

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
)	
RC SOONER HOLDINGS, LLC,	)	Case No. 10- <u>10528</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1187904
New York, 10036-8901)	
)	
Debtor.	x	
In re:	)	Chapter 11
)	
RC BRIXTON SQUARE OWNER, LLC,	)	Case No. 10- <u>10529</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1188002
New York, 10036-8901)	
)	
Debtor.	x	
In re:	)	Chapter 11
)	
RC CEDAR CREST OWNER, LLC,	)	Case No. 10- <u>10530</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1187914
New York, 10036-8901)	
)	
Debtor.	x	
In re:	)	Chapter 11
)	
RC FULTON PLAZA OWNER, LLC,	)	Case No. 10- <u>10531</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1188011
New York, 10036-8901)	
)	
Debtor.	x	
In re:	)	Chapter 11
)	
RC MAGNOLIA OWNER, LLC,	)	Case No. 10- <u>10532</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1187998
New York, 10036-8901)	
)	
Debtor.	x	
In re:	)	Chapter 11
)	
RC POMEROY PARK OWNER, LLC,	)	Case No. 10- <u>10533</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1187939
New York, 10036-8901)	
)	
Debtor.	x	

<hr/>	)	Chapter 11
In re:)	
)	
RC SALIDA OWNER, LLC,	)	Case No. 10- <u>10534</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1187947
New York, 10036-8901)	
)	
Debtor.	x	
<hr/>	)	Chapter 11
In re:)	
)	
RC SAVANNAH SOUTH OWNER, LLC,	)	Case No. 10- <u>10535</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1187983
New York, 10036-8901)	
)	
Debtor.	x	
<hr/>	)	Chapter 11
In re:)	
)	
RC SOUTHERN HILLS OWNER, LLC,	)	Case No. 10- <u>10536</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 27-1187958
New York, 10036-8901)	
)	
Debtor.	x	
<hr/>	)	Chapter 11
In re:)	
)	
BRIXTON SQUARE	)	Case No. 10- <u>10537</u> ()
APARTMENTS, LLC,	)	Tax I.D. No. 26-3451844
1515 Broadway, 11 th Floor, New York,)	
New York, 10036-8901)	
)	
Debtor.	x	
<hr/>	)	Chapter 11
In re:)	
)	
CC APARTMENTS, LLC,	)	Case No. 10- <u>10538</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 26-3451798
New York, 10036-8901)	
)	
Debtor.	x	
<hr/>	)	Chapter 11
In re:)	
)	
FULTON PLAZA APARTMENTS, LLC,	)	Case No. 10- <u>10539</u> ()
1515 Broadway, 11 th Floor, New York,	)	Tax I.D. No. 26-2564344
New York, 10036-8901)	
)	
Debtor.	x	

In re:) Chapter 11
)
 MAGNOLIA MANOR) Case No. 10-10540 ()
 APARTMENTS, LLC,) Tax I.D. No. 26-2564486
 1515 Broadway, 11th Floor, New York,)
 New York, 10036-8901)
)
 Debtor. x

In re:) Chapter 11
)
 POMEROY PARK APARTMENTS, LLC,) Case No. 10-10541 ()
 1515 Broadway, 11th Floor, New York,) Tax I.D. No. 26-3451649
 New York, 10036-8901)
)
 Debtor. x

In re:) Chapter 11
)
 SALIDA APARTMENTS, LLC,) Case No. 10-10542 ()
 1515 Broadway, 11th Floor, New York,) Tax I.D. No. 26-3451915
 New York, 10036-8901)
)
 Debtor. x

In re:) Chapter 11
)
 SAVANNAH SOUTH) Case No. 10-10543 ()
 APARTMENTS, LLC,) Tax I.D. No. 26-2568586
 1515 Broadway, 11th Floor, New York,)
 New York, 10036-8901)
)
 Debtor. x

In re:) Chapter 11
)
 SOUTHERN HILLS VILLA) Case No. 10-10544 ()
 APARTMENTS, LLC,) Tax I.D. No. 26-3451721
 1515 Broadway, 11th Floor, New York,)
 New York, 10036-8901)
)
 Debtor. x

