

CASE TYPE: CIVIL OTHER

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

In Re: Wayzata Home Products, LLC and
cliqstudios.com LLCCourt File No.: 27-CV-20-4326
Judge: David L. Piper**ASSIGNEE'S SECOND OMNIBUS
OBJECTION TO CLAIMS
(DUPLICATE CLAIMS)**

INTRODUCTION

Lighthouse Management Group, Inc. (“**Lighthouse**” or the “**Assignee**”), by and through its undersigned counsel, files this second omnibus objection (the “**Objection**”) and seeks entry of an order disallowing **17** claims totaling \$436,388.91 (the “**Duplicate Claims**”) which are fully duplicative of at least one other claim filed with or scheduled by the Assignee (the “**Surviving Claims**”). The Duplicate Claims are listed on Exhibit A to the Declaration of Samuel J.H. Sigelman in Support of Assignee’s Second Omnibus Objection to Claims under the heading “*Duplicate Claim #.*” The Surviving Claims are listed on Exhibit A to the Sigelman Declaration under the heading “*Surviving Claim #.*” Because the Duplicate Claims are already accounted for, the Assignee seeks an order disallowing the Duplicate Claims in their entirety.

BACKGROUND

On March 13, 2020, in accordance Minnesota Statutes § 577.12, Wayzata Home Products, LLC, and its subsidiaries, including cliqstudios.com LLC (together with the other subsidiaries, Square Cabinets LLC f/k/a Itasca Cabinets LLC and Wayzata Cabinetry LLC, collectively the “**Assignors**”), as the assignors, and Lighthouse, as the Assignee, entered into an Assignment for Benefit of Creditors (the “**Assignment**”). [Sigelman Declaration. ¶ 2.] As part of its duties, the

Assignee proposed procedures for the resolution and treatment of claims against the assignment estate. [*Id.* at ¶ 5.] On June 26, 2020, the Court entered that certain Order Granting Assignee’s Motion to Establish a Claims Process (the “**Claims Order**”). [*Id.*]

The Claims Order required the Assignee to prepare an initial schedule of claims that sets forth the known creditors of the Assignors and the amounts owing to such creditors based upon the books and records of the Assignor (the “**Preliminary Schedule**”). [*Id.* at ¶ 6.] On June 29, 2020, the Assignee sent each known claimant a Notice of Claim, Proof of Claim Form, and Proof of Claim Instructions (as those terms are defined in the Claims Order) (“**Claims Notice**”). [*Id.* at ¶ 10-11.] Pursuant to the Claims Order, creditors whose claims were listed on the Preliminary Schedule were not required to file a claim if they did not object to the amount of their claim as listed on the Preliminary Schedule. [*Id.* at ¶ 15.] However, if a creditor disputed the claim as set forth on the Preliminary Schedule, or the creditor was not listed on the Preliminary Schedule, the creditor was required to file a proof of claim on or before July 29, 2020, which was 30 days after the date that the Assignee sent the Claims Notice to all known creditors and other parties in interest of the Assignors (the “**Claims Deadline**”). [*Id.* at ¶ 16.] The Claims Notice directed creditors to provide the Assignee with necessary information and documentation in support of their asserted claims when filing their claims. [*Id.* at ¶ 17.] On August 28, 2020, the Assignee filed a schedule of all claims, which includes all claims included on the Preliminary Schedule as well as all claims filed with the Assignee (the “**Schedule of All Claims**”). [*Id.* at ¶ 18.] In general, if a claimant filed a claim for an amount that was already included on the Preliminary Schedule, only the filed claim amount was included on the Schedule of All Claims. [*Id.* at ¶ 19.]

Pursuant to the Claims Order and Minnesota Statutes § 576.50, the Assignee and other interested parties are authorized to object to claims and present the basis for their objection to the

Court. The Claims Order provides that the deadline for Assignee and any other interested parties to file written objections to claims shall be on September 27, 2020, which is 60 days after the Claims Deadline.

As of the Claims Deadline, the Assignee received approximately 150 claims filed against one or more of the Assignor entities. [*Id.* at ¶ 20.] The Assignee has reviewed those claims, as well as late filed claims, including the supporting documentation, and reconciled the filed claims with the Assignor's books and records in order to determine the validity and amount of the filed claims. [*Id.* at ¶ 21.] Based on its review, the Assignee has determined that the 17 Duplicate Claims are objectionable on the grounds set forth below.

