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IN THE UNITED STATE BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:

PLAZA BROADWAY, LLC

Case no. 17-30247-sgj-11

OBJECTION TO JOINT DISCLOSURE STATEMENT

COMES NOW Vaquero Broadway Partners, LP (“Vaquero”) who files this objection to the Joint Disclosure Statement (the “Disclosure Statement”) filed by Plaza Broadway, LLC (“Plaza Broadway”) and Plaza Broadway Retail Group, LLC (“PBRG”) and respectfully represents:

1. The bankruptcy cases of Plaza Broadway and PBRG are separate cases. At this time the cases have not been consolidated for joint administration, but the debtors have recently filed motions for joint administration of the cases. The debtors moved in the PBRG case for substantive consolidation, but Judge Houser denied the motion for substantive consolidation.

2. While the Disclosure Statement is a joint filing, the adequacy of the Disclosure Statement must be separately considered for each debtor.

3. This objection is filed in the Plaza Broadway case and a separate objection will be filed by Vaquero in the PBRG case.

4. The Disclosure Statement is inadequate because no information is contained regarding the relationship of Plaza Broadway and PBRG. The factual statements in

Section III of the Disclosure statement are not only inadequate, but also are factually incorrect. The Disclosure Statement states “PBRG was originally formed in early 2015.” As established by the attached information from the Texas Secretary of State, PBRG was not formed until July 28, **2016**, which is more than a year after the date established in the Disclosure Statement. The Secretary of State filing is attached hereto and incorporated herein as Exhibit A.

5. The Disclosure Statement asserts that the “old K-Mart store” (the “Property”) was leased from Vaquero and that Vaquero was “approached” by PBRG. These statements are factually incorrect because PBRG did not exist (and would not come into existence for more that 18 months after the signing of the Lease) at the time the lease was negotiated and executed. In fact, the lease of the Property (the “Lease”) was executed by Carlos Quintanilla, purporting to act as a manager for Plaza Broadway at a time when Plaza Broadway did not exist. In fact Plaza Broadway has never been formed as a limited liability company. These factual inadequacies are important because issues exist regarding the relationship of Plaza Broadway to PBRG with respect to rights to occupy the Property: both Plaza Broadway and PBRG list the lease of the Property as an asset and schedule the lease on Schedule G in each case. At a hearing on December 22, 2017, in the PBRG case, PBRG’s counsel represented that the lease was not (and had not been) assigned to PBRG, but that PBRG served as an operator or manager of the Property on behalf of Plaza Broadway. Vaquero disputes the contentions of PBRG’s counsel and asserts that the Lease was assigned to PBRG at an unknown date, which assignment breached the Lease and constitutes a breach of the Lease that cannot be cured.

6. The Disclosure Statement fails to identify defaults under the Lease.

7. On November 10, 2017, Vaquero transmitted a copy of the default as of November 10, 2017. The amount of monetary defaults, excluding attorneys' fees, was more than \$700,000. A copy of the monetary defaults on November 13, 2017, is attached hereto and incorporated herein as Exhibit B. Since the delivery of this statement, Plaza Broadway has not challenged any of the charges listed on Exhibit "B".

8. The Disclosure Statement fails to contain information on the revenues and expenses of Plaza Broadway since the filing of the bankruptcy case. This information is critically important because the monthly operating reports filed by Plaza Broadway show zero (\$0.00) revenue and (\$0.00) expenses during the bankruptcy case. Information regarding how a debtor that generated no revenue during a bankruptcy case will cure more than \$800,000 in monetary defaults is critical.

9. The Disclosure Statement fails to contain any information regarding the means by which Plaza Broadway will cure monetary defaults.

10. The Disclosure Statement fails to identify or contain any information on the numerous pre-petition defaults by Plaza Broadway under the Lease and the fact that these defaults resulted in the first amendment to the Lease and the second amendment to the Lease.