**MOTION OF THE DEBTORS FOR AN ORDER DIRECTING THE
 JOINT ADMINISTRATION OF RELATED CHAPTER 11 CASES**

RC Sooner Holdings, LLC (“RC Sooner” or “Company”), RC Brixton Square Owner,
 LLC, RC Cedar Crest Owner, LLC, RC Fulton Plaza Owner, LLC, RC Magnolia Owner, LLC,

RC Pomeroy Park Owner LLC, RC Salida Owner, LLC, RC Savannah South Owner, LLC, RC Southern Hills Owner, LLC, Brixton Square Apartments, LLC, CC Apartments, LLC, Fulton Plaza Apartments, LLC, Magnolia Manor Apartments, LLC, Pomeroy Park Apartments, LLC, Salida Apartments, LLC, Savannah South Apartments, LLC, and Southern Hills Villa Apartments, LLC, the above-captioned debtors and debtors in possession (collectively, the “Debtors”), hereby move this Court for entry of an order directing the joint administration of the Debtors’ chapter 11 cases and the consolidation thereof for procedural purposes only, and granting related relief (the “Motion”). In support of this Motion, the Debtors respectfully state as follows:

Jurisdiction

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these chapter 11 cases and this Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are sections 105, 302 and 342(c)(1) of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), Rule 1005, 1015 and 2002(n) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

Background

3. On or about February 22, 2010 (the “Petition Date”), each of the Debtors filed their respective voluntary petitions for relief under chapter 11 of title 11 of the Bankruptcy

Code. The Debtors thereafter have continued to manage their business and properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. The Debtors own, operate and maintain a portfolio of 796 multi-family residential units divided among eight (8) separate apartment complexes (collectively, the “Apartments”) for lease in Tulsa, Oklahoma. RC Sooner is the direct parent of eight (8) Oklahoma limited liability companies (collectively, the “RC LLCs”¹), and together with RC Sooner, the “Purchasers”) that were formed in October 2009 for the purpose of acquiring 100% of the membership interests of eight (8) existing Oklahoma limited liability companies that own the Apartments (collectively, the “Apartment LLCs”²). The purchase price of the acquisition included the assumption of approximately \$27 million in outstanding loans and mortgages (the “Loans and Mortgages”) currently held by the Federal National Mortgage Association (“Fannie Mae”).

5. Unbeknownst to the Purchasers, however, the sellers of the Apartment LLCs and their brokers had engaged in a pattern of intentional misconduct and fraudulent misrepresentation from the very outset of negotiations for the sale of the Apartments and the Apartment LLCs, which misrepresentations included the failure to inform the Purchasers that the

¹ The RC LLCs consist of the following co-debtor subsidiaries of RC Sooner: RC Brixton Square Owner, LLC; RC Cedar Crest Owner, LLC; RC Fulton Plaza Owner, LLC; RC Magnolia Owner, LLC; RC Pomeroy Park Owner, LLC; RC Salida Owner, LLC; RC Savannah South Owner, LLC and RC Southern Hills Owner, LLC. RC Sooner is also the direct parent of non-filing entity RC Old South Owner, LLC, whose real estate assets are not subject to loans held by the Federal National Mortgage Association.

² The Apartment LLCs consist of the following co-debtor indirect subsidiaries of RC Sooner: Brixton Square Apartments, LLC; CC Apartments, LLC; Fulton Plaza Apartments, LLC; Magnolia Manor Apartments, LLC; Pomeroy Park Apartments, LLC; Salida Apartments, LLC; Savannah South Apartments, LLC and Southern Hills Villa Apartments, LLC. RC Sooner is also the ultimate parent of non-filing entity Old South Apartments, LLC, whose loan is not held by the Federal National Mortgage Association.

Loans and Mortgages had been in default since approximately September 2, 2009, and remained in default as of the closing on or about October 29, 2009.

6. Fannie Mae was not informed of the Purchasers' purchase of the Apartment LLCs until late January, 2010, and the Company was not made aware of the existence of the defaults under the Loans and Mortgages until that same time, the sellers having actively concealed such facts from both Fannie Mae and the Company as recently as the final week of January, 2010.

