

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION

In re: Piccadilly Restaurants, LLC, <i>et al.</i> , Debtors.	Case No. 12-51127 (Joint Administration) ¹ Chapter 11 Judge Robert Summerhays
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**RESPONSE TO OBJECTION OF YUCAIPA CORPORATE INITIATIVES FUND I, L.P.
TO ASSERTED CLAIM OF ATALAYA ADMINISTRATIVE LLC**

Atalaya Administrative, LLC, Atalaya Funding II, LP, Atalaya Special Opportunities Fund IV, LP (Tranche B), and Atalaya Special Opportunities Fund (Cayman) IV, LP (Tranche B) (collectively, “Atalaya”) respond to the *Objection of Yucaipa Corporate Initiatives Fund I, L.P. to Asserted Claims of Atalaya Administrative LLC* (the “Claim Objection,” Docket No. 1325) as follows:

1. On January 13, 14, and 15 of 2014, the Court held a hearing to consider confirmation of the *First Amended Joint Chapter 11 Plan of Piccadilly Investments, LLC, Piccadilly Restaurants, LLC and Piccadilly Food Service, LLC, Proposed by Atalaya Administrative, LLC, Atalaya Funding II, LP, Atalaya Special Opportunities Fund IV, LP (Tranche B), Atalaya Special Opportunities Fund (Cayman) IV, LP (Tranche B) and the Official Committee of Unsecured Creditors*, (the “Plan,” ECF No. 1241), which Plan had been proposed jointly by Atalaya and the Official Committee of Unsecured Creditors (the “Committee”).

¹ Jointly administered with *In re Piccadilly Food Service, LLC*, 12-51128 (Bankr. W.D. La. 2012), and *In re Piccadilly Investments, LLC*, 12-51129 (Bankr. W.D. La. 2012).

Capitalized terms used within this Response that are not specifically defined herein shall have the meaning ascribed to them in the Plan.

2. The Plan, among other things, provides for a global settlement of Atalaya's claims against the Debtors and a global settlement of certain allegations raised by the Committee against Atalaya in the Atalaya Adversary Proceeding (which allegations are substantially similar, if not identical, to the allegations set forth in Yucaipa's Claim Objection). To that end, Section 7.12 of the Plan explicitly states:

Section 7.12. General Settlement of Claims. Pursuant to Section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases and other benefits provided under this Joint Plan, upon the Effective Date, the provisions of this Joint Plan shall constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to this Joint Plan, *including, without limitation, the Atalaya Adversary Proceeding.* (emphasis added)

3. The Claim Objection was filed by Yucaipa at the same time that it filed its *Objection of Yucaipa Corporate Initiatives Fund I, L.P. to First Amended Joint Chapter 11 Plan Proposed by Atalaya Administrative LLC and the Official Committee of Unsecured Creditors* (the "Plan Objection," Docket No. 1324). In the Plan Objection, Yucaipa argued that the Plan should not be confirmed because the Plan allegedly provided for payment to Atalaya in an amount in excess of Atalaya's outstanding claims against the Debtors.

4. The Bankruptcy Court overruled Yucaipa's Plan Objection and confirmed the Plan by an order entered on February 13, 2014 (the "Confirmation Order," Docket No. 1420). Consistent with the language set forth in the Plan and Confirmation Order resolving Atalaya's outstanding claims against the Debtors, the Court, in its ruling announced on February 4, 2014, found that the Plan constituted a global resolution of Atalaya's outstanding claims and the Atalaya Adversary Proceeding, and that resolution was in the best interest of the Debtors'

estates. Thus, in light of the Court's entry of the Confirmation Order, which effectuated a settlement of Atalaya's claims against the Debtors, the Claim Objection is now moot, and should be denied with prejudice.

WHEREFORE, Atalaya respectfully requests that the Court enter an order denying the Claim Objection, with prejudice, and grant Atalaya such other and further relief as is just and equitable.

Dated: February 18, 2014.

Respectfully Submitted,

/s/ Brent R. McIlwain

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CERTIFICATE OF SERVICE

This is to certify that service of this document has been made on the 18th day of February, 2014 by electronic service through the Court's transmission facilities upon those persons listed as recipients of electronic notice on the Notice of Electronic Filing document generated by the Court's System at the time of the filing of this document.

/s/ Brian Smith

Brian Smith