

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

BL RESTAURANTS HOLDING, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 20-10156 (CTG)

(Jointly Administered)

Hearing Date: December 6, 2021 at 10:00 a.m. (ET)

Objection Deadline: November 2, 2021 at 4:00 p.m. (ET)

**MOTION OF THE BL RESTAURANTS GUC TRUST FOR AN ORDER
EXTENDING THE CLAIM OBJECTION DEADLINE TO MAY 2, 2022**

UMB Bank, N.A., solely in its capacity as trustee (the “Trustee”) of the BL Restaurants GUC Trust (the “Trust”), by and through its undersigned counsel, hereby submits this motion (the “Motion”) for an order substantially in the form attached hereto as Exhibit A, extending the deadline to object to all claims for 180 days, from November 3, 2021 through and including May 2, 2022. In support of the Motion, the Trust respectfully states:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and Article XI of the *Amended Joint Chapter 11 Plan of Liquidation of BL Restaurants Holding, LLC and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (as confirmed, the “Plan”).² This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

¹ The Debtors in these chapter 11 cases are: BL Restaurants Holding, LLC; BL Restaurant Operations, LLC; BL Restaurant Franchises, LLC; and BL Hunt Valley, LLC.

² Docket No. 788. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. The statutory and other bases for the relief requested herein are set forth in sections 105(a), 502 and 503 of the Bankruptcy Code, Rule 9006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Rules 9006-1 and 9006-2 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), and sections 1.24 and 8.6 of the Plan.

3. Pursuant to Local Rule 9013-1(f), the Trust consents to the entry of a final judgment or order with respect to the Motion if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

BACKGROUND

A. Procedural Background

4. On January 27, 2020 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. From and after the Petition Date, each Debtor operated its business and managed its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code until the closing of the sale of their operations on May 27, 2020.³

5. On April 21, 2021, the Court entered an order (the “Confirmation Order”) confirming the Plan.⁴ The Plan became effective on May 7, 2021 (the “Effective Date”).⁵

6. The Plan and Confirmation Order provide for the establishment of the Trust on the Effective Date according to the terms and conditions of the Liquidating Trust Agreement (the “Trust Agreement”), at which time the Trustee was appointed to administer the Trust.

³ Docket No. 452.

⁴ Docket No. 827.

⁵ Docket No. 844.

7. Pursuant to section 6.3(c) of the Plan, and section 3.2.14 of the Trust Agreement, the Trustee is authorized, among other things, to cause the Trust to investigate, review, object to and resolve all General Unsecured Claims filed against the Debtors' estates.⁶ In an effort to streamline the claims reconciliation process, the Trust obtained the consent of the Plan Administrator to object to Secured, Administrative and Priority Claims ("SAP Claims") that were not addressed by the Debtors prior to the Effective Date.⁷

8. Section 1.24 of the Plan provides that all objections to claims must be filed within 180 calendar days after the Effective Date (the "Claim Objection Deadline"), subject to extension by the Court. Currently, the Claim Objection Deadline is November 3, 2021.

B. Claims Overview

9. On February 28, 2020, the Court entered the *Order (A) Establishing Bar Dates for Filing Proofs of Claim, Including Claims Under 11 U.S.C. §503(B)(9) and Administrative Expense Requests; (B) Approving the Form and Manner for Filing Proofs of Claim and Administrative Expense Requests; and (C) Approving Notice Thereof* (the "Bar Date Order").⁸

10. The Bar Date Order established, among other deadlines, (i) April 3, 2020 as the deadline for each person or entity other than governmental units to file (a) proofs of prepetition claims, including administrative expense claims arising pursuant to section 503(b)(9) of the Bankruptcy Code (the "General Bar Date"), and (b) proofs of administrative expense claims arising on or after the Petition Date through February 29, 2020 (the "Administrative Bar Date");

⁶ See also 11 U.S.C. § 502(b).

⁷ Prior to the Effective Date, the Debtors filed two omnibus objections, addressing substantially all of the SAP Claims. Docket Nos. 656, 657.

