

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

In Re:

MANN REALTY ASSOCIATES, INC.,
Debtor in Possession

Chapter 11

Case No. 1:17-bk-01334-RNO

OBJECTION OF DOUBLE M REAL ESTATE, LLC
AND MARTIN L. GRASS AND MARK G. CALDWELL, TRADING AS DOUBLE M
DEVELOPMENT, A PARTNERSHIP
TO ADEQUACY OF DISCLOSURE STATEMENT
IN SUPPORT OF DEBTOR'S PLAN OF REORGANIZATION

COME NOW, this 18th day of September, 2017, Double M Real Estate, LLC and Martin L. Grass and Mark G. Caldwell t/a Double M Development, (hereinafter collectively referred to as "Double M") by and through their attorneys, CGA Law Firm, Lawrence V. Young, Esquire, and do file the within Objections to the adequacy of the Disclosure Statement averring as follows:

1. On page four, there is a statement about certain amounts being committed, whether through a borrowing or additional capital. It is believed that this is not sufficient to satisfy the requirement of "new value," which is not otherwise mentioned within the Disclosure Statement.

2. On page five, there is a general statement about how each secured creditor will be paid an amount equal to the value of its secured claim. As to the objector, Double M, there is no acknowledgement of the second of its two claims, nor is there an acknowledgment of the appropriate value of those claims.

3. On page five, there is a statement that the Plan may be confirmed as long as one unimpaired class of claims does accept the Plan. This class cannot, however, be a class that constitutes insiders or the claims of insiders.

4. On page seven, there is a statement that certain estimates and assumptions “may prove to be false or inaccurate.” This statement seems to forgive intentional misrepresentation and mentions nothing about the statements being made in good faith.

5. There is a statement on page eight that the value of the property is based on Debtor’s 15 years of experience in buying, developing and selling commercial parcels of real property. Nevertheless, this is inadequate as it does not identify the specific individuals upon whom the Debtor (a corporation) has relied, and their level of experience. Further, it is believed that based upon the level of debt and the value of the holdings, that professional valuations should be required as to each parcel so that the creditors can compare the purported value of the property against the secured debt for a determination of the potential sale price of each parcel.

6. On page eight, there is a reference to Exhibit “C,” which is the Claims Register. In point of fact, Exhibit “C,” while it does include the claims register as of a particular date, the Disclosure Statement fails to acknowledge that the deadline to file claims has not yet passed.

7. One page nine, there is a statement that the Debtor corporation is managed by certain members of a particular family. There is a need to identify the “owners” and what percentage of shares each member holds, and which members of the family are active as opposed to which members of the family are passive. It is believed that the individuals who are shareholders should be specifically identified along with the percentage of ownership and their position within the company.

8. On page 10, paragraph 2.2, there is a reference to “long-standing litigation with Double M over the real property known as Fidler’s Elbow.” It is believed that the Disclosure Statement is misleading. The property known as “Fidler’s Elbow” includes the so-called “Option Real Estate” along with another parcel. The Disclosure Statement fails to note that the litigation

in the Court of Common Pleas and other Courts of the Commonwealth of Pennsylvania have been in favor of Double M. Further, the Disclosure Statement fails to note that the Bankruptcy Court for the Middle District of Pennsylvania has lifted the Automatic Stay with regard to the approximately 31-acre tract known as the “Option Real Estate,” has denied a Motion for Reconsideration, and that the matter is now on appeal to the United States District Court for the Middle District of Pennsylvania. Further, the Disclosure Statement fails to note that if this litigation goes against the Debtor, the Option Real Estate would not be available for liquidation or operation. The Disclosure Statement fails to both properly inform the creditors of this fact or of the alleged importance of the Option Real Estate.

9. On page 10, paragraph 2.2, the Debtor recites its inability to maintain adequate cash flow as a reason for the Bankruptcy. Nevertheless, the Disclosure Statement fails to indicate how the Debtor would create positive cash flow. No specific budget or income and expense projections are attached. This is especially significant given that the Monthly Operating Reports filed to date continue to reflect significant losses by the Debtor.

10. On page 12, paragraph 3.1.4 refers to the one secured credit facility held by Double M. In fact, Double M has a secured claim against the Debtor, one based upon an assignment from McCormick 108, LLC to Double M Real Estate, LLC of its mortgage. The second obligation is premised upon a judgment entered for sanctions in favor of Double M Development, LLC and against the Debtor, which encumbers other real estate of the Debtor.

