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Reorganized Debtors
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: Chapter 11

1141 REALTY OWNER LLC., *et al.*, Case No.: 18-12341 (SMB)

Reorganized Debtors. (Jointly Administered)
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**REORGANIZED DEBTORS' REPLY IN FURTHER SUPPORT OF FIRST OMNIBUS
OBJECTION TO CLAIMS (DISALLOWANCE OR REDUCTION OF CLAIMS)**

1141 Realty Owner LLC and Flatironhotel Operations LLC (the “**Reorganized Debtors**”),¹ the debtors and debtors-in-possession in the above captioned cases (the “**Chapter 11 Cases**”), respectfully submits this reply in further support of its objection (the “**Objection**”)² seeking entry of an order disallowing and/or reducing certain proofs of claim filed by certain claimants against the Reorganized Debtors, and granting such further relief as this Court deems just and proper, and in response to the *Memorandum of Law of Creditor Reliant Security Services, Inc.* (ECF Doc. No. 190) (the “**Response**”), and respectfully represents as follows:

THE RESPONSE SHOULD BE OVERRULED

1. In response to the Objection, creditor Reliant Security Service, Inc. (“**Reliant**”) filed the Response, which in sum and substance states that Reliant has obtained a judgment by default (the “**Judgment**”) against “1141 and its related entities” and therefore the amount of the

¹ The Reorganized Debtors and the last four digits of their respective tax identification number are: 1141 Realty Owner LLC (1804) and Flatironhotel Operations LLC (4773). The Debtors’ principal place of business is 9 West 26th Street a/k/a 1141 Broadway, New York, New York.

² All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Objection.

claim cannot be challenged pursuant to the *Rooker-Feldman* doctrine. *See* Response, pg. 1. The Response relies entirely on the existence of the Judgment, and provides absolutely no explanation for the discrepancy between the Reorganized Debtors' records and the amount claimed by Reliant.

2. Although the Reorganized Debtors concede that *Rooker-Feldman* may apply if Reliant sought amounts due under the Judgment in a chapter 11 case filed by any one of the three judgment debtors, that is simply not the case here. The Judgment identifies three parties against whom the Judgment was entered, specifying "Flatiron Hotel, a/k/a Flatiron Hotel T LLC, Flatiron Hotel T Management, LLC, and Flatiron Hotel Toshi, LLC" (the "**Judgment Debtors**") as judgment debtors. None of the Judgment Debtors are the Reorganized Debtors in this chapter 11 case.

3. Moreover, as described more fully in the Objection, certain of the Judgment Debtors were utilized by the Management Company for the operation of the Hotel prior to the Petition Date. During the process of reconstructing the Books and Records and preparing the Reorganized Debtors' schedules and statements of financial affairs, the Reorganized Debtors' Chief Restructuring Officer did his best to account for which debts were properly due from the Reorganized Debtors and which were due from the Management Company. Although the Objection only seeks to reduce the amount due to Reliant based on the Books and Records, the Response and the existence of the Judgment solely against the Judgment Debtors raise serious concerns about whether the Reorganized Debtors have any amount due to Reliant at all. Accordingly, the Reorganized Debtors reserve their right to amend or supplement the Objection upon further investigation.

4. Because the Judgment was not entered against either of the Reorganized Debtors and the Reorganized Debtors were not even a party to the underlying action, *Rooker-Feldman* does not apply and the Judgment is entirely irrelevant to the Objection. The Response offers no other explanation for the increased amount of Reliant's claim, and thus the Response must be overruled and the Objection sustained.

WHEREFORE, the Reorganized Debtors respectfully request that the Court grant the Objection and grant the Reorganized Debtors such other and further relief as the Court deems just and proper.

Dated: Jericho, New York
October 14, 2019

SILVERMANACAMPORA LLP
Attorneys for the Reorganized Debtors

By: *s/Kenneth P. Silverman*
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A Member of the Firm
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(516) 479-6300

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(Jointly Administered)

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AFFIDAVIT OF SERVICE

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

I, **SHEREE B. KING**, being duly sworn, depose and say: I am not a party to this action, am over 18 years of age and am employed by SilvermanAcampora LLP.

On October 14, 2019, I served the:

- **REORGANIZED DEBTORS' REPLY IN FURTHER SUPPORT OF FIRST OMNIBUS OBJECTION TO CLAIMS (DISALLOWANCE OR REDUCTION OF CLAIMS).**

by regular mail delivery to the addresses listed thereon, said addresses designated for that purpose, by depositing a true copy of same enclosed in a pre-paid, properly addressed wrapper, in an official depository under the exclusive care and custody of the United States Postal Service within the State of New York.

TO: ATTORNEY FOR CREDITOR
RELIANT SECURITY SERVICES INC.
Scott Lockwood, Esq.
375 Commack Road, Suite 200
Deer Park, New York 11729

s/SHEREE B. KING
SHEREE B. KING

Sworn to before me this
14th day of October, 2019.

s/Brian Powers
Notary Public

Brian Powers
Notary Public, State of New York
No.: 02PO6283072
Qualified in Suffolk County
Commission Expires May 28, 2021