

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA**

In re:	)	
	)	
The Cliffs Club & Hospitality Group, Inc.,	)	
et al. <sup>1</sup> , d/b/a The Cliffs Golf & Country Club,	)	Case No. 12-01220-jw
	)	Chapter 11
Debtors.	)	
	)	Joint Administration Pending

**OBJECTION OF UNITED STATES TRUSTEE TO DEBTORS’  
MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
APPROVING POST-PETITION FINANCING, GRANTING LIENS  
AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE  
STATUS, GRANTING ADEQUATE PROTECTION, MODIFYING THE STAY,  
AND SCHEDULING A FINAL HEARING**

The United States Trustee (the UST) objects to the debtors’ motion for entry of interim and final orders pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507(b), (I) approving post-petition financing, (II) granting liens and providing superpriority administrative expense status, (III) granting adequate protection, (IV) modifying the automatic stay, and (V) scheduling a final hearing (Motion). The UST files this objection pursuant to the authority granted to him by 28 U.S.C. § 586 and 11 U.S.C. § 307.

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<sup>1</sup>The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338); CCHG Holdings, Inc. (1356); The Cliffs at Mountain Park Golf & Country Club, LLC (2842); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230); The Cliffs a Keowee Springs Golf & Country Club, LLC (2898); The Cliffs at High Carolina Golf & Country Club, LLC (4293); The Cliffs at Glassy Golf & Country Club, LLC (6559); The Cliffs Valley Golf & Country Club, LLC (6486); and Cliffs Club & Hospitality Service Company, LLC (9665).

The grounds for this objection are:

1. The debtors filed for relief under chapter 11 of the Bankruptcy Code on February 28, 2012. The debtors have not filed schedules and statements. Only three business days have passed since the bankruptcy case was filed and an unsecured committee has not been formed yet. The Motion seeks relief that is not normally granted and seeks such relief on an expedited basis. The debtors should only receive the minimum relief necessary to avoid irreparable.
2. As noted by the debtors, the Motion seeks relief which Local Rule 4001-4(b)(I) makes clear will not normally be approved. The Motion seeks to bind third parties regarding the validity, perfection or amount of the secured party's lien or debt, and a broad release of the lender, with only 70 days for third parties to investigate, draft and file a suit. Seventy days is not a reasonable time period for such a review to occur given the various matters which the debtors will have pending during the 70-day period.
3. The Motion provides for a waiver of 11 U.S.C. § 506(c) at the final hearing. The debtors are required to have the DIP lender as a joint plan proponent. The Motion and proposed order provide for a chapter 11 trustee or chapter 7 trustee to be bound by the terms of the order. The DIP lender is to receive a superpriority claim for funds advanced, which claim would appear to have a priority claim to the avoidance action recoveries that were excluded from the lender's liens.
4. The proposed order also makes the terms of the DIP Facility part of the order. "All such rights, remedies, powers and privileges not restated here have the same force and effect as if they were restated here." See Proposed Order at 20, ¶ 40<sup>2</sup>. The DIP Facility provides that the events of default include the Board of the debtors taking any action to limit the powers of the CRO. See page 31 of the DIP Facility. The proposed CRO is not a chapter 11 trustee, and the debtor and the DIP lender should not include provisions which attempt to grant the CRO with such powers and to take away the powers of the debtor-in-possession.
5. Due to the early nature of the pleadings and the case, the UST reserves his right to raise objections to the relief requested at the hearing. The UST objects to all relief which is not immediately required to avoid irreparable harm and which does not benefit the estate.

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<sup>2</sup> The DIP Facility is a lengthy document which should not be incorporated into the order.

The UST asks the Court to deny the relief sought by the debtors, unless the debtors can adequately address each of these objections and any additional objections raised at the hearing.

The UST asks the Court to grant to the UST such other relief as is appropriate.

W. CLARKSON MCDOW, JR.  
UNITED STATES TRUSTEE  
REGION FOUR

By: /s/ Linda K. Barr  
Linda K. Barr, Id. 6284  
Trial Attorney  
1835 Assembly Street, Ste. 953  
Columbia, SC 29201  
(803) 765-5219  
(803) 765-5260 (facsimile)  
[linda.k.barr@usdoj.gov](mailto:linda.k.barr@usdoj.gov)

Date: 3-5-12

**CERTIFICATE OF SERVICE**

I, Linda K. Barr, do hereby certify that on March 5, 2012, I served the below-named documents upon the parties listed below by electronic transmission through the Court's Electronic Case Filing system to the participants of such system, to include:

Dana Wilkinson, Esquire  
Gary W. Marsh, Esquire  
Michael Levensgood, Esquire

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/s/ Linda K. Barr  
Linda K. Barr  
Trial Attorney  
Office of the United States Trustee  
1835 Assembly Street, Ste. 953  
Columbia, SC 29201  
(803) 765-5219  
linda.k.barr@usdoj.gov

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