Docket #0233 Date Filed: 06/30/2025

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

IN RE:	.	Case No. 25-15343-MBK
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	.	
CBRM REALTY INC.,	.	
et al.,	.	
	.	402 East State Street
	.	Trenton, NJ 08608
Debtors.	.	
	.	June 26, 2025
. . . . .		1:18 p.m.

TRANSCRIPT OF MOTION HEARING
BEFORE HONORABLE MICHAEL B. KAPLAN
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES:

For the Debtor:	White & Case, LLP By: SAMUEL P. HERSHEY, ESQ. BARRETT LINGLE, ESQ. LUCAS CURTIS, ESQ. 1221 Avenue of the Americas New York, NY 10020
For Cleveland International Fund:	FisherBroyles By: RICK ANTONOFF, ESQ. 27100 Oakmead Drive, Box 306 Perrysburg, OH 43551
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For the U.S. Trustee:	Office of the U.S. Trustee By: JEFFREY M. SPONDER, ESQ. LAUREN BIELSKIE, ESQ. One Newark Center Suite 2100 Newark, NJ 07102
For Ad Hoc Group of Holders of Crown Capital Notes:	Faegre Drinker Biddle & Reath LLP By: MICHAEL P. POMPEO, ESQ. 1177 Avenue of the Americas 41st Floor New York, NY 10036

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THE COURT: Okay. So, my understanding, this is Judge Kaplan, and we're going to start the CBRM Realty Inc., et al. matters. My understanding is that there are parties who are in the midst of discussions, but we're going to see what we can get done in the interim, make this efficient. It's nice to see faces, at least some faces here live. It's been awhile. And I understand there are faces still on the screen. We are having a hybrid presentation hearing.

So, the usual admonition will stand that if you're appearing remotely and wish to be heard, please use the raise hand function. Let me just adjust my screen for a moment. All right.

So, let me, since we don't have too many here, let me just take appearances from those in court.

MR. HERSHEY: Sam Hershey from White & Case, joined by my colleagues Lucas Curtis and Barrett Lingle for the debtors.

MR. GOODMAN: Good afternoon, Your Honor, Brett Goodman, ArentFox Schiff, for the NOLA DIP lender.

THE COURT: All right. So, you all are the ones who lost the coin flip and had to come to Trenton.

MR. HERSHEY: We won the coin flip, Your Honor.

THE COURT: Okay. Counsel.

MR. ANTONOFF: Good afternoon, Rick Antonoff from FisherBroyles LLP on behalf of Cleveland International Fund.

And with me is my colleague Mr. William Dolan.

MR. DOLAN: Good afternoon, Your Honor.

THE COURT: Welcome. All right. And we have U.S. Trustee's Office, Mr. Sponder and Ms. Bielskie, appearing remotely. There's Mr. Sponder. Let me have -- and Ms. Bielskie I saw earlier this morning, as well. And let me have other appearances. Mr. Pesce?

MR. PESCE: Thank you. Thank you, Your Honor, Gregory Pesce, White & Case, on behalf of the debtors. For today, Mr. Hershey, Ms. Lingle and I will split up the hearing. I, unfortunately, was marooned in Chicago due to some weather and child care issues here. So I regret I'm not in -- I regret that I lost the bet to go to Trenton this week.

THE COURT: All right. So, rarely we hear it phrased like that. Mr. Sherman, good afternoon.

MR. SHERMAN: Good afternoon, Your Honor, I'm hanging out in beautiful Newark, so, you know, between Trenton and Newark, I chose Trenton -- I chose Newark. So, next time we'll be in Trenton.

UNIDENTIFIED ATTORNEY: Lesser of two evils, Your Honor.

MR. SHERMAN: And just so the appearance is clear, Your Honor, on behalf of Spano Investor.

THE COURT: All right. Thank you. Then my understanding, Mr. Pesce, you wanted to start us off?

MR. PESCE: Yeah. Thank you, Your Honor. So, for the record, Gregory Pesce, White & Case, on behalf of the debtors. Today we have three major pieces of the agenda going forward. First, my colleague Ms. Lingle is going to handle a variety of second day hearings and retention application matters that are uncontested at this point. Next, we have the final approval of the New Orleans DIP facility that's being provided by Mr. Goodman's client. And that is intertwined with the motion to dismiss the case of the Lakewind debtor, RH Lakewind East, LLC.

So, in terms of proceeding today, I wanted to give a quick update on where the case is overall. Then I was going to pass it to Ms. Lingle to handle those hopefully not controversial administrative and retention matters. And around, call it 1:45 or so, assuming we were done, we wanted to take a quick break to confer with CIF's counsel, they're the movant for the motion to dismiss, to see if we can bring some discussions that we had earlier this morning and last night to closure.