⁸ Docket No. 228.

and (ii) July 27, 2020 as the last date for governmental units to file proofs of claim that arose before the Petition Date (the “Governmental Bar Date”).⁹

11. On February 28, 2020, the Debtors filed their notice of the General Bar Date, Administrative Bar Date and Governmental Bar Date.¹⁰

12. The register of claims prepared by Epiq Corporate Restructuring, LLC reflects that as of the date of this Motion (i) more than 960 proofs of claim have been filed in the Debtors’ chapter 11 cases asserting liquidated amounts exceeding \$32 million (net of amounts disallowed pursuant to the Debtors’ first and second omnibus objections); and (ii) the Debtors’ schedules of assets and liabilities reflect general unsecured claims of \$14.7 million.

C. Trust Assets and Claims Reconciliation

13. On April 29, 2020, the Court approved the sale of the Debtors’ operations to BLH Acquisition Co., which excluded from the acquired assets (a) liquor licenses associated with closed restaurant locations (“Retained Liquor Licenses”), and (b) the Debtors’ causes of action, excluding those against go-forward vendors and suppliers (“Retained Actions”).¹¹

14. Following the sale closing, the Debtors and Committee commenced the process of monetizing the Retained Liquor Licenses. These efforts were hampered by the ongoing impact of the COVID-19 pandemic on the restaurant industry. As of the Effective Date, the Debtors had liquidated only a portion of the Retained Liquor Licenses. The remaining Retained Liquor Licenses were either still being marketed or had yet to close pending applicable governmental approval.

⁹ The Effective Date Notice set June 6, 2021 as the last date for each person or entity to file proofs of administrative expense claims arising on or after March 1, 2020. Docket No. 844.

¹⁰ Docket No. 229.

¹¹ Docket No. 402.

15. Proceeds from Retained Liquor Licenses were first required to be used to satisfy Allowed SAP Claims and bankruptcy costs, with any remaining proceeds funded to the Trust for the benefit of Allowed General Unsecured Claims. As of the Effective Date, no proceeds were available to fund the Trust. Accordingly, the Trust deferred payment of current expenses and delayed commencing claims reconciliation until sufficient Retained Liquor License proceeds were received.

16. In July 2021, the Debtors closed the sale of their Paramus, New Jersey liquor license, which generated sufficient funding for the Trust to commence the claims reconciliation process. To date, the Trust has filed two omnibus objections, addressing approximately 200 claims, including several outstanding SAP Claims.¹² The Trust also intends to file in short order notices (a) advising certain claimants that their scheduled claims have been superseded by filed claims, resulting in the zeroing out of 120 scheduled claims, and (b) identifying several claims as having been paid and satisfied in connection with the Debtors' asset sale. Subject to obtaining an order sustaining the currently-pending omnibus claims objection, these efforts will reduce the claims pool by approximately \$6.5 million (across all priority levels), in addition to eliminating unliquidated claims that otherwise constitute an impediment to a distribution.

17. Although the Trust has been working to reconcile all claims, and significant progress has been made since the Effective Date, further work remains. The Trust is continuing its review and analysis of the claims register to identify unresolved or otherwise objectionable claims. Among other things, the Trust is currently undertaking an analysis of the more than 100

¹² Docket Nos. 909, 910. With the filing of these omnibus objections, the Trust believes the reconciliation of SAP Claims is nearly complete.

claims filed in connection with rejected leases, which constitute some of the largest claims filed against the Debtors' estates.

18. The Trust is not currently in a position to make distributions as a number of Retained Liquor Licenses are still being liquidated. The Trust currently anticipates the liquidation process will not be completed until at least the first quarter of 2022.

19. The Trust is also currently investigating the Retained Actions to determine whether they are worth pursuing on behalf of Trust Beneficiaries. To the extent any such actions are commenced and the subject transfers are not returned, the Trust will pursue disallowance of any claims of the defendants in such actions pursuant to section 502(d) of the Bankruptcy Code. Finally, notwithstanding the passage more than a year ago of the applicable deadlines for filing claims, late claims continue to be filed. The Trust will continue to resolve remaining claims as quickly as possible under the circumstances, but needs additional time to do so.

