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

In re:

CCA Construction, Inc.,¹

Debtor.

(Hon. Christine M. Gravelle)

Chapter 11

Case No. 24-22548-CMG

**STATEMENT AND RESERVATION OF RIGHTS
OF BML PROPERTIES, LTD. IN RESPONSE TO DEBTOR'S SECOND MOTION
FOR AN ORDER EXTENDING THE EXCLUSIVE PERIODS FOR FILING A
CHAPTER 11 PLAN AND SOLICITING ACCEPTANCE THEREOF**

¹ The last four digits of CCA's federal tax identification number are 4862. CCA's service address for the purposes of this chapter 11 case is 445 South Street, Suite 310, Morristown, NJ 07960.



BML Properties, Ltd. (“BMLP”), by and through its undersigned counsel, hereby submits this Statement and Reservation of Rights in response to the *Debtor’s Second Motion for an Order Extending the Exclusive Periods for Filing a Chapter 11 Plan and Soliciting Acceptance Thereof* [Docket No. 449] (the “Motion”),² and respectfully represents as follows:

STATEMENT

BMLP does not oppose the relief requested in the Motion, primarily because no party is currently in a position to propose a confirmable plan and it is far from obvious that this case should even remain in chapter 11. BMLP has been accused by CCA’s estate as being obstructionist at every turn; the reality is that BMLP and CCA’s estate should be working together to maximize value and there is no reason to fight over exclusivity when exclusivity is not going to matter all that much to maximizing value.

As the Court knows, CCA owes BMLP more than \$1.7 billion under an enforceable judgment entered by the New York State Supreme Court—and unanimously affirmed by the New York Appellate Division, First Department—making BMLP CCA’s largest creditor by far (over 99% of the anticipated general unsecured voting pool). CCA, as is its right, has requested permission to appeal to New York’s highest court and the parties await that determination, which hopefully will be rendered soon.³

The remaining non-insider general unsecured claims are held by very small creditors who do not appear to provide any meaningful ongoing services to the Debtor and contingent and

² Capitalized terms used herein but not otherwise defined shall have the meanings in the Motion.

³ As set forth in CCA’s *Motion for Entry of an Order Granting Relief from Automatic Stay to Seek Further Appellate Review* [Docket No. 266], CCA has filed a petition for leave to appeal the Appellate Division’s affirmance with the New York State Court of Appeals, which remains pending.

unliquidated obligations of surety providers that are indemnified by, and/or hold direct guaranty claims against the Debtor's non-debtor affiliates.

Moreover, it is undisputed that the Debtor effectively has no actual operations (other than serving as a "cost center" for its affiliates). It has produced no revenue during this chapter 11 case and loses money every month. The Debtor produces no goods and provides no services to any third parties.

Assuming the judgment is not overturned, this case is overwhelmingly a two-party dispute. There is no viable path through which CCA can emerge from chapter 11 without BMLP's support.⁴ While any plan process that is not supported by BMLP amounts to a waste of time and estate resources, BMLP acknowledges that until the CCA's appellate rights are extinguished by the New York State Court of Appeals, it is likely premature to terminate exclusivity.

* * *

Nevertheless, to the extent the Court is inclined to grant the Motion, some important facts must be included in the record. **First**, BMLP disagrees with CCA's statements made in the Motion about its "very substantial efforts" and "good faith discussions" with BMLP regarding a chapter 11 plan. See Motion at ¶ 10. In reality, there has been very little interaction between CCA, its Special Committee, and BMLP. The parties' professionals have held only two brief meetings; CCA has provided BMLP with no detailed plan proposals (only a "term sheet" that raised more questions than it answered); and CCA and the Special Committee have refused repeated requests from BMLP to make formal demands on CSCEC Holding Company, Inc. ("CSCEC Holding") to resolve certain claims highlighted in the Special Committee Report. To date, it is simply not accurate for CCA to describe its engagement with BMLP as substantive (or even constructive).

⁴ Even if the Debtor attempts to use the exceedingly small universe of other non-insider claimants to gerrymander an accepting impaired class, that attempt will fail.