In the interest of time, though, you know, I would suggest we just take, call it 15 minutes so that we're back on call it around two o'clock so we can get the show going if, you know, there isn't something to be done at that point in time. And this, of course, subject to your preferences on how to proceed, Your Honor.

THE COURT: No, that's fine. It makes sense. I'll make the offer I usually make. To the extent once we're done with preliminaries, if the Court can assist in discussions among the parties, we can come back in chambers, so-to-speak, or I can come into conference rooms, however it best. So with that in mind, I'm ready to hear what you have to offer.

MR. PESCE: So, in the last roughly two weeks since we were before Your Honor last time at the DIP hearing for the Kelly Hamilton facility which is the second DIP facility we have here, we've been hard at work on a couple of major issues. First and foremost, obviously, has been preparing for the motion to dismiss and the final DIP approval so that we have the liquidity to fund the full restructuring on the New Orleans and the Kelly Hamilton side.

Second, the debtors and their advisors under Ms. LaPuma, our independent fiduciary's direction, have been spending a significant amount of time working on our exit from Chapter 11. As a reminder, the Kelly Hamilton DIP facility has a deadline now of June the 30th for us to file Chapter 11 plan and disclosure statement. That's this coming Monday.

So, we expect on Monday, absent a further extension by the lender, that we're going to be filing a Chapter 11 plan for the Kelly -- for Crown Capital, CBRM, the two parent holding companies, as well as the Kelly Hamilton entities and for that Chapter 11 plan to have a disclosure statement with

the transaction there being predicated on effectively two major moving pieces. First, there would be a wind down trust creditor recovery vehicle established under the Chapter 11 plan for the unsecured creditors.

Next, there would be a distribution of the value of the Kelly Hamilton asset. In conjunction with the filing of the Chapter 11 plan, we expect to be filing a motion for bid protections and bid procedures for a stalking horse proposal that we're working on right now with our DIP, our Kelly Hamilton DIP lender with that credit bid transaction to be sort of the focal point of the Kelly Hamilton plan.

If there's value in excess of the DIP facility, obviously, that would go to the other creditors of the estate. We'll work with your chambers to get hearing on the bid protections and the disclosure statements hopefully for sometime in July. In conjunction with that, we will be filing bidding procedures for the New Orleans properties. We expect that there will be just general sale procedures and deadlines, not a stalking horse for the New Orleans properties. To the extent that changes, we'll reflect that in the procedures.

And then, finally, we'll be filing retention applications for brokers in the markets where we are operating to help us -- or to obtain approval for the brokers that we're going to be working with in the two markets so that that can be done in conjunction with the sale pleadings.

Looking further down the summer, once we have better clarity on the New Orleans part of the house, we'll be filing a plan for the New Orleans debtors or perhaps amending the plan filed for Kelly Hamilton depending on schedules and whatnot to bring this to closure. In addition to all of that, as I mentioned at the prior hearing, the debtors have, continue to have interests in a few properties, some of which are under the control of receivers, some of which are not under the control of receivers.

We're continuing to see if it may be prudent or appropriate, value maximizing, to bring some or all or none of those properties into these cases. Whether that happens is an open question and how that happens is an even bigger open question that might be through separate sales, separate plans, all of that is under consideration, but it is something that Ms. LaPuma has directed us to work on and we are doing so right now.

So, that's a sneak preview of what will be happening here over the coming weeks. And to recap, in July, I think we'll have a bidding procedures hearing for Kelly and NOLA. We expect that Kelly will have a stalking horse and we'll be filing the plan and disclosure statement for the Kelly side in conjunction with that.

With that, unless Your Honor has any questions, I was going to hand it to my superstar colleague Ms. Lingle to handle

the retentions and second day orders and some other administerial matters like the bar date that we've been working on and in particular I should say with Mr. Sponder who we greatly appreciate all of his efforts to work on those matters with us. I think they're largely resolved, but I'll hand that to Ms. Lingle to talk about for the Court.

THE COURT: Great. Thank you, Mr. Pesce. All right. Ms. Lingle, good afternoon.

MS. LINGLE: Good afternoon, Your Honor. Barrett Lingle with White & Case, proposed counsel to the debtors. The next item on the agenda is the bar date motion which was filed at Docket Number 132. By this motion, the debtors seek to establish July 24th as the claims bar date, November 17th as the governmental bar date and certain other deadlines by which claims based on the projection of executory contracts and unexpired leases or claims of entities affected by an amendment to the schedules are to be filed.