11. The Disclosure Statement fails to identify that as a condition to the second amendment to the Lease, Plaza Broadway released any and all claims against Vaquero and related entities.

12. The Disclosure Statement fails to contain information that states that without cure of defaults, both monetary and nonmonetary, the Lease cannot be assumed and without assumption of the Lease the plan of reorganization cannot be confirmed.

13. The Disclosure Statement lacks any information related to the default caused by the assignment of rights under the Lease to PBRG and the impact of this historic, noncurable default on the ability of Plaza Broadway to assume the Lease.

14. The Disclosure Statement fails to identify that PBRG, not Plaza Broadway, is the landlord under the leases with tenants of mini mall. The Disclosure Statement fails to identify possible claims held by these “sub” tenants or the future obligations of Plaza Broadway under these subleases.

15. The Disclosure Statement fails to identify any rent deferrals or abatements given to any subtenants. This information is necessary to evaluate the projected post-confirmation revenues.

16. The Disclosure Statement fails to identify that Carlos Quintanilla, acting on behalf of Plaza Broadway, entered into a construction contract with GV Construction & Remodeling, LLC (“GV”) and did not pay all amounts claimed by GV. The Disclosure Statement fails to identify that GV filed a mechanic’s lien against the Property, that the lien filing is a breach of the Lease, and that Plaza Broadway has not obtained removal of the mechanic’s lien. The Disclosure Statement contains no information identifying the means by which Plaza Broadway will cure the default created by not paying GV.

17. The Disclosure Statement totally fails to provide any information related to that Profit Sharing Agreement between Plaza Broadway and Vaquero MG Partners, LP dated February 16, 2015, or the consequences of the breach of the profit sharing agreement. The profit sharing agreement was part of the consideration for the Lease. If Plaza Broadway breaches this agreement, the breach will result in a claim on behalf of Vaquero MG Partners, LP. The Disclosure Statement fails to contain any information regarding the

voting rights on this claim and the inability of Plaza Broadway to obtain confirmation of the plan without an accepting vote by Vaquero MG Partners, LP. Vaquero MG Partner, LP will vote to reject the plan, if voting on the plan is authorized, and that this rejection will prevent confirmation of the plan.

18. The Disclosure Statement fails to provide detailed information regarding the particular items that comprise the projections attached to the disclosure statement.

19. The Disclosure Statement fails to provide information regarding the monthly expenses that must be paid from the projected revenues. Without this information, no party in interest can determine whether the revenues will allow payment of all expenses and plan payments.

20. The Disclosure Statement contains no information regarding the inability of either Plaza Broadway or PBRG to pay the monetary cure costs associated with the Lease.

21. Information on expenses and revenue is critical because:

- a. The monthly operating reports filed by Plaza Broadway show no ability to generate revenue;
- b. The monthly operating reports filed by PBRG establish that the revenues of PBRG are and at all times during the bankruptcy case have been inadequate to pay all expenses;
- c. Neither Plaza Broadway, nor PBRG, have paid either the December, 2017, or January, 2018, allegedly because of delayed rental payments by subtenants.

22. The Disclosure Statement is virtually devoid of meaningful information and is useless for any person or entity to determine whether to vote to accept or reject the plan of reorganization.

23. Much of the limited information contained in the Disclosure Statement, effectively treats Plaza Broadway and PBRG as a single entity – which has already been denied by Judge Houser. This information is inaccurate and confusing and prevents an informed decision on the acceptance or rejection of the plan of reorganization.

WHEREFORE Vaquero Broadway Partners, LP requests that this Court deny approval of the Disclosure Statement.

Respectfully submitted,

/s/ Richard W. Ward
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Certificate of Service

I certify that the foregoing was served on January 5, 2018, (a) by ECF service on all persons receiving ECF service; and (b) by email on John Paul Stanford, Michael Bishop, Joyce Lindauer, and Meredyth Kippes.

/s/ Richard W. Ward
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