

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

GRACEWAY PHARMACEUTICALS, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 11-13036 (PJW)

Jointly Administered

Hearing Date: Sept. 18, 2014 at 11:00 a.m.

Objection Deadline: Sept. 11, 2014 at 5:00 p.m.

**MOTION OF THE LIQUIDATING TRUSTEE FOR APPROVAL OF
SCHEDULE OF UNSECURED CLAIMS**

Kip Horton, in his capacity as the liquidating trustee (the “**Liquidating Trustee**”) of the Graceway Liquidating Trust (the “**Liquidating Trust**”), by and through his undersigned counsel, hereby moves (the “**Motion**”) this court for entry of an order determining the claims identified on Exhibit 2, as the Allowed Unsecured Claims, as defined below, upon which the Liquidating Trustee will calculate each holder’s pro-rata share of distributions to holders of such claims under the Plan, as defined below.

Jurisdiction

1. This Court has jurisdiction over this matter under 28 U.S.C. § 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2). Venue of this chapter 11 case in this district is proper under 28 U.S.C. §§ 1408 and 1409. The statutory basis for the relief requested by this motion is 11 U.S.C. §§ 105(a).

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175), Case No. 11-13037 (PJW); Graceway Holdings, LLC, a Delaware limited liability company (2502), Case No. 11-13038 (PJW); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385), Case No. 11-13036 (PJW); Chester Valley Holdings, LLC, a Delaware limited liability company (9457), Case No. 11-13039 (PJW); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713), Case No. 11-13041 (PJW); Graceway Canada Holdings, Inc., a Delaware corporation (6663), Case No. 11-13042 (PJW); and Graceway International, Inc., a Delaware corporation (2399), Case No. 11-13043 (PJW). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy). On October 4, 2011, Graceway Canada Company filed an application in the Ontario Superior Court of Justice (Commercial List) pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C. 43.

Background

2. On September 29, 2011 (the “**Petition Date**”), the above-captioned debtors (the “**Debtors**”) filed a voluntary petition for relief pursuant to chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”).

3. On October 17, 2011, the court entered an order [D.I. 126] establishing certain dates and deadlines for filing proofs of claims in the above-captioned bankruptcy cases (the “**Chapter 11 Cases**”). Specifically, among other things the Court established: (a) that “any person or entity (excluding any governmental unit), asserting a claim against the Debtors” shall file a proof of claim “on or before 4:00 p.m. on a date that is sixty days after the Debtors’ files their Schedules (the “**General Bar Date**”); and (b) March 27, 2012 at 4:00 p.m. as the deadline for all governmental units to file proofs of claim (the “**Governmental Bar Date**”).

4. On October 31, 2011 the Debtors filed their schedules and statements, fixing the General Bar Date as December 30, 2011.

5. Over the course of the Chapter 11 Cases, the Debtors filed several objections to asserted claims (the “**Claims Objections**”) [D.I. 467, 525, 535, 538, and 674], which Claims Objections this Court resolved by various orders (the “**Claims Objection Orders**”) [D.I. 568, 615, 616, 703 and 914].

6. On February 28, 2012, the Debtors filed the *First Amended Joint Plan of Liquidation of Graceway Pharmaceuticals, LLC, et al.* (the “**Plan**”)² [D.I. 551]. The Court confirmed the Plan on April 20, 2012 (the “**Confirmation Order**”) [D.I. 722].

7. The Effective Date of the Plan was May 4, 2012 (the “**Effective Date**”).

² All capitalized terms used, but not otherwise defined, herein shall have the meaning assigned to such terms by the Plan.

8. Pursuant to the Plan, the Debtors, on their own behalf and on behalf of holders of Allowed Claims (the “**Beneficiaries**”) and the Liquidating Trustee executed that certain Liquidating Trust Agreement, dated May 4, 2012, which, among other things, established a Liquidating Trust for the purpose of liquidating the Debtors’ Assets and distributing the proceeds thereof to the Beneficiaries.

9. Pursuant to the Plan, Kip Horton of RPA Advisors, LLC was appointed as Liquidating Trustee of the Liquidating Trust.

10. Further, under the terms of the Liquidating Trust Agreement, the Liquidating Trustee is authorized to investigate, prosecute, compromise, settle or otherwise deal with objections to Claims filed against the Debtors’ estates and Causes of Action. In this capacity, the Liquidating Trustee has worked to investigate, settle and/or otherwise deal with the various Claims against the Liquidating Trust, as successor to the Estates.

Relief Requested

11. By this Motion, the Liquidating Trustee seeks entry of an order determining the claims identified on Exhibit 2 as the “Class 5: General Unsecured Claims,” pursuant to Article 3 of the Plan, against the above-captioned debtors (the “**Allowed Unsecured Claims**”).

12. Article 5 of the Plan provides for certain distributions to the holders of the Allowed Unsecured Claims. Following the Effective Date, Article 10 of the Plan gives the Liquidating Trustee the authority to make various payments or distributions necessary to effectuate the Plan.

13. In order to provide the holders of General Unsecured Claims with notice of the current status of their claims, and so that the Liquidating Trustee can calculate each holder of an Allowed Unsecured Claim’s pro-rata share of the distributions required by the Plan, without

concern that a holder, or an alleged holder, of an Allowed Unsecured Claim will later dispute the status of his or her claim, the Liquidating Trustee hereby seeks an order determining the claims identified on Exhibit 2 hereto as the Allowed Unsecured Claims. The list provides for certain currently contingent claims to be modified by subsequent court order. Accordingly, the Liquidating Trustee will provide a reserve to address those claims, to the extent they are eventually determined to be Allowed Unsecured Claims.

Notice

14. Notice of this Motion will be provided to: (a) all parties listed on Exhibit 2; and (b) the Office of the United States Trustee for the District of Delaware. Under the circumstances, the Liquidating Trustee submits that this notice is sufficient and reasonable, and that no further notice is required.

WHEREFORE, the Liquidating Trustee respectfully requests that this Court enter an order, substantially in the form attached hereto as Exhibit 1, determining the claims listed on Exhibit 2 to be the schedule of Allowed Unsecured Claims from which the Liquidating Trustee shall calculate each holder's pro rata share for distribution and granting such other and further relief as is just and equitable.

Dated: July 30, 2014
Wilmington, Delaware

Respectfully Submitted,
DLA PIPER LLP (US)

/s/ Stuart M. Brown
Stuart M. Brown (DE 4050)
Daniel N. Brogan (DE 5723)
DLA PIPER LLP (US)
1201 N. Market Street, Suite 2100
Wilmington, Delaware 19801
Telephone: (302) 468-5700
Facsimile: (302) 394-2341
Email: stuart.brown@dlapiper.com
daniel.brogan@dlapiper.com

*Counsel for Kip Horton,
Liquidating Trustee of the
Graceway Liquidating Trust*