Additionally, the debtors seek approval of the proof of claim form, as well as the form of bar date notice and publication notice which we propose to have filed, published in the Newark Star-Ledger, the Pittsburgh Post-Gazette and The New Orleans Advocate. We received informal comments from the Ad Hoc Group of Crown Capital Noteholders, as well as the United States Trustee prior to the hearing. Those have all been incorporated I think in the order that was filed this morning

at Docket Number 213. So, unless Your Honor has any questions, we request entry of the bar date order.

THE COURT: All right. Well, let me turn, Mr. Sponder knew I was coming to him. Keeping you busy lately, Mr. Sponder.

MR. SPONDER: Yes, thank you, Your Honor. And good afternoon, again, Jeff Sponder from the Office of the United States Trustee. I also want to thank Your Honor for allowing us to appear via Zoom. It's much appreciated.

It is true that all of the United States Trustee's issues have been resolved, however, one remains and that is that we, the United States Trustee, requested that the bar date be pushed back to July 31st from July 24th to give creditors in this large case, fee guideline case, 28 days because the way it looks right now, based on the language in the order is that Verita is allowed to have five business days to mail out the notices. So if Your Honor were to enter the order today, that, I believe, would be five business days which I think would take us to July --

UNIDENTIFIED ATTORNEY: July 3rd, I think. I think it would be July 3rd.

MR. SPONDER: -- July 3rd, right. And then the 24th would give the 21 days which I know is what's required under 3003, although 3003 is not applicable in complex case guideline cases and I think that's because it being complex that you

would -- more notice should be given.

We're only asking for seven more days. However, as I understand it, there may be a way that Verita can work their magic and maybe not need five business days and then we would be okay with another date. I had suggested July 28th instead of the 24th and maybe they get it out in three business days or, you know, however they, you know, as quick as they can. So, that was the only objection left, Your Honor. Thank you.

THE COURT: All right. I'm inclined to say the 28th and just split it.

MS. LINGLE: Okay.

THE COURT: I think it's workable. Puts a little pressure on everybody. But these short notice matters, every day counts. So why don't we do close of business on the 28th?

MS. LINGLE: That would work just fine, Your Honor.

THE COURT: All right.

MS. LINGLE: We'll work with Verita to speed up the distribution.

THE COURT: Great. Thank you. And --

MR. SPONDER: Thank you, Your Honor.

THE COURT: -- Mr. Sponder, I'll go to you with the other matters, as well.

MR. SPONDER: Thank you.

THE COURT: And, Mr. Sherman, you'll weigh in if and when or any other counsel if you wish to be heard.

MR. SHERMAN: Thank you, Your Honor.

MS. LINGLE: Okay. The next item on the agenda is final approval of the motion seeking authority to continue prepetition business operations and to pay related claims in the ordinary course. That motion was filed at Docket Number 34.

By the motion, the debtors are seeking to pay taxes and fees, vendor claims, and their insurance obligations in the ordinary course. Under the final order, we're also seeking to pay $250,000 in accrued, but unpaid fees of the independent fiduciary.

We filed a proposed form of order at Docket Number 216 ahead of today's hearing. We understand that the United States Trustee, as well as the Ad Hoc Group of Noteholders, has also signed off on that order, Your Honor. So unless you have any questions, we request entry.

THE COURT: All right. And, Mr. Sponder?

MR. SPONDER: Thank you, Your Honor, Jeff Sponder from the Office of the United States Trustee. United States Trustee has no objection to the entry of the final order. Thank you, Your Honor.

THE COURT: Great. Thank you. Motion is granted. Do we -- will we be getting final versions sent down to chambers or do we have them?

MS. LINGLE: You have them, but, you know, I think

the last few hearings I've been just sending the cleans over. And so I'm happy to do that, as well.

THE COURT: It avoids the confusion, so I think it's better. Great. All right. Thank you.

MS. LINGLE: Okay. The next item on the agenda is the application to retain White & Case as debtors' counsel. The application was filed at Docket Number 173. That application is supported also by a declaration of Mr. Pesce and that was filed as Exhibit E to the application.

We received comments following the filing from the United States Trustee. Those have been incorporated into a revised form of order that was filed last night at Docket Number 207. We also filed the supplemental declaration of Mr. Pesce, as well as a declaration from Ms. LaPuma, the independent fiduciary, in support of the application, both of which just address some of the questions that Mr. Sponder raised. No other responses were received. And so unless Your Honor has any questions, we request entry.

THE COURT: Mr. Sponder, I'm always anxious to get the label of proposed counsel off as we get -- we're speaking of plans and filing and confirming plans and we still have proposed counsel. Are we there yet?

MR. SPONDER: Thank you, Your Honor, Jeff Sponder from the Office of the United State Trustee. Yes, in this one, we did not ask for 82 extensions as in some other cases. We

are there, Your Honor. With the filing of the proposed order that incorporates all the United States Trustee's requested revisions and the supplemental declaration, United States Trustee has no further objection to the retention of White & Case in these cases. Thank you, Your Honor.

