

IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

IN RE:	§	CHAPTER 11
	§	
VPR OPERATING, LLC, <i>et al.</i> ,	§	
	§	CASE NO. 13-10599
Debtors	§	

**VICTORY PARK PARTIES' LIMITED OBJECTION TO OFFICIAL CREDITOR'S
COMMITTEE'S MOTION FOR A STRUCTURED CONVERSION TO A CASE
UNDER CHAPTER 7**

TO THE HONORABLE TONY DAVIS, UNITED STATES BANKRUPTCY JUDGE:

Victory Park Credit Opportunities, LP, Victory Park Credit Opportunities Master Fund, Ltd., Victory Park Credit Opportunities Intermediate Fund, LP, and Victory Park Management, LLC (the "Victory Park Parties"), file this Limited Objection to Official Creditor's Committee's Motion for a Structured Conversion to a Case Under Chapter 7, as follows:

PRELIMINARY STATEMENT

1. The Victory Park Parties submit this Limited Objection to the Official Creditor's Committee's Motion for a Structured Conversion to a Case Under Chapter 7. Though the Victory Park Parties do not oppose conversion of these cases based upon their current condition, certain of the relief requested and parts of the language of the proposed Order attempt to dictate the effect of the conversion in a manner outside of the Bankruptcy Code.

RESPONSES TO FACTUAL ALLGATIONS

2. Paragraph 1 of the motion is a statement of the Committee's position which the Victory Park Parties need not admit or deny.

3. Victory Park Parties admit the allegations contained in paragraph 2.

4. Victory Park Parties admit the allegations contained in paragraph 3.

5. Victory Park Parties admit the allegations contained in paragraph 4.

6. Victory Park Parties admit the allegations contained in paragraph 5.

7. The Victory Park Parties admit the allegations contained in paragraph 6.

8. Victory Park Parties admit the allegations contained in paragraph 7.

9. With respect to paragraph 8, the Victory Park Parties admit that the Committee has filed the referenced adversary proceeding (but, again, continues to list incorrect names for the Defendants), but deny the allegations contained in the adversary proceeding.

10. Victory Park Parties deny the allegations contained in paragraph 9, except that they disagree with the Committee's characterization of the Court's Final Order in the last sentence of that paragraph.

11. Victory Park Parties admit the allegations contained in paragraph 10.

12. Victory Park Parties admit the allegations contained in paragraph 11.

13. Victory Park Parties admit the allegations contained in paragraph 12.

14. With respect to paragraph 13, the Victory Park Parties do not express any opinion as to what assets would or would not allow rehabilitation.

15. The remaining paragraphs consist of legal argument or request by the Committee or how the case should be converted, which the Victory Park Parties need not need admit or deny.

OBJECTIONS

16. The Victory Park Parties do have concerns regarding, and file objections regarding, certain of the requested procedures and provisions contained in the Order proposed by the Committee. Counsel for the Committee and the Victory Park Parties have been attempting to resolve the outstanding issues. The Committee's latest proposed Order is attached as Exhibit "A."

17. The remaining issues concern paragraphs 6 and 7 of the proposed Order. Paragraph 6 states that the Trustee will hold "by operation of law" certain "litigation positions" and states that all claims and causes of action "preserved for the Committee and its successor" shall survive conversion and may be asserted by the Chapter 7 Trustee. Similar language is contained in paragraph 7.

18. Conversion of a Chapter 11 case is governed by 11 U.S.C. §1112 and Bankruptcy Rule 1019. The rights and powers of a Trustee are specifically defined in Chapter 7. Similarly, the effect of the conversion is governed by 11 U.S.C. §348, and what constitutes "property of the estate" is outlined in §§348 and 541. The Bankruptcy Code and Rules, and not the Committee's desires, determine what a Chapter 7 Trustee may or may not pursue and what property is or is not "property of the estate." Stated differently, paragraphs 7 and 8 serve no purpose under the Code and are superfluous.

19. Additionally, paragraph 7 purports to preserve and assign "all claims of third parties that were assigned to the Debtors' Chapter 11 Bankruptcy Estates." The Victory Park Parties are

unaware of any assigned claims, and none have been identified. This paragraph should specifically define what third-party claims are at issue.

WHEREFORE, based on the foregoing, the Victory Park Parties request that the Court sustain the objections raised above and require the language of the proposed Order be revised, and that they receive such other and further relief to which they may show themselves justly entitled.

Respectfully submitted,

HOHMANN, TAUBE & SUMMERS, L.L.P.

By: /s/ Mark C. Taylor

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing has been served upon those parties receiving the Court's ECF e-mail notification on this 14th day of November, 2013:

/s/ Mark C. Taylor

Mark C. Taylor