7. Upon learning of the purchase of the Apartment LLCs, Fannie Mae declared a non-monetary default on account of the transfer of the Loans and Mortgages to the Company without Fannie Mae's consent. Fannie Mae subsequently initiated state court actions in Oklahoma against the Apartment LLCs and certain of the sellers petitioning for foreclosure and the appointment of a receiver against all the Apartments. Hearings for the appointment of a receiver with respect to the Apartment LLCs have been scheduled for February 23, 2010.

8. Due to the imminent threat of Fannie Mae's state court actions, the Debtors commenced these cases on the Petition Date in order to provide sufficient time for them to, among other things, pursue claims against the sellers and their brokers and negotiate a resolution of the Loan and Mortgage defaults with Fannie Mae, all of which efforts will enable the Debtors to preserve and maximize the value of their business for the benefit of their creditors and other interested parties.

9. Additional factual background regarding the Debtors, including their current and historical business operations and the events precipitating these chapter 11 filings, is set forth in detail in the Affidavit of Daniel Gordon in Support of Chapter 11 Petitions and First Day Pleadings, and is incorporated herein by reference.

10. No trustee, examiner, or committee has been appointed in any of the Debtors' cases.

Relief Requested

11. By this Motion the Debtors seek entry of an order under sections 302 and 342(c)(1) of the Bankruptcy Code, Bankruptcy Rules 1005, 1015 and 2002(n), and Local Rule 1015-1, directing the joint administration of these chapter 11 cases and the consolidation thereof for procedural purposes only and waiving the requirement that the Debtors' caption contain tax identification numbers and addresses.

12. The Debtors also request that the caption of these chapter 11 cases be modified to reflect the joint administration of these cases substantially as follows:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
)	
RC SOONER HOLDINGS, LLC, <u>et al.</u> , ¹	)	Case No. 10-____ ()
)	
Debtors.	)	(Jointly Administered)

¹ The Debtors and the last four digits of their taxpayer identification numbers are: RC Sooner Holdings, LLC (7904); RC Brixton Square Owner, LLC (8002); RC Cedar Crest Owner, LLC (7914); RC Fulton Plaza Owner, LLC (8011); RC Magnolia Owner, LLC (7998); RC Pomeroy Park Owner, LLC (7939); RC Salida Owner, LLC (7947); RC Savannah South Owner, LLC (7983); RC Southern Hills Owner, LLC (7958); Brixton Square Apartments, LLC (1844); CC Apartments, LLC (1798); Fulton Plaza Apartments, LLC (4344); Magnolia Manor Apartments, LLC (4486); Pomeroy Park Apartments, LLC (1649); Salida Apartments, LLC (1915); Savannah South Apartments, LLC (8586); and Southern Hills Villa Apartments, LLC (1721). The business address for each of the Debtors where notices should be sent is 1515 Broadway, 11th Floor, New York, New York 10036-8901.

13. In addition, the Debtors request that the Court authorize and direct that a notation substantially similar to the following notation be entered on the docket of each of the Debtors' cases to reflect the joint administration of these cases:

An order has been entered consolidating this chapter 11 case for procedural purposes only and providing for its joint administration with the chapter 11 case of RC Sooner Holdings, LLC, Case No. 10-____ (____).

14. Finally, the Debtors request that the Court authorize that a combined service list be used for the jointly administered cases, and combined notices be sent to creditors of the Debtors' estates.

Basis for Relief

15. Bankruptcy Rule 1015(b) provides, in relevant part, that "[i]f . . . two or more petitions are pending in the same court by or against . . . a debtor and an affiliate, the court may order joint administration of the estates." Fed. R. Bankr. P. 1015(b). RC Sooner Holdings, LLC is a holding company that owns, directly or indirectly, 100% of the voting rights for all of the Debtors. Thus, the Debtors are "affiliates," as that term is defined in Bankruptcy Code section 101(2), and this Court is therefore authorized to grant the relief requested in this Motion. As stated below, joint administration of these estates will reduce unnecessary administrative expense and burden on the Court and interested parties.

16. Additionally, Local Rule 1015-1 provides that this Court may order joint administration without notice or a hearing upon the filing of a motion requesting joint administration and an affidavit or verification which establishes that joint administration of the respective Debtors' estates is warranted and will ease the administrative burden for the Court and the parties. See Del. Bankr. L.R. 1015-1. In the instant cases, joint administration is warranted

because the Debtors' financial affairs are closely related. Joint administration will also ease the administrative burden on the Court and the parties.