THE COURT: Great. All right. Then the order will be entered.

MS. LINGLE: Thank you. So, when we file the plan on Monday and just say counsel.

THE COURT: You can say counsel.

MS. LINGLE: We can take that off.

THE COURT: Yes, take off the term proposed.

MS. LINGLE: And then I think the last item on the agenda that is not contested was the application to retain Mr. Rosen as New Jersey counsel. That was filed at Docket Number 174. I think we also filed a revised form of order for Mr. Rosen at Docket Number 214.

I do understand that I think a verified statement, a revised verified statement needs to be filed for him which we will take care of following the hearing. But I believe that otherwise the United States Trustee is resolved.

THE COURT: That would work. It is Mr. Rosen's birthday tomorrow, so maybe he can get --

MS. LINGLE: Hopefully he's somewhere fabulous, I understand he's traveling --

THE COURT: He's in Norway. He's in Norway.

MS. LINGLE: -- today, so --

THE COURT: We should all be Mr. Rosen. All right. Mr. Sponder, it works for you?

MR. SPONDER: Thank you, Your Honor, Jeff Sponder for the Office of the United States Trustee. Your Honor, we understand that a supplemental declaration or verified statement will be filed. We just want to reserve our rights to review it. We understand that all of our comments and revisions are incorporated in the retention order.

So, when the supplemental declaration is filed, as well as I believe that a declaration of Ms. LaPuma has to be filed, as well, for purposes of D-2 of the March case E-guidelines, but subject to our review or reservation, Your Honor, I believe you can enter an order approving that. Thank you.

THE COURT: We'll enter the order subject to review and if there's a need to address it, the Court is glad to do so.

MS. LINGLE: All right. Thank you, Your Honor.

MR. SPONDER: Thank you, Your Honor.

MS. LINGLE: Then I think I'll hand it over to Mr. Hershey to let us know where we stand.

THE COURT: All right.

MR. HERSHEY: Yeah. Afternoon, Your Honor, Sam

Hershey from White & Case for the debtors. So I think what the parties would propose at this point is before we move onto the contested matters, which is the final DIP hearing and the motion to dismiss, we take a break until I would say two o'clock.

UNIDENTIFIED ATTORNEY: Just a point --

MR. HERSHEY: Oh, go ahead, please.

UNIDENTIFIED ATTORNEY: -- of clarification?

THE COURT: Yes.

UNIDENTIFIED ATTORNEY: Would it be Your Honor's intention to do the motion to dismiss before the DIP?

THE COURT: Yes.

UNIDENTIFIED ATTORNEY: That's what I would think.

THE COURT: It's logical.

MR. HERSHEY: We agree with that, by the way. So, anyway, I mean, I --

THE COURT: Well, I'm rooting for you to reach an accord, so --

MR. HERSHEY: We're certainly trying hard, Your Honor. Is -- would two o'clock, I'll just turn to my colleagues over here, would two o'clock work to reconvene? It's in about 20 minutes or so, a little more.

UNIDENTIFIED ATTORNEY: We'll see where we are.

THE COURT: And you'll just -- we'll call it for two o'clock. If you need additional time, just knock on chambers.

MR. HERSHEY: Of course.

THE COURT: All right?

MR. HERSHEY: Thank you, Your Honor.

THE COURT: Thank you.

UNIDENTIFIED ATTORNEYS: Thank you, Your Honor.

THE COURT: We are adjourned for the moment.

(Recess)

THE COURT: Okay. We are back. Mr. Hershey.

MR. HERSHEY: Thank you, Your Honor, Sam Hershey from White & Case for the debtors. Very pleased to report that the parties have managed to settle their disputes both on the motion to dismiss and the DIP motion. I think what will happen, if my partner Mr. Pesce is on is, he will read the terms of the settlement into the record subject to any other comments that parties may have. I can't tell if he's on or not, though.

MR. PESCE: Yeah, I'm here.

MR. HERSHEY: Okay.

THE COURT: He's there.

MR. HERSHEY: So, I'll cede the podium to him, Your Honor.

MR. PESCE: Thank you.

THE COURT: Wait one second. Can we get him up? There he is.

MR. PESCE: Thank you, Your Honor. Can you hear me

all right?

THE COURT: I can. Thank you, Mr. Pesce.

MR. PESCE: So, thank you for your -- giving us an extension and then cutting the extension back so we could hopefully wrap this up. So, we appreciate Mr. Antonoff and Mr. Goodman and their respective clients working with us here last night and this morning on this. And we have an agreement in principle on the DIP objection and the dismissal motion.