11. The Fidler’s Elbow property is a master tract of 192 acres. The Option Real Estate is approximately 30 acres out of this parcel. That property is scheduled for a foreclosure sale on October 19, 2017. The mortgage held by Double M Real Estate, LLC on assignment from

McCormick 108, LLC is not only on the Option Real Estate, but on all of the property that constitutes Fidler's Elbow.

12. On page 12, paragraph 3.1.4 fails to acknowledge that there are two claims filed. Claim #10 is the mortgage of Double M Real Estate, LLC in the amount of \$1,185,607. Claim #11 is the judgment for sanctions entered in favor of Martin L. Grass and Mark G. Caldwell t/a Double M. Development, a partnership, (hereinafter the "Double M Partnership") in the amount of \$1,571,177.

13. On page 13, paragraph 4.1 suggests that the Debtor anticipates filing Motions on or before September 21, 2017 to seek approval of certain leases into which the Debtor will be entering. Nevertheless, there is no indication of which properties are being leased and on what terms. Those would be material to a creditor voting on whether or not to accept or vote in favor of the proposed Plan, and should be included in the Disclosure Statement.

14. Page 14 alleges that the Debtor owns a percentage of certain closely-held entities. Nevertheless, there is no valuation of those entities or any disclosure of who owns the majority interest of those entities.

15. On page 14, there is a discussion of the fair market value and the liquidation value of various parcels of real estate in the aggregate. Nevertheless, there is no mention as to how those values were achieved or whether outside experts were consulted. This information is so vague as to be meaningless in assisting a creditor in determining whether or not to vote in favor of this Plan, thus raising the question as to whether the Disclosure Statement is adequate.

16. On page 14, paragraph 5.3 contains a reference to certain obligations owed by an insider. This is both vague and meaningless since it talks about a receivable owed to the Debtor by an insider, but believes that the receivable is valueless and uncollectable.

17. On page 16, subparagraph 7 refers to one claim of Double M Real Estate, LLC. It fails to acknowledge the second, separate and specific claim of the Double M Partnership, which is based upon a separate and independent action/theory of recovery.

18. Pages 17 and 18 refer to the sale of real estate “as is necessary.” There is no commitment of listing any specific or particular property for sale or at what price. There are no estimations of value by qualified Realtors to be turned into Listing Agreements.

19. On pages 17 and 18, there are references to “various post-petition real estate taxes” without enumerating which parcels are subject to what real estate obligations and whether or not these would have any bearing on which parcels of real estate the Debtor elects to liquidate.

20. On page 19, paragraph 6.7 there is no assurance that Double M Real Estate, LLC or Double M Partnership will be paid anything; there is no assurance that the real estate in which Double M Real Estate, LLC and Double M Partnership are secured will be liquidated. In this regard, the Disclosure Statement is totally inadequate with regard to the claims of Double M Real Estate, LLC and Double M Partnership.

21. On page 19, paragraph 6.8, there is a reference to Susan R. Mumma without identifying that she is an insider and without giving more detail as to the claim that she holds or the lien that she holds as to whether or not it is a preference, was given for consideration, etc.

22. On page 20, the Disclosure Statement talks about paying unsecured creditors “up to 100%.” This suggests the complete liquidation of real estate as necessary, but does not specifically dedicate the Debtor to a complete liquidation if necessary.

23. The first twenty pages of the Disclosure Statement suggest a liquidation. Then, the Disclosure Statement discusses the operation of the Debtor’s business and payment from “in part” future earnings. Since the Monthly Operating Reports fails to show any operating profit, it

is unclear how the Debtor intends to have any operating profit, as no budget projections are attached.

24. The first twenty pages of the Disclosure Statement suggest a liquidation of real estate as the primary method of repaying creditor claims. Then there is a shift in the disclosure statement discussing the operating of the Debtor's business and payment from "in part" future earnings. This is so vague as to be meaningless and allows the principal of the Debtor to do almost anything he wants and suggest that it was discussed in the Disclosure Statement.