17. The Debtors' consolidated creditor matrices in these cases list approximately 700 potential creditors and parties in interest. Entry of an order directing the joint administration of these cases will avoid duplicative notices, applications, motions and orders, thereby saving the Debtors and their creditor constituents considerable time and expense. For example, joint administration will permit the Clerk of the Court to utilize a single general docket for these cases and combine notices to creditors of the Debtors' respective estates and other parties in interest. The Debtors anticipate that a number of the notices, applications, motions, other pleadings and orders in these cases will affect many or all of the Debtors. Joint administration will permit counsel for all parties in interest to include the Debtors' respective cases in a single caption on the documents that will be filed and served in these cases. Joint administration will also enable parties in interest in each of the above-captioned chapter 11 cases to be apprised of the various matters before the Court in all of these cases. Otherwise, duplication of substantially identical documents would be necessary. Such duplication would be extremely wasteful and would unnecessarily burden the Court, creditors, and other parties in interest.

18. Use of a single caption, naming only RC SOONER HOLDINGS, LLC, et al., will eliminate cumbersome and confusing procedures and ensure a uniformity of pleading identification.

19. Moreover, the rights of creditors will not be adversely affected by joint administration of these cases as the relief sought is purely procedural and is in no way intended

to affect substantive rights.³ Indeed, the rights of all creditors will be enhanced by the reduced costs that will result from the joint administration of these chapter 11 cases. Specifically, creditors will receive notice of all matters involving each of the affiliated entities, thereby ensuring that creditors are fully informed of matters potentially affecting their claims. The Court will also be relieved of the burden of entering duplicative orders and maintaining duplicative files. Finally, supervision of the administrative aspects of these chapter 11 cases by the United States Trustee for the District of Delaware will be simplified.

20. Furthermore, waiver of the requirements imposed by Bankruptcy Code section 342(c)(1) and Bankruptcy Rules 1005 and 2002(n) that the Debtors' caption include the Debtors' tax identification numbers and addresses is appropriate in these cases. Inclusion of the Debtors' tax identification numbers and addresses on each caption is cumbersome, and may be confusing to parties in interest. More importantly, waiver of the tax identification number and address requirement is purely procedural in nature and will not affect the rights of parties in interest, particularly as this information is available on all of the Debtors' chapter 11 petitions.

21. The relief requested herein is routinely granted in this District. *See, e.g., In re Fairfield Residential, LLC*, Case No. 09-14378 (BLS) (Bankr. D. Del. Dec. 15, 2009); *In re Mrs. Fields' Original Cookies, Inc.*, Case No. 08-11953 (PJW) (Bankr. D. Del. Aug. 26, 2008).

³ Local Rule 1015-1 specifically notes that an order of joint administration under this rule is for procedural purposes only and "shall not cause a 'substantive' consolidation of the respective debtors' estates." See Del. Bankr. L.R. 1015-1.

WHEREFORE, the Debtors respectfully request that this Court enter an order, substantially in the form attached hereto, granting the relief requested herein, and such other and further relief as this Court deems appropriate.

Dated: February 22, 2010
Wilmington, Delaware

Respectfully Submitted,
BALLARD SPAHR LLP

By: /s/ Christopher S. Chow
Tobey M. Daluz, Esquire (No. 3939)
Sean J. Bellew, Esquire (No. 4072)
Christopher S. Chow, Esquire (No. 4172)
919 N. Market Street, 12th Floor
Wilmington, DE 19801
Telephone: (302) 252-4465
Facsimile: (302) 252-4466
Email: daluzt@ballardspahr.com
bellews@ballardspahr.com
chowc@ballardspahr.com

- and -

Matthew G. Summers, Esquire⁴
300 East Lombard Street, 18th Floor
Baltimore, MD 21202-3268
Telephone: (410) 528-5600
Facsimile: (410) 528-5650
Email: summersm@ballardspahr.com

Proposed Counsel for the Debtors and Debtors in
Possession

⁴ Admitted in Maryland. Admission to Delaware pending. A motion seeking *pro hac vice* admission in this case will be filed.