I'm going to read what that agreement is into the record. I think the -- what the next step would be then is for us to probably adjourn the hearing and have us file a revised order that reflects this hopefully later today to memorialize this resolution which probably requires a few edits to the existing DIP order that was filed.

So, let me read what the major terms of the agreement are. Mr. Goodman and Mr. Antonoff, and then Mr. Pompeo is there for the noteholder group, can speak and raise any issues they might have or clarifications.

So, first, the Lakewind dismissal motion would be dismissed with prejudice as per the agreement. The DIP objection would be withdrawn as to -- as per the agreement we have. Next, CIF would receive adequate protection in the following forms. It would continue to receive non-default interests from Lakewind to be paid monthly. If the DIP is paid off, it would be continued, it would continue to receive

post-petition interest from Lakewind to the extent of available funds.

In addition to the interest payments as a form of adequate protection, it would receive a lien on the assets of the four NOLA debtors. So, that includes Lakewind and the other three to the extent of the diminution in its value. The adequate protection lien that I just described would be junior to the secured creditors of those entities which are consisting of the CKD and DH1 organizations represented by Mr. Goodman.

So, it would be junior, in other words, to the new money DIP, the roll-up of the DIP, or the roll-up of the prepetition and other instruments such as the guarantee that was provided by the New Orleans debtors to Mr. Goodman's clients on account of other obligations which I'll describe in a moment.

The DIP order would be revised to include a stipulation by the debtors as to the mortgage and the claim at the Lakewind entity. It would include a release, as well. The stipulation and release would be subject to the challenge period which for your reference is 60 days from the entry of the final order, so effectively today or tomorrow. That would cover the mortgage and claim.

Finance reporting, we're already providing the DIP lender reporting package to CIF. That would continue. We have agreed to continue the historical prepetition reporting to CIF.

That will continue.

And then there's another form of reporting that will be provided. As we may have described at the prior hearing, the complexity of the New Orleans capital structure relates to the fact that Mr. Goodman's clients have a mortgage on the New Orleans properties to secure a contingent guarantee that their client made of indebtedness involving a non-debtor property in Pittsburgh called, what we commonly call as the Bankwell Eight. It's eight properties in Pittsburgh that are not in bankruptcy that are encumbered by a loan from Bankwell.

Because of that, what I just described, you could see there's effectively a -- or there's an interconnection between the Bankwell Eight properties in Pittsburgh and the New Orleans properties. With that said, to the extent Crown has information regarding the Bankwell Eight properties, we will provide that subject to the non-disclosure obligations that we have and the non-disclosure obligation or agreement that we have with CIF.

To the extent we share any of that financial information regarding the Bankwell Eight portfolio, we will also consult with and provide courtesy copies of that to the NOLA DIP lender, the Kelly Hamilton DIP lender and the Ad Hoc Groups' counsel represented by Mr. Pompeo here today.

Next, as I mentioned earlier, we're going to be filing bidding procedures for the New Orleans properties on

probably Monday. To the extent that they're -- to the extent bids are received, CIF and other parties in interest would have the right to reserve their rights regarding the allocation of the consideration or the proceeds of those sales. So, for example, if there's an all-in number for, you know, multiple properties, they would have the right to argue what the allocation of that consideration or the resulting net proceeds would be.

And then the final two points, the Crown Capital, acting through Ms. LaPuma, will be the independent fiduciary for the Lakewind entity. In addition, there would be no dispute that Ms. LaPuma, as the representative of Crown, would be the fiduciary for its shareholder, the Laguna Apartments Investor LLC entity. And there would be no objection by CIF to the DIP, the CKD or DH1 indebtedness.

So those are the main terms of the proposed resolution we have here. I'll let Mr. Goodman and Mr. Antonoff speak. As I mentioned, I think the best course would be to then do the other stuff we need in terms of admitting the evidence and making the other clarifying remarks we have about the DIP, but then adjourn the hearing so we could revise the -- or conclude the hearing with the expectation that we would submit like an agreed upon order, you know, later today.

Just so Mr. Sherman doesn't jump up and down in Newark, I do have one statement that I need to make when we get

to the main DIP presentation about his client's interest in the New Orleans property. So, I can make that at the appropriate time. But maybe we could clear up the CIF issues first. I'll let Mr. Antonoff and Mr. Goodman amplify or hopefully not have to correct what I just read into the record.

THE COURT: All right. Well, let's hear.

MR. ANTONOFF: Thank you.

THE COURT: Counsel.

MR. ANTONOFF: Rick Antonoff from FisherBroyles on behalf of the Cleveland International Fund. I agree that Mr. Pesce accurately described most of the points, although one, the only other one, and maybe it goes without saying, is that Cleveland International Fund would participate in recoveries from the litigation trust to the extent it doesn't otherwise recover before that.

