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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY**

<p>In re:</p> <p>CCA Construction, Inc.,</p> <p style="text-align: center;">Debtor.</p>	<p>(Hon. Christine M. Gravelle)</p> <p>Chapter 11</p> <p>Case No. 24-22548-CMG</p>
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**STATEMENT AND RESERVATION OF RIGHTS OF BML PROPERTIES, LTD.
TO DEBTOR’S MOTION FOR ENTRY OF AN ORDER GRANTING
RELIEF FROM THE AUTOMATIC STAY TO PROSECUTE AN APPEAL**

BML Properties, Ltd. (“BMLP”), by and through its undersigned counsel, hereby submits this Statement and Reservation of Rights to the *Debtor’s Motion for Entry of an Order Granting Relief from the Automatic Stay to Prosecute an Appeal* [Docket No. 14] (the “Motion”), and respectfully represents as follows:

STATEMENT

CCA owes BMLP more than \$1.6 billion under an enforceable New York State court judgment, making BMLP by far the largest creditor of CCA. After discussing changes to the proposed form of order with CCA’s proposed counsel and obtaining a commitment from counsel to provide BMLP with certain financial reporting, BMLP does not object to CCA’s request to modify the automatic stay to permit CCA to continue with the Appeal of the New York judgment.



However, the Motion and other first-day pleadings provide a remarkably one-sided and incomplete picture of the litigation between CCA and BMLP and warrant significant clarification so that this Court has a clear picture of CCA's conduct that precipitated this Chapter 11 case.

Tellingly, CCA chose not to provide this Court with the 74-page post-trial decision (the "New York Decision") that sets forth the New York court's detailed findings of fact and conclusions of law that followed seven years of litigation and an eleven-day bench trial. A true and correct copy of the New York Decision is annexed hereto as Exhibit 1. As the decision explains, the litigation in New York arose from a scheme by CCA and its nominal affiliates (but, in fact, its alter egos) to defraud and loot assets from its former business partner BMLP in connection with developing the Baha Mar resort complex in the Bahamas. Following a bench trial, the New York court found "by clear and convincing evidence" that CCA "committed at least four instances of fraud," including by diverting resources intended for the project "to buy a competing hotel development down the road." Ex. 1 at 1, 5. The New York Decision speaks for itself.

The Debtor's first day pleadings repeatedly try to disclaim CCA's role in the fraud, but the New York court specifically rejected CCA's feigned corporate separateness, finding that CCA and its nominal affiliates "conflated and blurred beyond independent recognition their purportedly separate corporate existences." Ex. 1 at 68. Among other findings, the supposedly separate entities had the same officers and directors, *id.* at 68; "often used CCA, Inc. letterhead, emails, and signatures," *id.* at 68; their decisions were made by the corporate parent located in China, CSCEC, Ltd., *id.* at 69; and they "commingled their financial obligations," *id.* at 69. The New York court thus found that judgment should be entered against all three nominal defendants, including CCA, because at the time of the fraud:

(i) the Defendants shared ownership, officers, and directors; (ii) the Defendants shared offices and addresses; (iii) CCA, Inc., acting through Mr. Yuan, controlled CCAB and CSCECB; (iv) commingled assets; (v) paid or guaranteed obligations of one another; (vi) were not treated as separate profit centers; (vii) did not deal with one another at arm's length; and (viii) otherwise conflated their corporate identities. CCA, Inc. (through its boss Mr. Yuan), in particular, dominated the other entities and, as discussed above, used that domination and commingling of assets and corporations to perpetrate a wrong on BMLP.

Ex. 1 at 70.

Consistent with the New York Decision, the New York court entered a money judgment against CCA and two other nominal entities in the sum of \$1,642,598,593.15, plus interest accruing at a rate of 9% per annum. *See* Ex. 2 at 3 (Judgment dated October 31, 2024).

Prior to commencing this Chapter 11 case, CCA sought to stay enforcement of the judgment in New York pending appeal, making the same argument to the New York Supreme Court Appellate Division that it re-hashed to this Court in its first day motions: that the New York Decision “rests on numerous errors of law and fact.” *See* Ex. 3 at 7 (Motion for a Stay of Enforcement Pending Appeal, at page 2 of the affirmation in support thereof). BMLP squarely refuted these arguments when it timely opposed that motion. Ex. 4 (Opposition to Motion for a Stay Pending Appeal). And, after considering BMLP’s opposition—including that “CCA’s appeal is meritless,” *id.* at 3—the Appellate Division wholly denied CCA’s motion for a stay of enforcement pending appeal. Ex. 5 at 1 (Order). While the Appellate Division has yet to decide the merits of CCA’s appeal, this Court should bear in mind that the Appellate Division has already considered CCA’s self-serving claims that it is likely to succeed on appeal when it entered that order denying a stay.

BMLP has no doubt that it will successfully defend the appeal in New York and fully intends to vindicate its rights in this Chapter 11 proceeding, including but not limited to pursuing

any and all claims that may lie against nominally separate affiliates of CCA such as its ultimate corporate parent CSCEC, Ltd.

RESERVATION OF RIGHTS

BMLP reserves all rights in the Chapter 11 case, including, without limitation, to seek to dismiss this Chapter 11 proceeding, to seek appointment of an independent examiner, to seek the appointment of a Chapter 11 trustee, to seek to recharacterize or avoid intercompany indebtedness, and/or to seek standing to bring claims on behalf of CCA if the Debtor unreasonably fails to do so.

Dated: December 27, 2024
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