



ORDERED in the Southern District of Florida on October 1, 2013.

A handwritten signature in black ink, appearing to read "Erik P. Kimball".

Erik P. Kimball, Judge
United States Bankruptcy Court

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
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IN RE: Lead Case No.: 12-30081-BKC-EPK
CLSF III IV, Inc., *et al.*, Chapter 7
Debtor. (Jointly Administered)

**ORDER GRANTING TRUSTEE'S SECOND AMENDED MOTION FOR
SUBSTANTIVE CONSOLIDATION OF THE JOINTLY ADMINISTERED
BANKRUPTCY ESTATES**

THIS CASE having come before the Court on the 23rd day of September, 2013 at 9:30 a.m., to consider the evidentiary hearing on the *Trustee's Amended Motion for Substantive Consolidation of the Jointly Administered Bankruptcy Estates and Memorandum of Law in Support* [ECF# 415] (the "Motion"). The Court, having considered the (i) Motion, as amended by the *Trustee's Second Amended Motion for Substantive Consolidation of the Jointly Administered Bankruptcy Estates and Memorandum of Law in Support* [ECF# 520] (the "Amended Motion"); (ii) *Limited Objection to Trustee's Amended Motion for Substantive*

Consolidation of the Jointly Administered Bankruptcy Estates and Memorandum of Law in Support [ECF# 516] (the “Parcside Objection”) filed by Parcside Equity, LLC (“Parcside”); and (iii) *Objection to Trustee’s Amended Motion for Substantive Consolidation of the Jointly Administered and Trustee’s Second Amended Motion for Substantive Consolidation of the Jointly Administration* [ECF# 496] filed by Richardus A.H. Van Egmond, Rik Herman G. Verkinderen, A.J.M. Van Hoek, Wilhelmus Th.H. Wijstma, P.O.A. Van Egmond, Hilde Moens, Roger L. De Wolf and Martina C.M. Rombaut (collectively, the “CLSF VIII Investors”), having noted that Parcside has filed an adversary proceeding (Adv. Pro. No. 13-01479-EPK) (the “Parcside Adversary”) against the Trustee, Deborah C. Menotte (the “Trustee”), with respect to the ownership of the policy in the name of Ibrahim Rabadi Trust dated 2/3/2011 (the “Rabadi Trust”), and Parcside having raised an issue as to whether the Rabadi Trust should be substantively consolidated with the other entities; and the Court having considered the arguments of counsel, the evidence presented, the testimony of witnesses, the record in these bankruptcy cases, and the Court being otherwise fully advised in the premises, does thereupon

ORDER as follows:

1. The Amended Motion is **GRANTED**. The findings of fact and conclusions of law as stated on the record are incorporated herein pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure.
2. The Objection filed by the CLSF VIII Investors is overruled in its entirety. For the reasons stated on the record, the Court finds that there is no reason to treat the CLSF VIII Investors differently from investors in other funds.
3. The bankruptcy estate of the Debtor, CLSF III IV, Inc. is substantively consolidated with that of: (a) the bankruptcy estates of the thirty-two jointly administered

bankruptcy estates of the affiliated Debtors: Behl Corporation, a Florida corporation; BGI 3 Life, Inc., a Florida corporation; BGI 5 Life, Inc., a Florida corporation; BGI 6 Life, Inc., a Florida corporation; BGI XVII Corporation, a Florida corporation; BGI XX Corporation, a Florida corporation; CLSF I, Inc., a Florida corporation; CLSF VII, Inc., a Florida corporation; CLSF VIII, Inc., a Florida corporation; CLSF XIV, Inc., a Florida corporation, CLSF XL, Inc., a Florida corporation; CLSF XLI, Inc., a Florida corporation; CLSF XV, Inc., a Florida corporation; CLSF XVI, Inc., a Florida corporation; CLSF XVII, Inc., a Florida corporation; CLSF XX, Inc., a Florida corporation; CLSF XXI, Inc., a Florida corporation; CLSF XXII, Inc., a Florida corporation; CLSF XXIII, Inc., a Florida corporation; CLSF XXIX, Inc., a Florida corporation; CLSF XXV, Inc., a Florida corporation; CLSF XXXI, Inc., a Florida corporation; CLSF XXXV, Inc., a Florida corporation; Friedman TR Corp., a Florida corporation; LSF I, Inc., a Florida corporation; LSF III, Inc., a Florida corporation; LSF IV, Inc., a Florida corporation; LSF VI, Inc., a Florida corporation; RPM Life, Inc., a Florida corporation; Ryan Trust Corporation, a Florida corporation; The Gluck TR Corp., a Florida corporation; and The Sinder TR Corporation, a Florida corporation; and (b) the following non-debtor entities: BGI I Life, Inc., a Florida corporation; BGI II Life, Inc., a Florida corporation; BGI 2 Life, Inc., a Florida Corporation; BGI VII Corp., a Florida corporation; BGI VIII Corporation, a Florida corporation; BGI IX Corp., a Florida corporation; BGI X Corp., a Florida corporation; BGI XI Corp., a Florida corporation; BGI XII Corp., a Florida corporation; BGI XIV Corp., a Florida corporation; BGI XV Corp., a Florida corporation; BGI XVI Corp., a Florida corporation; BGI XVIII Corp., a Florida corporation; BGI XIX Corporation, a Florida corporation; BGI XXIX Corp., a Florida corporation; BGI XXI Corp., a Florida corporation; BGI XXII Corp., a Florida corporation; BGI XXIV Corporation, a Florida corporation; BGI XXV Corporation, a Florida

