan Confirmation Deadlines

Approving the Form of Ballots, Fixing a Date for Voting on the Plan and Tabulation Procedures

(1) Form of Ballots

20. Rule 3017(d) of the Bankruptcy Rule states that plan proponents are required to mail “a form of ballot conforming to the appropriate Official Form” and such form of ballot shall be mailed to “creditors and equity security holders entitled to vote on the plan.” Fed. R. Bankr. P. 3017(d). The Plan Proponents propose to distribute to certain creditors, as previously referenced and more fully described below, Ballot(s) substantially in the form attached hereto as Exhibit 3. The form and structure of the Ballots are based upon Official Form 314.

21. The Ballots, as part of the Solicitation Package, will be distributed to (i) creditors holding Class 5 claims (which is only the Plan Proponents); and (ii) Class 6 holders of the equity interest in the Debtor.

(2) Fixing a Date for Voting

22. Rule 3017(c) of the Bankruptcy Rules provides that, on or before approval of the disclosure statement, the court shall fix a time within which the holders of claims and interests may accept or reject the plan. Fed. R. Bankr. P. 3017(c). The Plan Proponents propose that in order to provide sufficient time to review each vote to accept or reject the Plan, the Ballots must be properly executed, completed and transmitted to Christopher J. Muzzi, Esq., Tsugawa Biehl Lau & Muzzi, 1132 Bishop Street, Suite 2400, Honolulu, Hawaii 96813, facsimile (808) 534-0202 so as to be received by no later than 5:00 p.m. prevailing Hawaii Standard Time on February 9, 2017, which is two business days before the confirmation hearing (the "Voting Deadline"). The Plan Proponents propose that this solicitation process provides sufficient time and notice within which creditors and equity interest holders can make an informed decision with respect to the Plan and, further, provides the Plan Proponent sufficient time to review each vote to accept or reject the Plan.

Scheduling a Hearing and Establishing Notice and Objection Procedures with Respect to Confirmation of the Plan

(1) Scheduling a Hearing

23. The Plan Proponents request that a hearing on confirmation of the Plan of Liquidation (the "Confirmation Hearing") be scheduled for

February 13, 2017 at 9:30 a.m. at the same time as the competing confirmation hearing on the confirmation of Debtor's Plan.

(2) Deadline to File Confirmation Brief and Declarations

24. The Plan Proponents propose that the Confirmation brief and declarations in support of confirmation be filed twenty-one (21) days prior to the Confirmation Hearing, which is January 23, 2017.

(3) Deadline to File Objections to Confirmation of Plan

25. The Plan Proponents propose that any Objections, Expert Reports or Declarations in Opposition to Confirmation shall be filed seven (7) days prior to the Confirmation Hearing, which is February 6, 2017.

(4) Deadline to File Reply Brief and Rebuttal Declarations

21. The Plan Proponents propose that any reply briefs and rebuttal declarations be filed three (3) days before the Confirmation Hearing, which is February 10, 2017.

(5) Balloting Deadline

22. The Plan Proponents propose that the Balloting Deadline be 5:00 p.m. Hawaii Standard Time on February 9, 2017.

(6) Deadline to Submit Ballot Tabulation

23. The Plan Proponents propose that the deadline to submit the ballot tabulation be February 10, 2017.

24. The Plan Proponents request that the Court approve the form

of the Plan Confirmation Hearing Notice attached hereto as Exhibit 4.

CONCLUSION

WHEREFORE, the Plan Proponents respectfully request that this Court: (a) enter an order (i) conditionally approving the Disclosure Statement as containing adequate information; (ii) approving the form of Ballots; (iii) fixing a deadline for voting on the Plan; and (iv) scheduling a combined hearing on the final approval of the Disclosure Statement for the Plan of Liquidation and confirmation of the Plan of Liquidation and schedule deadlines; and (b) grant to the Plan Proponents such other and further relief as the Court may deem proper.

Dated: Honolulu, Hawaii, January 11, 2017.

/s/ Christopher J. Muzzi

CHRISTOPHER J. MUZZI

Attorney for Plan Proponents

JCCHO HAWAII LLC and

YEDANG ENTERTAINMENT, INC.