25. On page 22, there is a discussion of the tax consequences. This is so vague as to be misleading. It appears that the Debtor is trying to raise some hypothetical problem as if this is a problem that the Debtor is attempting to solve rather than merely promising to make appropriate payment by liquidating, if necessary, all of the real estate assets of the Debtor within a reasonable time.

26. On page 23, there is a discussion of the sale of real estate and refers to these as the "...complexity of the transactions contemplated by the Plan...". Again, this is so vague as to be meaningless. To the extent that the Plan promises to sell real estate or lease real estate, none of it seems significantly complex, at least as the Disclosure Statement describes these transactions up to this point. In point of fact, however, the Disclosure Statement does not adequately describe exactly what property is going to be sold or listed for sale, and exactly what property intends to be leased.

27. Pages 25 and 26 talk about alternatives to the Plan. This completely ignores the fact that if a Trustee is appointed in Chapter 11, the Trustee does not charge a commission, but is merely paid based on an hourly rate. Further, there is no indication or explanation that the appointment of a Chapter 11 Trustee would eliminate the need for further payment to Debtor's

counsel, further payment to any of Debtor's principals, or any insider, and would result in arms-length transactions rather than years of protracted litigation with no significant progress.

28. Further, on page 26, the analysis fails to discuss the costs that would be incurred if the Debtor remained in possession, paying salaries to the Debtor's principals, paying Debtor's counsel, incurred other professional fees for either Realtors or Auctioneers, real estate taxes, etc. These fees and expenses will be incurred whether the Debtor continues to remain in possession or whether a Trustee is appointed.

29. Pages 26 and 27 discuss the difficult real estate market. In point of fact, this is the healthiest real estate market that has existed in the last ten years.

30. It is not made clear on page 27, but secured liens would come ahead of and be paid prior to the payment of administrative expenses unless special approval by the Bankruptcy Court is obtained pursuant to 11 U.S.C. § 506(c), which has not been mentioned in the Disclosure Statement. Further, the administrative expenses of this case should be able to be paid in full, and, based upon the values that the Debtor alleges, all creditors should be able to be paid in full if sufficient assets are liquidated.

31. The Disclosure Statement further fails to mention that there are only \$458,000 worth of listed unsecured creditors and the Debtor alleges that it has between \$10,000,000 and \$20,000,000 worth of real estate. Regardless of how it is liquidated, it appears that everybody, secured creditor, priority creditors, general unsecured creditors and administrative claims, can be paid in full. What is not mentioned is what the Debtor's principals pay themselves in fees and expenses and what sort of a budget the Debtor envisions for itself in moving forward.

32. On page 29, there is a suggestion that upon Plan confirmation there will be a vesting in the Debtor of all of its property free and clear of all liens, claims and encumbrances

except for certain exceptions. Any attempt to divest to any valid lienholder, including but not limited to Double M Real Estate, LLC and Double M Partnership, through the language of the Disclosure Statement is invalid and otherwise not appropriate under applicable non-bankruptcy law.

33. Exhibit C is misleading because it fails to make clear that the last date to file a claim is October 26, 2017. The date of the Exhibit C is August 22, 2017, and claims have been filed subsequent to that date, but are not referenced in Exhibit C or in the Disclosure Statement as potentially existing.

WHEREFORE, it is requested that the Debtor be compelled to reform and revise the Disclosure Statement to allow creditors to adequately determine the true intentions of the Debtor so that they may intelligently and knowingly vote regarding the Plan.

Respectfully submitted,

CGA Law Firm

/s/Lawrence V. Young, Esquire

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Attorney for Movant

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CERTIFICATE OF SERVICE

I certify that I am more than 18 years of age and that on September 18, 2017, a true and correct copy of the attached Notice and Motion were served upon the following parties in the following manner:

Name	Mode of Service
Office of the U.S. Trustee	Via CM/ECF
Craig A. Diehl, Esquire	Via CM/ECF
Theodore A Adler, Esquire	Via CM/ECF
Shaan S Chima, Esquire	Via CM/ECF
Stephen J Dzurainin, Esquire	Via CM/ECF
Brian Michael Kile, Esquire	Via CM/ECF
Michael D Nord, Esquire	Via CM/ECF
Jack M Seitz, Esquire	Via CM/ECF

I certify under penalty of perjury that the forgoing is true and correct.

Date: 09/18/2017

/s/Lawrence V. Young, Esquire
Lawrence V. Young, Esquire