BMLP has been, and is, willing to discuss a consensual resolution to this chapter 11 case. But the Debtor has not been willing to do so.

Second, BMLP recently filed a motion⁵ seeking, *inter alia*, confirmation that it holds direct claims for alter ego/veil piercing and derivative standing on behalf of CCA's estate to pursue alter ego claims against CSCEC Holding (the "Direct/Derivative Claims Motion"), which is also scheduled for hearing on September 15, 2025, the same day as CCA's Motion to extend exclusivity. As set forth in greater detail in the Direct/Derivative Claims Motion, although BMLP holds direct claims against CSCEC Holding, it has also offered to bear all fees and costs associated with prosecuting the CCA estate's claims against CSCEC Holding, while still turning over any proceeds of those claims to the estate for distribution to all creditors. Again, in this regard CCA's estate and BMLP should be working together and BMLP is hopeful that CCA's estate will not oppose the relief sought. Simply put, there can be no superior path to monetizing those claims for the estate, and CCA has not offered one.⁶

Third, this is not the typical chapter 11 case because CCA is not a stand-alone operating entity; rather, CCA functions essentially as a back-office division of CSCEC Holding whose functioning is hopelessly intertwined with that of its corporate family. CCA has not generated a single dollar of revenue since the Petition Date. *See Monthly Operating Reports for CCA Construction, Inc.* [Docket Nos. 83, 193, 208, 232, 264, 334, 382, 414, and 452]. Nor is CCA running a marketing process in an effort to monetize its non-litigation assets. And, tellingly, no

⁵ See Motion for Entry of an Order (A) Confirming Direct Claims Against CSCEC Holding Company, Inc., (B) Granting Limited Relief from the Automatic Stay to Pursue Post-Judgment Relief in New York State Court or Other Appropriate Forum, (C) Granting Derivative Standing to Pursue Estate Alter Ego Claims Against CSCEC Holding Company, Inc., and (D) Granting Related Relief [Docket No. 442].

⁶ As noted in the Direct/Derivative Claims Motion, should derivative standing be granted, CCA can continue its own efforts to settle with CSCEC Holding on the other claims identified in the Special Committee Report, while BMLP "carries the water" for the estate on the alter ego/veil piercing claims.

attempts have been made to collect any portion of the approximately \$96 million in intercompany receivables due from CCA's subsidiaries and affiliates. *See* Docket No. 99, Schedule A/B 77.

As noted above, CCA has almost no third-party creditors that are not also creditors of other affiliates, or that look to CSCEC Holding (or CCA's ultimate parent, CSCEC Ltd.) for payment. For example, BMLP has learned through documents provided by CCA that CCA's various surety providers are also indemnified by, and/or hold direct guaranty claims against certain CCA affiliates; thus, CCA's proclamations to this Court that it needed \$40 million of liquidity from CSCEC Holding to "signal" its ability to continue operating to the sureties⁷ has been in doubt all along.

Further, BMLP has requested CCA provide information regarding the universe of other general unsecured claims and is seeking to be cooperative with CCA on claims reconciliation. It very well may be the case that the universe of claims is even smaller than what CCA scheduled and what has been filed in proofs of claim.

If this Court is inclined to grant exclusivity, these facts underscore that the extension will not solve the core, intractable problem of this chapter 11 case: the Debtor has not made any meaningful progress to confirmation and there is no path that is likely to lead to a confirmable plan, absent consensual resolution with BMLP. It remains to be seen whether the Debtor will come to this realization or continue catering to its parent company.

RESERVATION OF RIGHTS

BMLP reserves all rights in the Chapter 11 case, including to seek to dismiss this Chapter 11 proceeding, convert it to chapter 7, or to seek the appointment of a Chapter 11 trustee.

⁷ See Declaration of Evan Blum in Support of First Day Pleadings and Debtor in Possession Financing [Docket No. 12] at ¶ 16.

Dated: September 5, 2025
Newark, New Jersey

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