

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM DIVISION
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IN RE:

PALM BEACH FINANCE PARTNERS, L.P.,
PALM BEACH FINANCE II, L.P.,

Debtors.

CASE NO. 09-36379-PGH
CASE NO. 09-36396-PGH
(Jointly Administered)

**LIQUIDATING TRUSTEE'S SIXTEENTH OMNIBUS OBJECTION TO CLAIMS
(LIMITED PARTNER CLAIMS AND SCHEDULED
EQUITY INTERESTS IN CASE NO. 09-36396-PGH (PBF II))**

IMPORTANT NOTICE TO CREDITORS/INTEREST HOLDERS:

THIS IS AN OBJECTION TO YOUR CLAIM AND SCHEDULED EQUITY INTEREST

This objection seeks to reduce the amount of the claim filed by you or on your behalf, as well as modify the percentage of your previously scheduled equity interest. Please read this objection carefully to identify which claims and equity interests are objected to and what disposition of your claim(s) and equity interest(s) are recommended.

If you disagree with the objection or the recommended treatment, you must file a written response WITHIN 30 DAYS from the date of service of this objection, explaining why your claim should be allowed as presently filed (and your scheduled equity interest should be calculated using the filed claim amount), and you must serve a copy to the undersigned attorney OR YOUR CLAIM AND EQUITY INTEREST MAY BE RESOLVED IN ACCORDANCE WITH THE RECOMMENDATION IN THIS OBJECTION.

The written response must contain the case name, case number, and must be filed with the Clerk of the United States Bankruptcy Court.

Pursuant to Federal Rule of Bankruptcy Procedure 3007, Local Rule 3007-1, and this Court's Order Granting Motion to Authorize Liquidating Trustee to Use "Cash-in/Cash-out" Method to Calculate Limited Partner Claims and Interests [ECF No. 2678] ("*Cash-in/Cash-out Order*"), Barry E. Mukamal, in his capacity as liquidating trustee ("*Liquidating Trustee*") for the Palm Beach Finance Partners Liquidating Trust and Palm Beach Finance II Liquidating Trust (collectively, the

“*Liquidating Trusts*”), by and through undersigned counsel, objects to the claim(s) set forth below filed against Palm Beach Finance II, L.P. (“*PBF II*”), and the scheduled equity interest(s) of each such limited partner,¹ on the following basis:

BASIS FOR OBJECTION

On July 30, 2015, the Court entered the Cash-in/Cash-out Order, pursuant to which the Court ordered that limited partner claims and equity interests shall be calculated using the cash-in/cash-out method. Under this method, as detailed in the Cash-in/Cash-out Order, the amount of each limited partner claim and/or interest shall be the amount of cash the limited partner transferred to a Debtor minus the amount of cash such limited partner received from that Debtor as of the Petition Date, whether such monies were received as a return of principal, profits, dividends or interest. In accordance with the Cash-in/Cash-out Order, the Liquidating Trustee objects to the below-listed limited partner claims and scheduled equity interests in Case No. 09-36396-BKC-PGH (PBF II) inasmuch as the claim amount exceeds the amount of such limited partner’s claim calculated using the cash-in/cash-out method. As such, the Liquidating Trustee requests that each of the below claims be reduced and allowed as a general unsecured claim in the amount reflected in the column titled “Net Loss on a Cash-in/Cash-out Basis,” which reflects the amount of such limited partner’s claim calculated using the cash-in/cash-out method based on the Debtor’s books and records (“*Proposed Allowed LP Claim Amount*”).

In addition, the Liquidating Trustee objects to the previously- scheduled equity interest of each limited partner listed below and requests that such limited partner’s equity interest shall be calculated (following the final resolution of all limited partner claims and equity interests) using the

¹ Pursuant to Article 3 of the confirmed plan of liquidation, allowed claims filed by the Debtors’ limited partners are classified and treated in class 1A and 1B. *See* ECF No. 246. In addition, all holders of an equity interest in the Debtors, as of the date the Debtors filed for bankruptcy, are classified in class 3A and 3B. *Id.*

Proposed Allowed LP Claim Amount as the numerator and the total of all allowed equity interests as the denominator.

Finally, in certain instances, the name on the proof of claim form and/or the list of equity security holders differs slightly from the underlying documents in the Debtors' books and records evidencing the investment. Accordingly, the Liquidating Trustee requests that the claims register and list of equity security holders be modified, as necessary, to reflect the limited partner listed in the column entitled "Name of Claimant" below (which corresponds to the holder of the claim/equity interest according to the Debtors' books and records) as the actual holder of the claim and equity interest, respectively.

