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9 **IN THE UNITED STATES BANKRUPTCY COURT**
10 **IN AND FOR THE DISTRICT OF ARIZONA**

11 In Re:

12 AMERICAN NATIONAL MORTGAGE
13 PARTNERS, LLC,

14 Debtor.

Chapter 11

CASE NO. 03-03799-RJH

(Jointly Administered)

15
16 In Re:

17 ANMP 74th ST., LLC,

18
19 Debtor.

CASE NOS. 03-03803-RJH

03-03799-RJH

**OBJECTION TO DISCLOSURE
STATEMENT**

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23 Pamela Coulter, for herself and as personal representative of Darrell Coulter,
24 deceased, (the "Coulters"), by her undersigned counsel, hereby objects to the
25 Disclosure Statement (the "Statement") filed by the Debtor, on the grounds that it fails to
26 provide adequate information as required by 11 U.S.C. § 1125 and misclassifies the
27 Coulters' claims. The Coulters' specific objections are as follows:

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1 **A. THE STATEMENT MISCLASSIFIES COULTERS' CLAIMS.**

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3 The Coulters are either secured or unsecured creditors and are entitled to be
4 classified and treated as such and to be classified at least as Class 3 claimants.
5 However, the Statement misclassifies the Coulters' claims in Class 4, which is defined
6 as insiders and affiliates of the Debtor along with certain investors who the receiver has
7 unilaterally decided to discriminate against.
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10 The difference in the treatment of the Class 3 and Class 4 claims is substantial.
11 Class 3 claimants expect to receive a substantial return on their claims based on the
12 previous statements of the receiver relative to settlements already made. However,
13 Class 4 investors are proposed to receive nothing until the Class 3 claimants receive
14 their principal in full plus an annual return of sixteen percent (16%), thereby practically
15 eliminating the chance of any recovery for Class 4 investors.
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18 The Coulters should not be in Class 4. They are not and never have been
19 affiliates or insiders of the Debtor. Furthermore, the receiver should not be allowed to
20 unilaterally discriminate against them based on the unsupported and unlitigated
21 subjective decisions of the receiver.
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24 This is not the only misclassification by the receiver. There are already
25 objections to similar misclassifications by other members of the Coulter family –
26 misclassifications apparently for the only reason that they share the same last name as
27 the Coulters. We anticipate other objections by other investors unilaterally
28 discriminated against by the receiver.
29

B. THE STATEMENT FAILS TO INCLUDE REQUIRED INFORMATION.

1 (1) Lack of Accurate Information on Events that Led to the Filing of the
2 Debtor's Petition for Relief.

3 The Coulters object to the paragraph regarding alleged financial institution
4 involvement, which is the first full paragraph on page 5 of the of the Statement for the
5 reason that it mistates the facts. These mistatements of facts are the subject of
6 litigation and the Coulters want to make sure that they are not misinterpreted as some
7 kind of admission or uncontested fact.
8

9 (2) Insufficient Description of Available Assets and Their Value.

10 The Statement provides no useful or meaningful information regarding the
11 identification or value of the Debtor's collateral. Unsecured creditors require specific
12 information on the identity and realizable value of the Debtor's collateral in order to
13 determine whether the plan is at all feasible or in their best interests. Without useful
14 information on the identity and realizable value of the Debtor's remaining collateral, the
15 creditors cannot determine whether they are secured, unsecured or undersecured or
16 whether other creditors are undersecured. Thus, it is clear that the Statement does not
17 contain adequate information as required by 11 U.S.C. § 1125(a)(1), and cannot be
18 approved.
19

20 (3) Insufficient Information on the Anticipated Future of the Debtor.

21 The Debtor's plan proposes to pay unsecured creditors from the Debtor's
22 current settlements and future litigation. However, operating reports from the past two
23 years (March, 2003 to May, 2005) show that over two million dollars (\$2,085,979.45) of
24 gross income has been received by the Debtor and all but about five percent (5%) or
25 \$1,892,213.59 of that income has been paid out, mostly for professional fees. Given
26 the current fact that the professional fees have cost the Debtor almost all of its gross
27 income, and, as a result, none of the approximately \$2M in gross income is available for
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1 distribution to other creditors it is even more important that detailed information be
2 provided regarding the viability of the Debtor's future business. Without this essential
3 information, it is simply impossible for unsecured creditors to determine whether the
4 Debtor's proposed plan is at all feasible, or whether it is wholly unrealistic. Accordingly,
5 the Statement is fatally defective.
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7 (4) Insufficient Information on Source of Information Used In The Statement.

8 The source of the information in the Statement is not at all clear. Figures,
9 such as the Debtor's valuation of the litigation, appear to be amounts prayed-for in
10 litigation, without any consideration for the likelihood of success, without any evaluation
11 of the true litigation value and without any consideration of settlement values. Without
12 disclosure of the source and basis of the information set forth in the Statement, creditors
13 cannot evaluate the credibility of the representations made or make an informed
14 decision about the proposed plan. Accordingly, the Statement should not be approved.
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19 (5) Insufficient Information on the Present Condition of the Debtor.

20 The Statement provides minimal information, at best, regarding the post-
21 petition condition of the Debtor's business. Apparently the Debtor has no plans for
22 future business; the Debtor only intends to generate additional funds by litigating old
23 claims. Creditors are entitled to complete and accurate information regarding the
24 Debtor's present financial condition, including ongoing business operations, if any, in
25 order to determine whether the Debtor may successfully reorganize. If there is no
26 ongoing business, if the Debtor only intends to collect current receivables, then the
27 creditors should be so notified so that they can evaluate whether the continued costs
28 are worthwhile or whether there is a more cost-efficient alternative. There can be no
29 question that the Debtor has utterly failed to fulfill this obligation.

(6) Lack of Information on the Risks Posed to Creditors.

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2 Although the Debtor proposes to pay unsecured creditors from future
3 litigation, the Debtor provides no information on the risks inherent in its numerous
4 planned lawsuits, including many lawsuits described by Debtor as “breach of contract”
5 claims, which claims may involve substantial litigation risks. Without that information,
6 creditors cannot determine the extent to which they are at risk in the proposed plan.
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9 (7) Wasting of Punitive Damages.

10 In the Plan, Debtor proposes to give the receiver discretion to give away
11 any recovery of punitive damages. Specifically, the receiver may choose to distribute
12 punitive damages received by the Debtor to charities of the receiver’s choosing. The
13 receiver should not be allowed to give away recoveries belonging to the bankruptcy
14 estate. Such recoveries should be for the benefit of the creditors.
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17 In conclusion, it is readily apparent that the Statement is deficient, and does not
18 provide adequate information as required by 11 U.S.C. § 1125. While the Statement
19 appears voluminous, it is lacking in useful information. Much of the Statement’s volume
20 is occupied by unnecessary copies of legal complaints and the receiver’s conclusory
21 interrim report. Accordingly, the Coulters respectfully request that this Court deny
22 approval of the Debtor’s Disclosure Statement.
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Dated this 12th day of September, 2005.

J. Phillip Glasscock, P.C.

By: /s/ J. Phillip Glasscock, Esq., SBN 9100

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6 ORIGINAL of the foregoing
7 filed via ECF this 12th day
8 of September, 2005, with,

9 Clerk of the Court
10 U.S. Bankruptcy Court
11 230 N. First Ave., Suite 101
12 Phoenix, AZ 85003-1727

13 COPY of the foregoing
14 mailed this 12th day of
15 September, 2005, to:

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/s/ Anne E. Griffith