

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

In re:)	
)	
The Cliffs Club & Hospitality Group, Inc.,)	
et al. ¹ , 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 (A) FOR AUTHORIZATION TO (I) UTILIZE
CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363; AND
(II) PROVIDE ADEQUATE PROTECTION PURSUANT TO
11 U.S.C. §§ 361, 363, AND 364(D) AND (B) TO SCHEDULE
A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001**

The United States Trustee (the UST) objects to the debtors' motion (A) for authorization to (I) utilize cash collateral pursuant to 11 U.S.C. § 363; and (II) provide adequate protection pursuant to 11 U.S.C. §§ 361, 363 and 364(d) and (B) to schedule a final hearing pursuant to Bankruptcy Rule 4001 (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.

¹The 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 at 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 harm.
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.

The proposed order also appears to bind third parties regarding all provisions in paragraphs 13 through 18. See Proposed Order at 25, ¶ 25.

3. The Motion also limits the carve out regarding professional fees to the amounts listed in the budget. The unsecured creditor committee's counsel is budgeted for \$45,000 in the first 13 weeks as compared to \$275,000 for DIP lender's monitoring fees².
4. The Motion provides for a waiver of 11 U.S.C. § 506(c) at the final hearing. 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 lender is to receive a superpriority claim for the cash collateral used, which claim would appear to have a priority claim to the avoidance action recoveries that were excluded from the lender's supplemental liens. The lender is also granted a rollover lien.
5. The proposed order also makes terms to be attached to the final order part of the provisions to which the debtor has to comply. See Proposed Order at 14, ¶ 14. The interim order should be as limited as possible.

² The Indenture Trustee's professional fees will be paid from the proceeds of the sale without review. See Proposed Order at 17.

6. 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.

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

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

**OBJECTION OF UNITED STATES TRUSTEE TO DEBTORS'
MOTION (A) FOR AUTHORIZATION TO (I) UTILIZE
CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363; AND
(II) PROVIDE ADEQUATE PROTECTION PURSUANT TO
11 U.S.C. §§ 361, 363, AND 364(D) AND (B) TO SCHEDULE
A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001**

CERTIFICATE OF SERVICE

/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

Date: 3-5-12