POC No.	Name of Claimant	Amount of Filed Claim	Net Loss on a Cash-in/Cash-Out Basis
21-1	BayRoc Associates, LLC ²	\$1,107,057.00	\$1,000,000.00 <i>See Schedule 1</i>
22-1	Claridge Associates, LLC ²	\$2,214,114.00	\$2,000,000.00 <i>See Schedule 1</i>
20-1	JamiScott, LLC ²	\$3,600,005.00	\$2,837,466.09 ³ <i>See Schedule 1</i>
18-1	Leonard & Lillian Schneider	\$1,660,585.00	\$1,500,000.00 <i>See Schedule 1</i>
17-1	Scott Schneider	\$1,485,932.00	\$1,135,031.60 ⁴ <i>See Schedule 1</i>

² The equity interests for BayRoc Associates, LLP (Claim 21-1), Claridge Associates, LLC (Claim 22-1) and JamiScott, LLC (Claim 20-1) were collectively listed on the schedule of equity holders as Jamiscott, LLC. *See* ECF No. 21.

³ The cash-in amount for JamiScott, LLC ("**Jamiscott**") reflects the entity's initial investment in PBF II, which was made using funds JamiScott cashed out of its investment in PBFP, resulting in a net profit on a cash-in/cash-out basis in PBFP. Accordingly, the Liquidating Trustee has asserted a clawback claim against Jamiscott in PBFP for the recovery of those net profits, which have been preserved pursuant to a tolling agreement between the parties ("**Jamiscott Tolling Agreement**"). Nothing contained herein shall effect in any way the Jamiscott Tolling Agreement or the Liquidating Trustee's rights preserved thereunder to pursue the clawback of Jamiscott's net profits in PBFP.

⁴ The cash-in amount for Scott Schnieder ("**Mr. Schneider**") reflects Mr. Schneider's initial investment in PBF II, which was made using funds Mr. Schneider cashed out of his investment in PBFP, resulting in a net profit on a cash-in/cash-out basis in PBFP. Accordingly, the Liquidating Trustee has asserted a clawback claim against Mr. Schneider in PBFP for the recovery of those net profits, which have been preserved pursuant to a tolling agreement between the parties ("**Schneider Tolling Agreement**"). Nothing contained herein shall effect in any way the Schneider Tolling Agreement or the Liquidating Trustee's rights preserved thereunder to pursue the clawback of Mr. Schneider's net profits in PBFP.

RESERVATION OF RIGHTS

Nothing herein should be construed as the Liquidating Trustee waiving any of his rights as to issues relating to the priority of distributions (such as 11 U.S.C. §510); to the contrary, the Liquidating Trustee reserves all of such rights. The Liquidating Trustee's claims review process and legal analysis is ongoing, and the Trustee anticipates filing court papers in the future on these and any other appropriate grounds. Further, nothing herein is intended to be or should be considered a limit to the damages that the Liquidating Trustee - or any other party - can claim or recover against third parties.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on March 18, 2016, a true copy of the foregoing was served via the Court's Notice of Electronic Filing upon the Registered Users set forth on the attached **Exhibit A** and via U.S. Mail on the Claimants listed above at the addresses set forth on the attached **Exhibit B**.

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Attorneys for Liquidating Trustee

Schedule 1

LP Name	Filed POC #	Filed POC Amount	Total LP "In" Activity	Total LP "Out" Activity	Net LP Loss (Gain)	Proposed Allowed Claim Amount/Numerator for Equity Holder %
BayRoc Associates, LLC	POC-21	1,107,057.00	1,000,000.00	-	1,000,000.00	1,000,000.00
Claridge Associates, LLC	POC-22	2,214,114.00	2,000,000.00	-	2,000,000.00	2,000,000.00
Jamiscott, LLC	POC-20	3,600,005.00	2,837,466.09	-	2,837,466.09	2,837,466.09
Schneider, Leonard & Lillian	POC-18	1,660,585.00	1,500,000.00	-	1,500,000.00	1,500,000.00
Schneider, Scott	POC-17	1,485,932.00	1,135,031.60	-	1,135,031.60	1,135,031.60

Mailing Information for Case 09-36379-PGH**Electronic Mail Notice List**

The following is the list of **parties** who are currently on the list to receive email notice/service for this case.

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EXHIBIT B

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