RELIEF REQUESTED

20. The Trust respectfully requests entry of an order extending the Claim Objection Deadline as to all claims, including filed claims, scheduled claims, and any claims that continue to be filed for a period of 180 days, from November 3, 2021 through and including May 2, 2022.¹³ The proposed extension is without prejudice to the Trust's right to seek additional extensions of the Claim Objection Deadline as appropriate.¹⁴

¹³ Pursuant to Local Rule 9006-2, the filing of this Motion prior to the expiration of the current Claim Objection Deadline serves to automatically extend the deadline until such time as the Court rules on this Motion. Del. Bankr. LR 9006-2.

¹⁴ Although the Plan vests the Trust solely with the right to object to General Unsecured Claims, in light of the Plan Administrator's agreement to allow the Trust to object to any remaining SAP Claims, the Trust seeks an extension of the Claim Objection Deadline as to all claims.

BASIS FOR RELIEF

21. Sections 502 and 503 of the Bankruptcy Code contemplate that claims will be challenged when appropriate and, if necessary, estimated.¹⁵ Although the Plan sets an initial deadline by which such challenges must be raised, it also expressly contemplates extension of the Claim Objection Deadline by order of the Court.¹⁶

22. Bankruptcy Rule 9006(b) also provides for extensions of time for cause.

Specifically:

[W]hen an act is required or allowed to be done at or within a specified period by these rules or by a notice given thereunder or by order of court, the court for cause shown may at any time in its discretion ... with or without motion or notice order the period enlarged if the request therefor is made before the expiration of the period originally prescribed or as extended by a previous order.¹⁷

Finally, section 105 of the Bankruptcy Code provides that the “court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.”¹⁸

23. Extension of the Claim Objection Deadline is not sought coercively for purposes of delay, nor will it affect any claimant’s or interest holder’s substantive defense(s) to any objection. In fact, this Motion represents only the first extension that has been requested since the Plan was confirmed and became effective six months ago. Over that time period, as discussed above, the Trust has made substantial progress in reviewing and reconciling claims notwithstanding the unexpected delay in initial Trust funding.

¹⁵ See 11 U.S.C. §§ 502(b)-(c), 503.

¹⁶ Plan, § 8.6. The Plan provides that all objections to Claims and Interests must be filed by the Claim Objection Deadline, unless a different time is set by an order of the Court.

¹⁷ Fed R. Bankr. P. 9006(b)(1).

¹⁸ 11 U.S.C. § 105(a).

24. The Trust's request for an extension of the Claim Objection Deadline will not prejudice any claimant or any other party in interest, and will benefit holders of valid claims. The extension is intended to preserve resources necessary to maximize recoveries on account of Allowed General Unsecured Claims. Absent the extension, the Debtors' estates and creditors may suffer unnecessary and unfair prejudice. Either the Trust will be precluded from challenging invalid and/or overstated claims or, alternatively, it will be forced to lodge hastily prepared "protective" objections without the benefit of a full review and analysis by the Trust and its professionals.

25. The requested extension will allow the Trust to diligently review unresolved claims, and conserve the Trust's resources for the benefit of holders of Allowed General Unsecured Claims by allowing the Trust time to pursue settlement, and avoid the delay and expense of unnecessary objections and litigation.

NOTICE

26. Notice of this Motion has been provided to: (i) the Office of the United States Trustee for the District of Delaware; and (ii) those parties that have requested notice pursuant to Bankruptcy Rule 2002. In light of the procedural nature of the post-confirmation relief requested herein, the Trust submits that such notice is sufficient under the circumstances and that no other or further notice is required.

WHEREFORE, the Trust respectfully requests that this Court enter an order, substantially in the form attached hereto as Exhibit A, (i) extending the Claim Objection Deadline for a period of 180 days, from November 3, 2021 through and including May 2, 2022, without prejudice to Trust's right to seek additional extensions of such deadline as appropriate; and (ii) granting such other and further relief as the Court may deem just and proper.

Dated: Wilmington, Delaware
October 19, 2021

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