OBJECTION

Pursuant to Minnesota Statutes § 576.50, the Assignee objects to the Duplicate Claims because such claims are fully duplicative of the Surviving Claims. Accordingly, the Assignee objects to the Duplicate Claims, which are identified in detail on Exhibit A to the Sigelman Declaration, and seeks an order disallowing the Duplicate Claims.

A claimant should not be permitted to recover twice on the same claim. *In re Handy Andy Home Imp. Centers, Inc.*, 222 B.R. 571, 575 (Bankr. N.D. Ill. 1998) (“[I]t is axiomatic that one can not [sic] recover for the same debt twice.”). By filing a proof of claim, the claimant has the obligation to establish the amount and validity of its claim. *See, e.g., Lowder v. All Star Mills, Inc.*, 405 S.E.2d 794, 796 (N.C. Ct. App. 1991) (stating N.C.G.S. § 1-507.6 requires claimants to a receivership to prove their claims); *In re Bristol*, 37 Minn. 248, 249 (1887) (denying a creditor's claim for failure to establish liability on the alleged debt); 75 C.J.S. *Receivers* § 275 (2019) (explaining that the claimant has the obligation to prove the validity of its claim and that the receiver does not have the obligation to investigate claims). In similar situations, bankruptcy courts routinely disallow duplicative claims. *See e.g., In re Residential Capital, LLC*, 524 B.R. 465, 471

(Bankr. S.D.N.Y. 2015) (noting previously-sustained objection to claim as duplicative); *In re Pierport Dev. & Realty, Inc.*, 491 B.R. 544, 547 (Bankr. N.D. Ill. 2013) (“A claim that seeks duplicate recovery for the same debt is partially unenforceable to the extent of the duplication”).

Fourteen of the seventeen Duplicate Claims were received from claimants that also filed claims against their credit card provider and received chargebacks equal to the full amount of their claim. [Sigelman Decl. at ¶ 24.] Because these claimants have been fully reimbursed for the amount of their claim by their credit card provider, any recovery from the estate in this action would be inappropriate. The appropriate parties with standing for these claims are the credit card providers that have already provided payment for these 14 Duplicate Claims. The claims filed by Wells Fargo Merchant Services and American Express include the amounts of the chargeback provided to these fourteen claimants. [*Id.*]

Similarly, the amounts claimed in claim 5889, filed by Ohio Valley Gas Corp are duplicative as the amounts claimed that have been or will be paid by the Assignor’s former landlord, Wayzata Connersville RE, LLC. The landlord has sought recovery of those amounts by its filed claim, claim 6073. Assignee seeks that claim 5889, filed by Ohio Valley Gas Corp be deemed to be duplicative and landlord’s claim 6073 treated as a Surviving Claim. [Sigelman Decl. at ¶ 25.]

Claim 6345 filed by Bill Kabernagel is identical to claim 5139 filed by CDS Logistics. Assignee seeks to have claim 6345 filed by Bill Kabernagel to be deemed to be duplicative and to treat claim 5139 filed by CDS Logistics as a Surviving Claim. [Sigelman Decl. at ¶ 26.]

Claim 6089 in favor of Hays Companies (“Hays”) is duplicative to claim 6354, the claim filed by Employers Mutual Casualty Company (“EMC”) in the amount of the \$20,621.81 balance. [Sigelman Decl. at ¶ 27.] Because EMC holds the claim, and not Hays, the Assignee seeks to have

claim 6089 in favor of Hays to be deemed to be duplicative and to treat claim 6354 filed by EMC as a Surviving Claim. [*Id.*]

Each of the Duplicate Claims are similarly situated in that the liability claimed in the Duplicate Claims is duplicative of the Surviving Claims. [Sigelman Decl. at ¶ 23.] The fully duplicative claims seek the same dollar amount as other claims.

Because the Duplicate Claims are duplicative of the Surviving Claims, the Assignee is asking the Court to disallow the Duplicate Claims in their entirety. This Objection does not affect any of the Surviving Claims and does not constitute an admission or acknowledgement that any of the Surviving Claims should be allowed and Assignee reserves all rights to object to any of the Surviving Claims.

CONCLUSION

Based on the foregoing, the Assignee respectfully requests that the Court sustain the Objection and enter the proposed order disallowing the Duplicate Claims.

Date: September 25, 2020

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