

**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

Related Docket Nos. 697, 965

**CERTIFICATION OF COUNSEL REGARDING ORDER APPROVING
STIPULATION BETWEEN THE LIQUIDATING TRUSTEE AND
TRC VALLEY CREEK ASSOCIATES-C, LP**

1. On or about December 29, 2011 TRC filed a general unsecured claim, in the amount of \$12,261.48, designated Claim No. 176 (the “General Unsecured Claim”).

2. On or about January 26, 2012 TRC filed a claim in the amount of \$551,631.86, designated Claim No. 209 (the “Rejection Damages Claim”), basing such claim on the assertion of \$482,634.55 in damages for rejection of a lease for non-residential real estate, pursuant to Bankruptcy Code §502(b)(6) and \$68,997.83 in “Additional Rent” remaining due under the lease.

3. On April 12, 2012 TRC filed its *Motion for Payment of Administrative Expenses/Claims* [D.I. 699] (the “Administrative Expense Motion”), requesting payment as an administrative expense the amount of \$22,360.82.

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.

4. On April 12, 2012 TRC Valley Creek Associates-C, LP (“TRC”) filed its *Motion (I) for Relief From the Automatic Stay Pursuant to 11 U.S.C. § 362 to Allow Setoff of Security Deposit Held by Landlord Pursuant to a Lease of Non-Residential Real Property Against Rejection Damages Claim, (II) for Waiver of the Stay Imposed Pursuant to Bankruptcy Rule 4001(A)(3), and (III) for Related Relief* [D.I. 697] (the “Setoff Motion”), requesting allowance of setoff against its various claims in the amount of \$198,931.32 by virtue of a security deposit (the “Security Deposit”) held by TRC as landlord to the Debtor.

5. On or about April 12, 2012 the Administrative Expense Motion was assigned Claim No. 254 (the claims asserted therein, the “Administrative Claim”), and on August 20, 2012 this Court entered the *Order Granting TRC Valley Creek Associates-C, LP’s Motion for Allowance and Payment of Administrative Expense Claim Pursuant to 11 U.S.C. §§ 503(b) and 365(d)(3)* [D.I. 823].

6. On September 6, 2012, Kip Horton in his capacity as Liquidating Trustee (the “Liquidating Trustee”) for the Graceway Liquidating Trust (the “Liquidating Trust”) sent a demand to TRC in which he alleged that TRC had received transfers from the Debtors subject to avoidance pursuant to Chapter 5 of the Bankruptcy Code (the “Avoidance Claims”).

7. Thereafter the Liquidating Trustee and TRC began negotiating in an attempt to negotiate a resolution of the Setoff Motion, the various claims asserted by TRC and the demand made by the Liquidating Trustee. As a result of such negotiations, the Liquidating Trustee and TRC have executed the *Stipulation Between the Liquidating Trustee and TRC Valley Creek Associates-C, LP* (the “Stipulation”) resolving, among other things, the Setoff Motion, the General Unsecured Claim, the Rejection Damages Claim and the Avoidance Claims.

8. Attached hereto as Exhibit A is a proposed form of order (the “Order”) approving the Stipulation. The Liquidating Trustee believes that the Stipulation fully resolves the Setoff Motion. Additionally, the Liquidating Trustee believes that the Approving Majority First Lien Lenders do not oppose the Stipulation or the terms contained therein. Accordingly the Liquidating Trustee respectfully requests that this Court enter the Order at its earliest convenience, without further notice or hearing.

Dated: September 17, 2013
Wilmington, Delaware

Respectfully Submitted,
DLA PIPER LLP (US)

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