MR. PESCE: Yeah.

THE COURT: Let me ask this question. Does the proposed settlement also resolve the adversary proceeding that was filed recently?

MR. ANTONOFF: Oh, so that adversary proceeding, I don't know if you saw, we withdrew it because we didn't have standing there. We got ahead of ourselves. So if we didn't have something today, we might have filed a motion for standing with the complaint, but this does resolve that --

THE COURT: Okay.

MR. ANTONOFF: -- to answer your question, yes.

THE COURT: I must have missed that last night.

MR. PESCE: And as to Mr. Antonoff's point, yes, the debtor is effectively -- the debtor is stipulating as to the validity of the mortgage as a secured claim subject to the priority as I mentioned earlier, at the Lakewind entity. And to the extent that mortgage is undersecured, Mr. Antonoff's client, CIF, would have an unsecured deficiency claim --

THE COURT: And right to share in --

MR. PESCE: -- and it's our expectation that a Chapter 11 plan for that entity will provide the, you know, unsecured creditors, the noteholders and CIF, I guess, with recovery. So, he would retain his rights as an unsecured creditor in that circumstance.

THE COURT: All right. Understood. Thank you. Counsel, good afternoon.

MR. GOODMAN: Good afternoon, Your Honor, Brett Goodman, ArentFox Schiff, for the NOLA DIP lenders. Your Honor, we're in agreement with the terms as they've been laid out to resolve the CIF objection to the DIP financing. Nothing to correct that was laid out, but just as a point of clarification for -- or transparency for the record. Mr. Pesce did indicate that any of the CIF liens would be junior to any and all CKD Funding, CKD Penn, DH1 liens.

Just wanted to make a note that there is an

additional prepetition lien on the Chenault property that was acquired and assigned to CKD Funding that was included in what Mr. Pesce had laid out. But he had noted the springing mortgage, so I just wanted to put that on the record that that is out there. It's going to be reflected in the final DIP order in any event and the debtors' stipulations.

And with respect to any of the information that's being shared under the NDA with CIF regarding the Bankwell financing, that, and I think Mr. Pesce did indicate this, that that would -- there would be consultation with the DIP lenders before that is provided so that we know what is going over.

THE COURT: Is it (indiscernible)?

MR. ANTONOFF: I'm just, sorry, what would be the purpose of the consultation writing information?

MR. GOODMAN: So, that we're aware of what is being shared. There's a stipulation as to the validity of our liens and the -- on the springing guarantee. So we just want to be aware of what is being shared with a third party that's unrelated to that financing.

MR. ANTONOFF: Oh, you know, the devil's always in the details when we draft these provisions in the final order. And I guess I would hope that there wouldn't be any like scrubbing of information or censorship of information and that we're getting what we need to see to assess the financial condition of those properties.

THE COURT: I think he references notice.

MR. ANTONOFF: Yeah, if it's notice rather than --

THE COURT: Contemporaneous notice.

MR. GOODMAN: We have consultation. We just want to know, we want to be provided with notice as to what is going over and previewed of it so that we don't find out after the fact. That's all.

MR. PESCE: All right. I think we can agree that we will for better -- luckily, there's not a burning house here, melting ice cube, so-to-speak. So, I think that we can agree that we'll provide the reporting a couple of -- you know, with a couple of days notice to the consultation parties. If they see some kind of critical issue, they can tell us within 24 hours or something like that and we can then resolve it.

Again, I don't think that should be an issue. But we'll work that out to make sure nothing is improperly disclosed that they think might be competitively sensitive or something like that.

THE COURT: All right. I'm sure you'll work that language. Before I address the motion, any other counsel wish, party wish to be heard? Mr. Pompeo.

MR. POMPEO: Yes. Good afternoon, Your Honor, Michael Pompeo, Faegre Drinker Biddle & Reath, on behalf of the Ad Hoc Group of Noteholders. Your Honor, I'm sure you read all the papers as there was lots of --

THE COURT: Great issues.

MR. POMPEO: -- great issues to dig into. And I think it's really important that it's on the record that we're preserving our rights under the challenge period, you know, to have that ability there. We don't have a Committee here, so it may fall to the noteholders to take that up. And since it's in there, Mr. Pesce said it will be in there, we're okay with the settlement.

THE COURT: All right. Thank you. Anyone else on the motion to dismiss?

(No audible response)

THE COURT: So my intention is to mark it settled, ordered to be submitted. You'll work out the language.

UNIDENTIFIED ATTORNEY: Yes.

