

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

In re

HMI Liquidating Inc.,¹

Debtor.

Case No. 17-10810 (LSS)

Chapter 11

Hearing Date: July 17, 2017, at 11:00 a.m.

Related Docket Nos. 251 and 252

**DEBTOR'S OBJECTION TO CROSS-MOTION OF
THE UNITED STATES TRUSTEE TO CONVERT**

The above-captioned debtor and debtor in possession (the "Debtor"), by and through its undersigned counsel, hereby files this Objection to the Cross-Motion to Convert the Chapter 11 Case to a Chapter 7 Case (the "Cross-Motion"), and respectfully states as follows:

I. OBJECTION

1. The United States Trustee's Cross-Motion is predicated on two easily-remediable issues: the payment of quarterly fees and monthly reporting. The Debtor has certainly hoped to be able to resolve these issues earlier, but for a variety of reasons, it has not yet resolved them.

2. The remaining management of the company after the closing of the Debtor's asset sale has been keenly interested in and focused on bringing this case to a proper conclusion through confirmation of a plan. Unfortunately, management has been subject to significant disruption owing to organizational changes unrelated to the Debtor or the Debtor's wind-down. Matters were made more complicated when the Debtor's legacy depository bank abruptly ended its relationship with the Debtor, requiring the establishment of a new account at a UDA-compliant institution.

¹ The last four digits of the Debtor's federal tax identification number are 8422.

3. The Debtor has on had sufficient funds to satisfy all U.S. Trustee quarterly fee obligations. The Debtor commits to providing monthly operating reports as needed to restore compliance with the Office of the United States Trustee.

4. Under these circumstances, the relief sought by the U.S. Trustee is disproportionate to the deficiencies at issue. The Debtor's post-closing headwinds have merely prevented the forward progress toward confirmation of plan that has been planned for all along; it certainly does not warrant the drastic relief as sought by the U.S. Trustee. The alternative relief sought by the U.S. Trustee – a reasonable deadline to restore compliance, is appropriate.

II. CONCLUSION

5. For the reasons set forth herein, and such additional showing as may be made at any hearing on this matter, the Debtor respectfully requests that this Court deny the U.S. Trustee's Cross-Motion, grant its exclusivity extension request, and grant such other and further relief as is just and equitable.

Dated: July 5, 2018
Wilmington, Delaware

Respectfully submitted,

DRINKER BIDDLE & REATH LLP

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