

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

In re:)	CASE NO. 23-02871-TOM11
)	
PREMIER KINGS, INC., et al.)	CHAPTER 11
)	Jointly Administered
Debtors.)	
_____)	

OBJECTION TO PROOF OF CLAIM NUMBERS 209 AND 211
FILED BY PRAMILA KHATRI

COMES NOW, Mark Smith, in his capacity as Plan Administrator for the above-styled Debtors (the “Plan Administrator”), by and through counsel, and files this *Objection to Proof of Claim Numbers 209 and 211 Filed by Pramila Khatri* (“Objection”), showing the Court the following:

JURISDICTION AND VENUE

1. The Court has jurisdiction in this matter pursuant to 28 U.S.C. Section 1334, 28 U.S.C. Section 151, and 28 U.S.C. Section 157.
2. This Court is the proper venue for this matter pursuant to 28 U.S.C. Section 1409.
3. This matter is a core proceeding within the contemplation of 28 U.S.C. Section 157.

BACKGROUND

4. On October 25, 2023 (the “Petition Date”), the above-styled Debtors filed their voluntary petition for relief with this Court under chapter 11 of the Bankruptcy Code (this “Chapter 11 Case”).



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5. On March 20, 2024 the Debtors filed *The Debtors' Second Amended Plan Of Liquidation Under Chapter 11 Of The Bankruptcy Code Proposed By The Debtors* (the "Plan"). Doc. No. 554.

6. On May 1st, 2024, the Court entered the *Findings Of Fact, Conclusions Of Law And Order Confirming The Debtors' Second Amended Plan Of Liquidation Under Chapter 11 Of The Bankruptcy Code Proposed By The Debtors* (the "Confirmation Order"). Doc. No. 627.

7. Pursuant to the Plan and the Confirmation Order, Mark Smith was appointed as the Plan Administrator. Doc. No. 554, § 1.49. Section 7.1 of the Plan provides that the Plan Administrator is entitled to object to all Claims other than Allowed Class 1 Claims.

8. On March 4, 2024, the Debtors filed their *Third Omnibus Motion of the Debtors and Debtors-in-Possession for Entry of an Order (I) Authorizing Rejection of Unexpired Leases, and (II) Setting a Deadline for the Filing of Rejection Claims* (the "Rejection Motion"). Doc. No. 509.

9. On April 3, 2024, the Court entered its *Order (I) Authorizing Rejection of Certain Unexpired Leases and (II) Setting a Deadline for the Filing of Rejection Claims* (the "Rejection Order"). Doc. No. 578.

10. The Debtors' lease with Pramila Khatri for Store No. 7390 was rejected pursuant to the Rejection Motion and Rejection Order.

11. On or about April 24, 2024, Pramila Khatri ("Khatri") filed a proof of claim (Claim # 209 on the Claims Register) ("Claim # 209") in the amount of \$367,647.28. Claim #209 asserts

\$339,809.85 as a general unsecured claim and a priority claim of \$27,837.43 pursuant to 11 U.S.C. § 507(a)(8). The basis for Claim # 209 is listed as “Original Lease Agreement Contract”.

12. On or about April 26, 2024, Pramila Khatri (“Khatri”) filed a proof of claim (Claim # 209 on the Claims Register) (“Claim # 211”) in the amount of \$367,647.28. Claim #211 asserts \$339,809.85 as a general unsecured claim and a priority claim of \$27,837.43 pursuant to 11 U.S.C. § 507(a)(8). The basis for Claim # 211 is listed as “Original Lease Agreement Contract”.

BASIS FOR OBJECTION

13. Federal Rule of Bankruptcy Procedure 3007(d) provides that “objections to more than one claim may be joined in an omnibus objection if all the claims were filed by the same entity...”

A. Duplicative Claims

14. The Plan Administrator has determined that Claim #209 is duplicative of, and essentially identical to, corresponding Claim #211. Khatri should not be allowed to maintain two claims for duplicative amounts. 23. If so, the Debtors would be subject to multiple recoveries by such claimant for a single claim or liability. Accordingly, to avoid the possibility of multiple recoveries and to maintain an accurate claims register, the Plan Administrator submits that the Claim #211 should be disallowed and expunged in its entirety from the claims register.

B. Excessive Claim Pursuant to § 506 of the Bankruptcy Code

15. Moreover, Claim #209 must be reduced pursuant to 11 U.S.C. § 502(b)(6).

16. Section 502 of the Bankruptcy Code provides that:

(a) A claim or interest, proof of which is filed under section 501 of this title, is deemed allowed, unless a party in interest, including a creditor of a general partner in a partnership that is a debtor in a case under chapter 7 of this title, objects.

(b) Except as provided in subsections (e)(2), (f), (g), (h) and (i) of this section, if such objection to a claim is made, the court, after notice and a hearing, shall determine the amount of such claim in lawful currency of the United States as of the date of the filing of the petition, and shall allow such claim in such amount, except to the extent that—

(6) if such claim is the claim of a lessor for damages resulting from the termination of a lease of real property, such claim exceeds—

(A) the rent reserved by such lease, without acceleration, for the greater of one year, or 15 percent, not to exceed three years, of the remaining term of such lease, following the earlier of—

(i) the date of the filing of the petition; and

(ii) the date on which such lessor repossessed, or the lessee surrendered, the leased property; plus

(B) any unpaid rent due under such lease, without acceleration, on the earlier of such dates;

17. Accordingly, § 502(b)(6) of the Bankruptcy Code caps a landlord's damages claims at the greater of rent due for (i) one year or (ii) 15 percent of the remaining term (not to exceed three years).

18. As such, Khatri's general unsecured claim is capped at \$128,764.12, the amount of rent due for one year (\$121,899.00) plus the amount of property taxes due to be paid by the lessee under the lease for one year (\$6,865.12).

19. Finally, Khatri's priority claim for property taxes must be disallowed. Priority claims under §507(a)(8) of the Bankruptcy Code are reserved for "governmental units" rather than breach of contract claims to pay taxes owed by another entity. Khatri's rejection claim for taxes is a general unsecured claim pursuant to section 365(g). *See generally In re Winn-Dixie Stores, Inc.*, 345 B.R. 402, 405 (Bankr. M.D. Fla. 2006) (Funk, J) (recognizing that "If Debtors choose to

reject the Lease, then Winn-Dixie must turn over the Property to Sarria, who would then have an unsecured claim pursuant to § 365(g)(1) for the unpaid balance of the Disputed Tax Liability.”).

20. The Debtor reserves the right to assert additional objections to Claim # 209 and 211 and to brief in more detail the bases for the Debtor’s objection to Claim # 209 and 211.

WHEREFORE, the Debtor prays that following proper notice and a hearing, if necessary, this Honorable Court:

- a) Sustain this Objection;
- b) Allow Claim #209 as a general unsecured claim in the amount of \$128,764.12;
- c) Disallow Claim # 211 in its entirety;
- d) Grant such other relief as it may deem just and proper.

Respectfully submitted, this the 23rd day of October, 2024.

BURR & FORMAN LLP

/s/ Marc P. Solomon

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Counsel for Mark Smith as Plan Administrator

CERTIFICATE OF SERVICE

I hereby certify that on October 23, 2024, I filed the foregoing document with the Clerk of Court via the CM/ECF electronic filing system which will send notification of such filing to all parties requesting electronic service and that I served a copy of the forgoing on the following individual in the manner indicated below:

Via U.S. Mail, first class, postage prepaid:

Pramila Khatri
19710 Michaels Ct
Castro Valley, CA 94546

/s/ Marc P. Solomon
OF COUNSEL