THE COURT: Needless to say, if it blows up because of language, the Court's available next week. We'll just pick up where we left off down here. So -- but hopefully you'll just get it and, obviously, if there's any issues that you need the Court to assist with, you'll apprise chambers.

As far as the DIP finance, let's move onto that, knowing that is part of the settlement, the objection's been withdrawn consistent with what was put on the record. But let's address any other issues. And I know the recitation that Mr. Sherman is looking for that Mr. Pesce has to give.

MR. PESCE: Right. So, moving onto the main show

here in terms of the final DIP. So, when we had our original first day hearing, we presented two DIPs, one was Kelly Hamilton, the other was the New Orleans DIP, that's the latter of which is being provided by our senior secured prepetition lender. We're here for final approval of that financing.

We filed on the docket prior to the hearing. That's at Docket 217, a form of revised order that reflected feedback from the relevant parties that provided it. So, that's on the docket. You know, we had two objections that were lodged to the financing. The first was from Stano Investor which is Mr. Sherman and Mr. Rogoff's client.

Spano is a prepetition judgment creditor of CBRM Realty Inc. And, you know, effectively, there's kind of, holding my hands up, you know, there's kind of two different trees that both lead up to Mark Silber on the CBRM side. CBRM is owned by Mark Silber and then owns Crown and then all the subsidiaries.

On the New Orleans side of the house, those entities are not owned by CBRM, but are owned directly by Mr. Silber. Even though they're not under CBRM or Crown, some of them are guarantors of the unsecured bonds that are held by Mr. Pompeo and Mr. Millar's clients. So, they effectively have a similar overlapping creditor pool.

We have modified the order to address Mr. Sherman's client's concern that administrative expenses or rather the DIP

lender, sorry, the DIP lender would sort of prioritize going after Crown Capital on the Crown Capital side because Crown Capital is an obligor under the New Orleans DIP. We have modified the order to provide what we call soft marshalling language where the debtor is going to use reasonable best efforts, I'm sorry, the DIP lender will use reasonable best efforts and enforcement proceeding to look to any collateral that is held by Crown Capital last after exhausting the collateral that is available from the other obligors.

There, sort of similar to what you see with a Creditors' Committee, you're typically negotiating to minimize, you know, the extent to which one debtor is bearing the costs or particular assets or collateral is bearing the costs in an enforcement proceeding. So, that was one piece. That is reflected in the revised order.

Next, and this is sort of a little bit of deja vu all over again for the dismissal hearing, but we also had some language that we wanted to read into the record regarding the -- regarding some of the entities in the structure here.

So, going back to the dismissal motion, the Lakewind East Apartments LLC entity, that's the Lakewind debtor, where Mr. Antonoff's client has recorded the mortgage and we just discussed our resolution in that regard. When the debtors filed the Chapter 11 cases here, the Lakewind debtors', we'll call it, petition was signed by Ms. LaPuma and it reflected

that Ms. LaPuma was the independent fiduciary and the authorized signatory.

The corporate resolution that was attached said that she was signing on behalf of RH New Orleans Holdings LLC which is one of the New Orleans debtors. And that was the -- the reason we did that was that entity was reflected in the records of the debtors' asset manager as the Lakewind debtor's equity owner. And consistent with the foregoing in connection with the commencement of these cases, we published a corporate structure chart that showed all of the New Orleans debtors, including Lakewind, being on the, you know, being effectively owned by Mr. Silber, with Lakewind owned by RH New Orleans Holdings LLC.

After CIF filed its motion to dismiss the Lakewind debtor's case, the reason they did so was on the grounds that Ms. LaPuma, in her capacity as the independent fiduciary of RH New Orleans Holdings, was not the right signatory, but rather it should have been an authorized representative of an entity called Laguna Reserve Apartments Investor LLC.

Laguna, as I'll call it, is a non-debtor entity. Filing the -- following the filing of the motion to dismiss, the debtors' counsel and the asset manager investigated the matter. And we confirmed with the debtors' asset manager that to the best of the debtors' knowledge or the debtors can now represent to the best of their knowledge, based on a diligent

review of their books and records of the debtors, that Lakewind, the Lakewind debtor is, in fact, owned by Laguna. And Laguna is, in fact, owned by Crown Capital.

So, in other words, three of the New Orleans debtors, so the three New Orleans debtors other than Lakewind are effectively directly owned by Mr. Silber. Crown Capital effectively owns Lakewind through the Laguna entity.

So, with that said, following this hearing and the resolution that we have with the Court, we're going to file an amended petition that reflects Laguna as the equity owner and the signing party for the Lakewind debtor. We've already filed at Docket Number 219 and notice it has the form of that amended petition which we were going reference in today's trial if it went forward, as well as the corrected corporate structure chart. And I wanted to put this on the record to -- as part of my resolution with Mr. Sherman.