corporation; BGI XXVI Corporation, a Florida corporation; BGIF 18 UA Dated 2-1-2010; BGIF 19 UA Dated 2-1-2010; CLSF IX, Inc., a Florida corporation; CLSF XII, Inc., a Florida corporation; CLSF XVIII, Inc., a Florida corporation; CLSF XXX, Inc., a Florida corporation; CLSF XXXII, Inc., a Florida corporation; CLSF XXXIV, Inc., a Florida corporation; CLSF XXXVI, Inc., a Florida corporation; CLSF XXXVIII, Inc., a Florida corporation; CLSF XXXIX, Inc., a Florida corporation; CLSF XLII, Inc., a Florida corporation; CLSF XXXXII, Inc., a Florida corporation; CLSF XLIII, Inc., a Florida corporation; CLSF XXXXIII Corporation, a Florida corporation; CLSF XXXXIV, a Florida corporation; CLSF XXXXV Corporation, a Florida corporation; CLSF XXXXVI Corporation, a Florida corporation; LSF II, Inc., a Florida corporation; LSF V, Inc., a Florida corporation; MP XXVI, Inc., a Florida corporation; Peck Associates Palm Beach, LLC d/b/a Deborah C. Peck, P.A.; The LIP Corporation, a Florida corporation; The LIP II Trust Corporation, a Florida corporation; The LIP III Trust Corporation, a Florida corporation; CLSF 1A Corporation, a Florida corporation; CLSF 3-4 A Corporation, a Florida corporation; CLSF 3-4 Corporation, a Florida corporation; CLSF 7 A Corporation, a Florida corporation; The Friedman Trust Corp., a corporation; The Feyga Darmanyans Ins. Trust UA DATED 10-07; The Guberman Trust; The Guberman TR Corp., a Florida corporation; Hassan Joher Family Insurance Trust; The Hassan Joher Family Insurance National Trust Corporation, a Florida corporation; The Hassan Joher Insurance Trust; Joher Family Trust Dated 9-10-2010; The Joher Family Aviva Insurance Trust Corporation, a Florida corporation; The Rabadi Life Insurance Trust, Ryan TR Corp., a Florida corporation; The Rabadi TR Corp., a Florida corporation; The Klara Rosenberg Insurance Trust Dated 8-19-2012; The Spector Trust UA Dated 4-27-2010; The Spector TR Corp., a Florida corporation; The Teichman Trust Corporation, a Florida corporation; The Teichman TR Corp., a Florida corporation; The

Lundvall TR Corp., a Florida corporation; The Martha Elliott Insurance Trust Corporation, a Florida corporation; The Leifer Family Ins Trust UA dtd 6/30/2010 also known as Leifer Family Insurance Trust dated June 30, 2010; The Lundvall Trust UA DTD 04/29/2010 also known as The Lundvall Trust; The Ryan Corporation and The Ryan Trust UA DTD 04/10/2009; and The BGI Fund 6 UA dtd 1/23/2009.

4. Substantive consolidation pursuant to this Order shall be effective as follows:
 - a. For the bankruptcy estate of the Debtor, *nunc pro tunc* to August 22, 2012, the date of filing of the involuntary petition against the Debtor,
 - b. For each of the bankruptcy estates of the thirty-two jointly administered affiliated Debtors, *nunc pro tunc* to the date of filing of each such respective entity's petition for bankruptcy relief; and
 - c. For each of the non-debtor entities, *nunc pro tunc* to September 25, 2012, the date of entry of this Court's *Amended Order Granting Plaintiffs' Emergency Motion for Temporary Restraining Order and Preliminary Injunction* [Adv. ECF # 40] in adversary case No. 12-01889-EPK.

5. The issue as to whether the Ibrahim Rabadi Trust Dated 2-3-2011 should be substantively consolidated along with the other Debtor and non-Debtor entities shall be heard in conjunction with the Parcside Adversary.

6. The Parcside Objection has been resolved and is therefore overruled as moot. Pursuant to the parties' agreement, to the extent that the Trustee files a wrong payor adversary proceeding against Parcside, Parcside reserves the right to raise substantive consolidation as a defense to that adversary proceeding.

7. In regard to the substantive consolidation of Peck Associates, LLC, d/b/a Deborah C. Peck PA (“Peck PA”), the Trustee has acknowledged that she sought the substantive consolidation of Peck PA to assist in the administration of the other Sub Con entities set forth in the Motion. The Trustee agrees that she will only seek avoidance actions with regard to funds that can properly be traced to any of the other entities in the Motion, related entities that are not Sub Con entities, or any investor thereto, and not any entity that simply did business with or through Peck PA.

8. The right of the Trustee to pursue avoidance actions and/or any other causes of action on behalf of each of the Debtor entities and/or any subgroup or subgroups of Debtor entities against third parties is fully preserved and shall not be affected by entry of this Order.

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Submitted by:

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Copy furnished to:

Leslie Gern Cloyd, Esq.
(Attorney Cloyd is directed to serve a conformed copy of this Order upon all interested parties, and to file a Certificate of Service with the Court).