

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA

In re:)	CHAPTER 11
)	
The Cliffs Club & Hospitality Group, Inc,)	CASE NO. 12-01220-JW
et al, d/b/a The Cliffs Golf & Country)	
Club,)	JOINTLY ADMINISTERED
)	
Debtors.)	
_____)	

**KEOWEE FALLS INVESTMENT GROUP, LLC’S OBJECTION
TO CONFIRMATION OF THE FIRST AMENDED AND RESTATED
JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND THE
PLAN SPONSOR AS SUPPLEMENTED BY THE DEBTORS
AND THE PLAN SPONSOR**

In support of its Objection to Confirmation of the First Amended and Restated Joint Chapter 11 Plan (the “Plan”), Keowee Falls Investment Group, LLC (“KFIG”), by its undersigned counsel, avers as follows:

1. This Court has jurisdiction to hear this Objection.
2. KFIG is an unsecured creditor in this case in the amount of \$16,670,310.00, and thus has standing to be heard on this Objection.

BASIS FOR RELIEF

3. “After notice, the court shall hold a hearing on confirmation of a plan.” 11 U.S.C. §1128(a).
4. “A party in interest may object to confirmation of a plan.” 11 U.S.C. §1128(b).
5. An objection to confirmation is governed by Bankruptcy Rule 9014 and shall be filed and served on the debtor, the trustee, the proponent of the plan, any

committee appointed under the Bankruptcy Code and any other entity designated by the court, within a time fixed by the court.” F.R.B.P. 3020(b)(1).

6. “The court shall rule on confirmation of the plan after notice and hearing as provided in Bankruptcy Rule 2002. If no objection is filed, the court may determine that the plan has been proposed in good faith and not by any means forbidden by law without receiving evidence on such issues.” F.R.B.P. 3020(b)(2). However, the Court has an independent duty to determine whether a plan complies with the appropriate actions of the Bankruptcy Code, even if no objection is filed. *In re Genesis Health Ventures, Inc.*, 266 B.R. 591, 599 (Bankr. D. Del. 2001).
7. The Court may confirm a plan under Chapter 11 only if each of the thirteen enumerated requirements of 11 U.S.C. §1129(a) are met. A limited exception is made if the requirements of 11 U.S.C. §1129(a)(8) (requiring acceptance by all impaired classes of claims or interests) is not met, permitting confirmation under 11 U.S.C. §1129(b) if the provisions of that subsection are met.

GROUNDS FOR RELIEF

8. KFIG alleges that the Plan does not comply with 11 U.S.C. §1129(a)(3), which requires the Plan to be “proposed in good faith and not by any means forbidden by law.” In this case, the Plan proposes to convert KFIG’s unsecured claims into equity to avoid payment of legitimate obligations of the Debtors and to make the Plan more attractive to the Plan Sponsor at the

expense of KFIG's unsecured creditors.

To accomplish this recharacterization of debt to equity, the Debtors have improperly classified KFIG's claims and thus also failed to meet the dictates of 11 U.S.C. §1122(a).

9. As further evidence of the Plan Proponent's bad faith in fashioning the terms of the Plan, KFIG submits that Plan **Article X Section 10.01(b)** specifically encourages James B. Anthony to breach his fiduciary duty to the KFIG estate by waiving and releasing any and all claims of any kind against the Debtors in return for releases of James B. Anthony, Lucas Anthony or Timothy Cherry.
10. In the event the Debtor requests the Court to invoke the cramdown provisions of 11 U.S.C. §1129(b), KFIG alleges that the Plan unfairly discriminates against its interests, and is not fair and equitable with respect to each class of claims or interests.

WHEREFORE, KFIG respectfully requests the Court deny confirmation of the Plan and for such other relief as is just and proper.

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August 1, 2012

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The Cliffs Club & Hospitality Group, Inc,)	CASE NO. 12-01220-JW
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Club,)	JOINTLY ADMINISTERED
)	
Debtors.)	CERTIFICATE OF SERVICE
_____)	

The undersigned hereby certifies that a copy of Keowee Falls Investment Group, LLC's Objection to Confirmation of The First Amended and Restated Joint Chapter 11 Plan Filed by The Debtors and The Plan Sponsor as Supplemented by The Debtors and the Plan Sponsor was filed electronically and was therefore served electronically on those entities that have properly registered for such electronic service and by email transmission to the following parties on August 1, 2012:

Attached List.

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August 1, 2012

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