So, with that, that's the substance of our presentation here. I think for completeness, I would just say we have declarations which my colleague Mr. Curtis can move into evidence. Before maybe going there, let me pause and see if Your Honor has any questions regarding approval of the DIP on the substance or the clarifications I made to address the objections.

THE COURT: No. At this point, what you put on the record comports with the Court's understanding of what

transpired on the side. The Court spent quite a bit of time doing all independent research on ratification, what it takes under Delaware Law to ratify an unauthorized filing if it ever got to that point. So it's consistent with my expectations.

I think let me place on the record that there's no question from the Court's perspective that the DIP financing is essential for funding not only the costs of the investigation and continued pursuit of potential recoveries and claims against certain of the debtors' insiders and other parties. It's important to maintain the security and the preservation of the physical assets, the apartments for the benefit of both the creditors, the tenants, most essentially, to fund capital expenditures that are going to be required, a host of maintenance obligations can be maintained only through securing post-petition financing which, again, will benefit all of the creditors as a whole, as well as those that have specific interests in specific collateral.

The Court, well, obviously, the Court has reviewed the supporting declaration, but let's get part of the record.

MR. CURTIS: Good afternoon, Your Honor, Lucas Curtis, White & Case, on behalf of the debtors. Just for the sake of completeness, we'd like to move in the declarations of Matthew Dundon, that is, Document Number 44 and 156 into evidence.

THE COURT: All right.

MR. CURTIS: 44 is the first.

THE COURT: 44 I see. And what other, which other one?

MR. CURTIS: 156. It's in the amended exhibit list as Number 4.

THE COURT: Okay. I see. All right. Are there any objections to the Court accepting into evidence these declarations?

(No audible response)

THE COURT: Hearing and seeing no one, they are admitted into evidence. Thank you.

MR. CURTIS: Thank you, Your Honor.

THE COURT: We'll just mark them as D-1 and D-2. Counsel.

MR. GOODMAN: Good afternoon, again, Your Honor, Brett Goodman, ArentFox Schiff, for the NOLA DIP lender. Again, just for the sake of completeness here in the record, we would move to submit declaration of Aron Gittleson. Mr. Gittleson is here as an authorized representative of each of the NOLA DIP lenders. His declaration was filed at Docket Number 202 in these cases in support of the reply of the DIP lenders to the opposition of CIF.

THE COURT: Any objection to the declaration coming in?

(No audible response)

THE COURT: All right. Declaration comes in. We'll mark it C-1, Creditor 1. Any other declarations or other forms of evidence to come in?

UNIDENTIFIED ATTORNEY: Nothing else, Your Honor.

THE COURT: All right. The record then is closed subject to having to revisit it if the sky falls. Any other presentations?

UNIDENTIFIED ATTORNEY: Not from the debtors, Your Honor.

THE COURT: Mr. Sponder, anything from the U.S. Trustee's Office?

MR. SPONDER: Thank you, Your Honor, Jeff Sponder from the Office of the United States Trustee. Your Honor, we reviewed the final, proposed final DIP order and all of our requested revisions are being incorporated in there. Of course, we reserve the United States Trustee's rights to review the settlement and the language that's going to be included in that order and in the DIP order. Thank you, Your Honor.

THE COURT: All right. Thank you. Mr. Sherman, were you satisfied with the proffers?

MR. SHERMAN: Yes, Your Honor. Mr. Pesce accurately reflected the communications we had as far as the soft marshalling and the representation regarding corporate authority. With regard to the resolution of CIF, we look forward to reviewing that language. Obviously, we heard it in

real time with the Court. So, we just want to see how it gets memorialized in a proposed form of order.

THE COURT: All right. Needless to say, there are other factual findings that the Court will adopt and they'll be referenced in the final order for the DIP. I'm not going to go through the time now since it's essentially consensual at this juncture. Any other matters for the Court's attention?

(No audible response)

THE COURT: So we'll mark the final hearing as granted, order to be submitted, same as we're doing with the motion. I'm not going to adjourn it. We'll just mark is as granted, subject, obviously, to completion of paperwork by all parties, agreeable form of stipulations and orders.

All right. I appreciate everybody's tremendous work in reaching an accord and the professionalism shown. Challenging issues, great issues, that will be for another day, for another judge, hopefully. And we'll see. Thank you. Take care. We are adjourned.

UNIDENTIFIED ATTORNEYS: Thank you, Your Honor.

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C E R T I F I C A T I O N

I, KELLI R. PHILBURN, court approved transcriber, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of my ability.

/s/ Kelli R. Philburn

KELLI R. PHILBURN

J&J COURT TRANSCRIBERS, INC. DATE: June 30, 2025