

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE:) Bankruptcy No. 16-21628
GATEWAY ENTERTAINMENT STUDIOS, LP)
) Chapter 11
Debtor.)

**OBJECTION TO DEBTOR’S PLAN OF REORGANIZATION AND DISCLOSURE
STATEMENT DATED DECEMBER 22, 2016**

Creditor 31st Street Business Park, LLC, by and through its counsel Brian C. Thompson, Esquire, and Thompson Law Group, P.C., hereby files the within Objection to Debtor’s Plan of Reorganization and Disclosure Statement dated December 22, 2016, and in support thereof avers as follows:

1. Creditor 31st Street Business Park, LLC (hereafter “Creditor 31st Street”) filed Proof of Claim No. 6 in the amount of \$7,031,434.27 and Proof of Claim No. 7 in the amount of \$1,396,153.82 on June 29, 2016 in the above-captioned bankruptcy case.

2. Creditor 31st Street filed an Amended Proof of Claim No. 7 on January 23, 2017 to include its civil action to be filed against the Debtor. The Amended Proof of Claim lists such claim as unsecured, in an amount to be determined.

3. The Debtor’s Plan and accompanying Disclosure Statement currently state that all allowed general unsecured creditors will be paid in full. However, the Debtor does not state which unsecured claims are disputed, the amount of such disputed claims, or the basis for disputing such claims. The total amount of general unsecured claims is listed as \$5,631,356.80 according to page 6 of the Disclosure Statement.

4. Additionally, Proof of Claim Nos. 1-4 do not list a claim amount.

5. Debtor's Disclosure Statement contemplates a sale of Debtor's assets for \$14,000,000.00. However, it is not clear that this sale is adequate to pay all general unsecured creditors in full, and therefore the private sale proposed is inappropriate without providing for a competitive bidding process.

6. Given the uncertainty regarding the amount of general unsecured claims that will actually be allowed, and the additional uncertainty regarding Creditor 31st Street's unsecured claim for civil damages, the Amended Disclosure Statement does not provide "adequate information" per the requirements of 11 U.S.C. § 1125(a)(1). The Debtor's Plan is not feasible, and therefore not confirmable.

7. Additionally, the actual treatment of Creditor 31st Street's Claims is unclear, as Debtor's Plan and Disclosure Statement contradict each other. Page 4 of the Debtor's Disclosure Statement lists the two secured claims of Creditor 31st Street as "Disputed", but page 8 states that said Claims will be "paid in full upon the effective date." The Plan itself states that the said claim will be paid "to the extent it's allowed," and "to the extent the Parties cannot agree on the amount of said claim, this claim will be added to and included as part of the claims resolution process set forth in Section VII herein." Creditor 31st Street objects to the plan because it proposes to transfer title to Debtor's assets secured by Creditor 31st Street's liens without providing for payment at closing.

8. While the Debtor lists Creditor 31st Street's Claims as "disputed" it does not provide a basis for disputing the claims, or indicate the amount that is disputed. Given that the Debtor never states the amount it deems "allowable" for Creditor 31st Street, Creditor 31st Street cannot determine whether the treatment of its claims is acceptable.

9. Debtor's Disclosure Statement states that the Debtor intends to bring a claim against Creditor 31st Street. However, the Disclosure Statement does not contemplate the claims and/or counterclaims that Creditor 31st Street maintains against the Debtor and Mr. Breakwell, nor the considerable costs of such litigation.

10. The plan is not feasible or tendered in good faith, and it is not confirmable.

11. Furthermore, Creditor 31st Street reserves the right to object to the contemplated litigation for tortious interference mentioned in the Debtor's Disclosure Statement at a later time, should such litigation actually materialize.

WHEREFORE, Creditor 31st Street object to the approval of the Debtor's Amended Plan and Amended Disclosure Statement accompanying its Plan dated December 22, 2016.

Respectfully submitted,

Date: January 23, 2017

s/Brian C. Thompson
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